



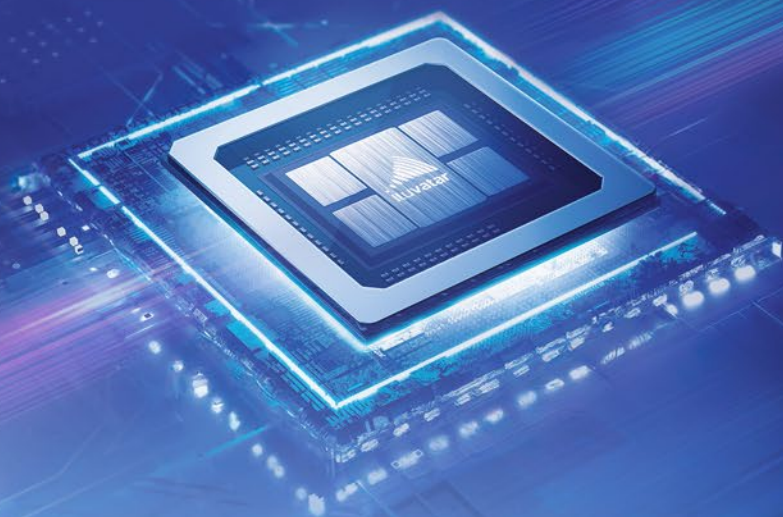
Shanghai Iluvatar CoreX Semiconductor Co., Ltd.

上海天數智芯半導體股份有限公司

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

Stock Code : 9903

# GLOBAL OFFERING



Sole Sponsor, Sponsor-overall Coordinator



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



# IMPORTANT

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



天数智芯  
Iluvatar CoreX

**Shanghai Iluvatar CoreX Semiconductor Co., Ltd.**

**上海天数智芯半导体股份有限公司**

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

## GLOBAL OFFERING

**Total number of Offer Shares under the Global Offering :** 25,431,800 H Shares

**Number of Hong Kong Offer Shares :** 2,543,200 H Shares (subject to reallocation)

**Number of International Offer Shares :** 22,888,600 H Shares (subject to reallocation)

**Offer Price :** HK\$144.60 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application and subject to refund on final pricing)

**Nominal value :** RMB1.00 per H Share

**Stock code :** 9903

*Sole Sponsor, Sponsor-Overall Coordinator*



**华泰国际**  
HUATAI INTERNATIONAL

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



**华泰国际**  
HUATAI INTERNATIONAL



**招銀国际**  
CMB INTERNATIONAL

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



**國信證券(香港)**  
GUOSEN SECURITIES (HK)



**ZTSC 中泰國際**

*Joint Bookrunners and Joint Lead Managers*



**保利證券**  
BOLIS SECURITIES



**衛山證券**  
WEISHAN SECURITIES



**星河證券**  
STARIVER SECURITIES

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

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

The Offer Price will be HK\$144.60 per Offer Share. The Sponsor-Overall Coordinator, on behalf of the Underwriters, may, with the consent of our Company, reduce the number of Offer Shares and/or the Offer Price below that stated in this prospectus at any time on or prior to the morning of the last date for lodging applications under the Hong Kong Public Offering. In such case, an announcement will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.iluvatar.com](http://www.iluvatar.com) and the Global Offering will be canceled and relaunched on FINI at the revised number of Offer Shares and/or the revised Offer Price and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new prospectus (as appropriate)), 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. For further information, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Hong Kong Offer Shares, the Sponsor-Overall Coordinator on behalf of the Hong Kong Underwriters, have the right in certain circumstances, in its absolute discretion, to terminate the obligation of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" for further details.

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

### ATTENTION

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

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.iluvatar.com](http://www.iluvatar.com).

If you require a printed copy of this prospectus, you may download and print from the website addresses above.

December 30, 2025

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## IMPORTANT

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### IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES: FULLY ELECTRONIC APPLICATION PROCESS

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

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at [www.iluvatar.com](http://www.iluvatar.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 via the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk); or
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

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

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

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

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## IMPORTANT

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Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 100 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

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

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

<b>No. of Hong Kong Offer Shares applied for</b>	<b>Amount payable<sup>(2)</sup> on application</b>	<b>No. of Hong Kong Offer Shares applied for</b>	<b>Amount payable<sup>(2)</sup> on application</b>	<b>No. of Hong Kong Offer Shares applied for</b>	<b>Amount payable<sup>(2)</sup> on application</b>	<b>No. of Hong Kong Offer Shares applied for</b>	<b>Amount payable<sup>(2)</sup> on application</b>
	<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>
100	14,605.83	2,000	292,116.58	10,000	1,460,582.91	300,000	43,817,487.30
200	29,211.65	2,500	365,145.72	20,000	2,921,165.82	400,000	58,423,316.40
300	43,817.49	3,000	438,174.87	30,000	4,381,748.74	500,000	73,029,145.50
400	58,423.32	3,500	511,204.01	40,000	5,842,331.65	600,000	87,634,974.60
500	73,029.14	4,000	584,233.17	50,000	7,302,914.56	700,000	102,240,803.70
600	87,634.97	4,500	657,262.31	60,000	8,763,497.45	800,000	116,846,632.80
700	102,240.80	5,000	730,291.45	70,000	10,224,080.36	900,000	131,452,461.90
800	116,846.63	6,000	876,349.75	80,000	11,684,663.28	1,000,000	146,058,291.00
900	131,452.46	7,000	1,022,408.04	90,000	13,145,246.19	1,100,000	160,664,120.10
1,000	146,058.29	8,000	1,168,466.33	100,000	14,605,829.10	1,271,600 <sup>(1)</sup>	185,727,722.83
1,500	219,087.44	9,000	1,314,524.62	200,000	29,211,658.20		

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

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## EXPECTED TIMETABLE<sup>(1)</sup>

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*If there is any change in the following expected timetable of the Hong Kong Public Offering, our Company will issue an announcement to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of our Company at [www.iluvatar.com](http://www.iluvatar.com).*

Date<sup>(1)</sup>

Hong Kong Public Offering commences . . . . . 9:00 a.m. on  
Tuesday, December 30, 2025

Latest time to complete electronic applications  
under **White Form eIPO** service through the designated  
website at [www.eipo.com.hk](http://www.eipo.com.hk)<sup>(2)</sup> . . . . . 11:30 a.m. on  
Monday, January 5, 2026

Application lists of the Hong Kong Public Offering  
open<sup>(3)</sup> . . . . . 11:45 a.m. on  
Monday, January 5, 2026

Latest time to (a) complete payment of **White Form eIPO**  
applications by effecting internet banking transfer(s) or  
PPS payment transfer(s) and (b) give **electronic**  
**application instructions** to HKSCC<sup>(4)</sup> . . . . . 12:00 noon on  
Monday, January 5, 2026

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

Application lists of the Hong Kong Public Offering  
close<sup>(3)</sup> . . . . . 12:00 noon on  
Monday, January 5, 2026

Announcement of the results of applications in the  
Hong Kong Public Offering, the level of indications of  
interest in the International Offering and the basis of  
allocation of the Hong Kong Offer Shares under the  
Hong Kong Public Offering to be published on the  
website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and  
the website of our Company at [www.iluvatar.com](http://www.iluvatar.com)<sup>(5)</sup> . . . . . no later than 11:00 p.m. on  
Wednesday, January 7, 2026

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## EXPECTED TIMETABLE<sup>(1)</sup>

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

- (1) A full announcement of the Hong Kong Public Offering to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of our Company at [www.iluvatar.com](http://www.iluvatar.com)<sup>(5)</sup> . . . . . no later than 11:00 p.m. on Wednesday, January 7, 2026
- (2) Results of allocations in the Hong Kong Public Offering will be available at [www.iporeresults.com.hk](http://www.iporeresults.com.hk) (alternatively: [www.eipo.com.hk/eIPOAllotment](http://www.eipo.com.hk/eIPOAllotment)) with a "search by ID" function on a 24-hour basis from . . . . . 11:00 p.m. on Wednesday, January 7, 2026 to 12:00 midnight on Tuesday, January 13, 2026
- (3) Allocation results telephone enquiry by calling +852 2862 8555 . . . . . between 9:00 a.m. and 6:00 p.m. on Thursday, January 8, 2026, Friday, January 9, 2026, Monday, January 12, 2026 and Tuesday, January 13, 2026

Despatch of H Share certificates in respect of wholly or partially successful applications, or deposit of H Share certificate into CCASS pursuant to Hong Kong Public Offering, on or before<sup>(6)(8)</sup> . . . . . Wednesday, January 7, 2026

Despatch/collection of refund cheques and **White Form** e-Refund payment instructions in respect of (i) wholly or partially successful applications (if applicable) and (ii) wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before<sup>(7)(8)</sup> . . . . . Thursday, January 8, 2026

Dealings in H Shares on the Stock Exchange expected to commence . . . . . at 9:00 a.m. on Thursday, January 8, 2026

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*Notes:*

- (1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.
- (2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.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



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## EXPECTED TIMETABLE<sup>(1)</sup>

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on or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, January 5, 2026, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements” in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by instructing your broker or custodian to give **electronic application instructions** to HKSCC on your behalf via FINI should see “How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels” in this prospectus.
- (5) None of the websites or any of the information contained on the websites forms part of this prospectus.
- (6) H Share certificates for the Offer Shares will become valid evidence of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects and (ii) none of the Underwriting Agreements have been terminated in accordance with its terms.
- (7) **White Form** e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.
- (8) Applicants who have applied for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to the section headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies” in this prospectus for details.

For applicants who apply through the **White Form eIPO** service and paid the application monies from a single bank account, **White Form** e-Refund payment instructions (if any) will be dispatched to their application payment bank account. For applicants who apply through the **White Form eIPO** service and used multi-bank accounts to pay the application monies, refund cheque (if any) will be dispatched to the address specified in their electronic application instruction to the **White Form eIPO** Service Provider at their own risk.

Any uncollected H Share certificates and/or refund cheques 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 sections headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies” in this prospectus.

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

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### IMPORTANT NOTICE TO INVESTORS

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

*You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representations not included in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, officers, employees, agents, or representatives, or any other person or party involved in the Global Offering. Information contained on our website [www.iluvatar.com](http://www.iluvatar.com) does not form part of this prospectus.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares. Moreover, there are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set out in the section headed “Risk Factors.” You should read the entire prospectus carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

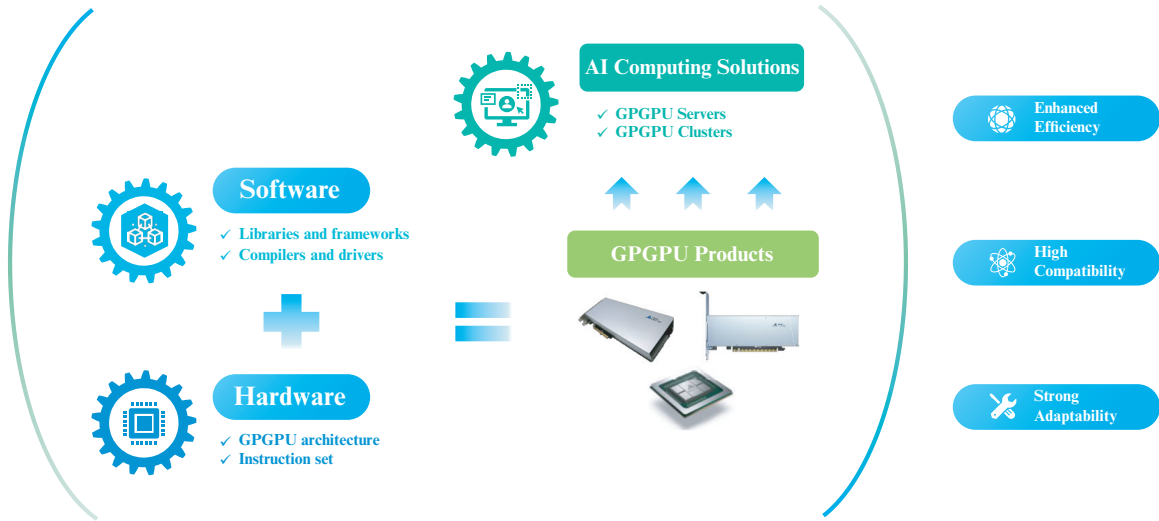
We offer GPGPU products and AI computing solutions across diverse industries. Our product portfolio primarily includes GPGPU chips and accelerators, as well as customized AI computing solutions, including GPGPU servers and clusters, that combine our hardware with proprietary software stack to address specific customer needs in training and inference scenarios.

In recent years, the advancement of AI — particularly the emergence of large language models — has driven significant growth in demand for computing power. Against this backdrop, GPGPU products and solutions have become widely adopted as the key infrastructure for supporting large language models and enabling sophisticated AI applications, due to their parallel processing capabilities and adaptability to diverse computational workloads. In response to the increasing demand for GPGPU driven by the AI technology development, we have strategically positioned ourselves through our core philosophy of software-hardware co-design. Our hardware architecture allows for straightforward integration of individual chips and clustered systems, while our high-speed multi-GPGPU technology enables scaling from single-node to large-scale deployments. Our comprehensive software stack, including compilers, drivers, libraries and frameworks, provides compatibility with mainstream GPGPU programming ecosystem and platform, enabling easy deployment with minimal code redevelopment or modification. Through three generations of GPGPU architectural iterations and progressive software stack enhancement, we have demonstrated continuous improvements in computing performance, broad compatibility with efficient integration, and adaptability across diverse application scenarios.

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## SUMMARY

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## OUR PRODUCTS AND SOLUTIONS

Our portfolio of GPGPU products include chips and accelerators for both training and inference scenarios. Leveraging our proprietary GPGPU products, we also offer AI computing solutions in the form of GPGPU servers and GPGPU clusters. Our products and solutions deliver the following key advantages:

- **Enhanced Efficiency: Optimized Performance through Innovative Design.** Our GPGPU products and solutions are designed with a focus on performance optimization and cost efficiency. Leveraging our iterative modular architecture and innovative design, we deliver balanced products and solutions that meet complex computing demands while minimizing efficiency losses.
- **High Compatibility: Straightforward Integration with Existing Environments.** Our products and solutions are wide-ranging for broad compatibility through hardware-software integration. By optimizing both our architecture and software stack, our GPGPU accelerators are fully compatible with global mainstream GPGPU programming ecosystems and platforms.
- **Strong Adaptability: Versatile Deployment Across Evolving AI Needs.** Our products and solutions are designed multi-level adaptability by supporting diverse AI workloads from computer vision and speech recognition to large language models and generative AI. Our GPGPU architecture, built on a widely compatible instruction set and modular software stack, enables effective deployment in both homogeneous and heterogeneous computing environments.

### ***GPGPU Products***

The evolution of AI computing has created distinct demands in two scenarios: training and inference. As AI applications grow in complexity, both domains face unprecedented demands — from processing massive datasets to enabling real-time responses in deployed systems. Our GPGPU products address these complementary computing needs through two specialized product lines. The TG series, our flagship training-focused line and the first domestically mass-produced GPGPU product in China, is specifically engineered for AI model training with advanced compute cores and optimized multi-GPGPU architecture. Complementing this, our ZK series, the first domestic GPGPU product designed specifically for inference, specializes in inference applications, featuring enhanced integer computing units and efficient data paths optimized for deployment scenarios. Together, these product lines provide comprehensive coverage of the AI computing spectrum, supporting everything from complex model development to efficient production deployment.

As of June 30, 2025, we had shipped over 52,000 units of GPGPU products to more than 290 customers in various sectors. Our products and solutions have enabled over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications.

### ***AI Computing Solutions***

Our AI computing solutions harness the scalability of our GPGPU products and the combined computational power of our processors, to integrate multiple GPGPU accelerators to enable computing for demanding AI workloads and large-scale model deployments. These solutions are designed to be compatible with industry-standard hardware and software architectures, working in tandem with a wide range of server, storage, network switch, operating system, and application software vendors. This compatibility has been validated through extensive certifications, allowing us to meet diverse customer implementation needs. We deliver these solutions in two formats: (i) purpose-built GPGPU servers that combine multiple GPGPU accelerators with integrated software stack, typically used to handle enterprise AI workloads, and (ii) scalable GPGPU clusters that integrate our GPGPU products with third-party infrastructure to support expanding computational demands.

### **Market Opportunities**

According to Frost & Sullivan, the GPGPU market in China expanded rapidly, with shipments reaching 1.6 million units in 2024, representing a CAGR of 72.8% from 2022 to 2024. The market is expected to maintain strong growth, with shipments projected to grow at a CAGR of 33.0% from 2025 to 2029. As Chinese GPGPU companies' shipments grow faster than their international competitors, domestic market share continues to rise. The share of domestic GPGPU products increased from 8.3% in 2022 to 17.4% in 2024, and is projected to exceed 50% by 2029. As a domestic GPGPU company, we are well positioned to capture such expanding market opportunity and propel China's GPGPU industry beyond import substitution toward domestic innovation leadership.

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## SUMMARY

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We prioritize fast-growing AI sectors while targeting industries with strong domestic alternative demand, establishing benchmark deployments that demonstrate our capabilities. Through collaborations with universities, research institutes, and industry leaders, we develop scenario-specific solutions and ensure broad platform compatibility. This dual focus on continuous technological advancement and ecosystem development positions us to capture the expanding GPGPU market opportunity.

### **Business Performance**

Our revenue reached RMB189.4 million, RMB289.0 million, RMB539.5 million, RMB197.4 million and RMB 324.3 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. This growth is driven by our consistent product and solution iteration, mature commercialization capabilities and continuously expanding high-quality customer base. Our total number of customers increased from 22 in 2022, to 65 in 2023 and further to 181 in 2024, and from 81 in the six months ended June 30, 2024 to 106 in the six months ended June 30, 2025. As of June 30, 2025, we had served over 290 customers in various sectors. Our products and solutions have enabled over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications. Our GPGPU products shipment volume increased from 7.8 thousand units in 2022 to 12.7 thousand units in 2023 and further to 16.8 thousand units in 2024, and from 4.8 thousand units in the six months ended June 30, 2024 to 15.7 thousand units in the six months ended June 30, 2025.

### **OUR COMPETITIVE STRENGTHS**

We believe the following competitive strengths contribute to our success:

- Steering China's GPGPU innovation, building core technology advantages
- R&D excellence driving continuous technology and product innovation
- Optimized performance and enhanced efficiency delivering optimal cost-performance solutions
- Strong commercialization capabilities with a wide network of ecosystem partners and customers
- Visionary leadership with global experience and proven technical expertise

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## SUMMARY

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### OUR STRATEGIES

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

- Sustained R&D investment to build higher technical barriers
- Continuous improvement in product efficiency, compatibility and adaptability
- Multi-dimensional enhancement of customer service to expand penetration and industry coverage
- Attracting top R&D talent and building a robust talent pipeline

### OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our major customers primarily included cloud computing service providers, AI model developers, research institutions, as well as enterprises from sectors such as electronics, semiconductors, manufacturing and consumer internet. Revenue generated from our largest customer in each of 2022, 2023, 2024 and the six months ended June 30, 2025 accounted for 37.7%, 19.3%, 44.9% and 13.8% of our total revenue for the respective year/period, while that of our top five customers accounted for 94.2%, 73.3%, 73.4% and 38.6% of our total revenue for the respective year/period. To the best of our knowledge, none of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers, save for Customer M, which is a company controlled by Centurium Capital through its controlled entities.

During the Track Record Period, our major suppliers primarily included providers of memory components, wafer fabrication, printed circuit board processing services, IP cores and design software. Purchases from our largest supplier in each of 2022, 2023, 2024 and the six months ended June 30, 2025 accounted for 12.5%, 21.6%, 18.1% and 53.1% of our total purchases for the respective year/period, while that of our top five suppliers accounted for 58.2%, 56.2%, 44.6% and 67.2% of our total purchases for the respective year/period. To the best of our knowledge, none of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers.

As a fabless semiconductor company, we maintain a comprehensive network of suppliers and manufacturing partners. Our supply chain encompasses the procurement of essential materials including wafers, memory components, and substrates, specialized R&D resources such as IP cores and design software, as well as technical services including chip tape-out services and commissioned research. Our main types of suppliers include: foundries, assembly partners comprising outsourced semiconductor assembly and test (OSAT) partners and printed circuit board (PCB) assembly partners, IP cores and design software providers, technical service providers, as well as server and component providers. During the Track Record Period and as of the Latest Practicable Date, we had not encountered any disruption of business as a result of a shortage or any delay in the procurement of raw materials. While certain critical components



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## SUMMARY

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require extensive validation periods for any supplier changes, we maintain appropriate inventory levels to ensure operational stability. See “Business — Our Suppliers — Supplier Management” for details.

### RESEARCH AND DEVELOPMENT

Research and development forms the foundation of our sustained growth and competitive strength in the industry. We are committed to continuous innovation, guided by the principle of integrated design and independent development encompassing both hardware and software. We maintain a strategic “three-generation” R&D philosophy: one generation in mass production, one in design, and one in pre-research, enabling continuous product advancement. Through the iterative optimization of hardware and software, we deliver differentiated, and scalable solutions that address evolving customer needs. We have established a robust and highly coordinated R&D management system that keeps us at the forefront of technology and market trends. Our in-house R&D capabilities are anchored by a team of highly skilled professionals with deep expertise across the full technology stack. As of June 30, 2025, our dedicated R&D team comprised over 480 employees. Our core R&D personnel possess invaluable experience from major global semiconductor companies, with key leaders bringing over 20 years of industry experience. This group has been instrumental in delivering numerous industry-defining products to the market, earning a reputation as one of the most accomplished and respected teams in the sector. See “Business — Research and Development” for details.

### COMPETITION

China’s GPGPU market is highly competitive, with global technology leaders currently dominating market share while domestic players are rapidly emerging. We face intense competition from established international GPGPU companies with mature technology stacks and ecosystem advantages, as well as other domestic competitors targeting various market segments and application scenarios. Critical aspects of competition include chip architecture capabilities, manufacturing process advancement, software stack development, and deep understanding of AI computing requirements, which are essential for capturing market share. The increasing domestic demand for technology alternatives, coupled with the rapid evolution of AI computing needs, creates both opportunities and competitive pressures in the sector. See “Industry Overview” for details.

# SUMMARY

## SUMMARY OF HISTORICAL FINANCIAL INFORMATION

### Selected Items of the Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth selected items of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(RMB in thousands, except for percentages)										
(Unaudited)										
Revenue	189,369	100.0	289,041	100.0	539,511	100.0	197,431	100.0	324,263	100.0
Cost of sales	(76,957)	(40.6)	(145,890)	(50.5)	(274,427)	(50.9)	(108,438)	(54.9)	(161,830)	(49.9)
Gross profit	112,412	59.4	143,151	49.5	265,084	49.1	88,993	45.1	162,433	50.1
Other income and gains	33,770	17.8	20,105	7.0	44,985	8.3	33,078	16.8	39,539	12.2
Selling and distribution expenses	(48,715)	(25.7)	(88,259)	(30.5)	(122,358)	(22.7)	(54,471)	(27.6)	(67,609)	(20.9)
Administrative expenses	(166,044)	(87.7)	(242,020)	(83.7)	(257,287)	(47.7)	(119,469)	(60.5)	(274,592)	(84.7)
Research and development costs	(456,624)	(241.1)	(615,884)	(213.1)	(772,779)	(143.2)	(333,717)	(169.0)	(451,496)	(139.2)
Impairment losses on financial assets	(19,025)	(10.0)	(22,198)	(7.7)	(31,855)	(5.9)	(9,191)	(4.7)	(1,559)	(0.5)
Other expenses	(2,889)	(1.5)	(1,312)	(0.5)	(840)	(0.2)	(830)	(0.4)	(4,893)	(1.5)
Finance costs	(6,503)	(3.4)	(11,007)	(3.8)	(17,383)	(3.2)	(8,385)	(4.3)	(11,139)	(3.4)
Loss before tax	(553,618)	(292.3)	(817,424)	(282.8)	(892,433)	(165.4)	(403,992)	(204.6)	(609,316)	(187.9)
Income tax expense	—	—	—	—	—	—	—	—	—	—
Loss for the year/period	(553,618)	(292.3)	(817,424)	(282.8)	(892,433)	(165.4)	(403,992)	(204.6)	(609,316)	(187.9)
OTHER COMPREHENSIVE INCOME										
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:										
Equity investments designated at fair value through other comprehensive income:										
Changes in fair value	—	—	(2)	(0.0)	230	(0.0)	(23)	(0.0)	(228)	(0.1)
Other comprehensive income for the year	—	—	(2)	(0.0)	230	0.0	(23)	(0.0)	(228)	(0.1)
Total comprehensive loss for the year/period	(553,618)	(292.3)	(817,426)	(282.8)	(892,203)	(165.4)	(404,015)	(204.6)	(609,544)	(188.0)
Loss attributable to:										
Owners of the parent	(523,839)	(276.6)	(791,307)	(273.8)	(892,433)	(165.4)	(403,992)	(204.6)	(609,316)	(187.9)
Non-controlling interests	(29,779)	(15.7)	(26,117)	(9.0)	—	—	—	—	—	—
	(553,618)	(292.3)	(817,424)	(282.8)	(892,433)	(165.4)	(403,992)	(204.6)	(609,316)	(187.9)
Total comprehensive loss attributable to:										
Owners of the parent	(523,839)	(276.6)	(791,309)	(273.8)	(892,203)	(165.4)	(404,015)	(204.6)	(609,544)	(188.0)
Non-controlling interests	(29,779)	(15.7)	(26,117)	(9.0)	—	—	—	—	—	—
	(553,618)	(292.3)	(817,426)	(282.8)	(892,203)	(165.4)	(404,015)	(204.6)	(609,544)	(188.0)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT										
Basic										
— For loss for the year/period (RMB)	(3.99)	(0.0)	(5.43)	(0.0)	(5.45)	(0.0)	(2.48)	(0.0)	(3.48)	(0.0)
Diluted										
— For loss for the year/period (RMB)	(3.99)	(0.0)	(5.43)	(0.0)	(5.45)	(0.0)	(2.48)	(0.0)	(3.48)	(0.0)

## SUMMARY

### Non-HKFRS Measure

We define adjusted net loss (non-HKFRS measure) as net loss for the year/period adjusted by adding back share-based payment expenses.

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

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

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>									
	<i>(Unaudited)</i>									
<b>Reconciliation of loss for the year/period to adjusted net loss (non-HKFRS measure)</b>										
Loss for the year/period	(553,618)	(292.3)	(817,424)	(282.8)	(892,433)	(165.4)	(403,992)	(204.6)	(609,316)	(187.9)
Add:										
Share-based payment expenses <sup>(1)</sup>	120,842	63.8	207,759	71.9	247,765	45.9	107,070	54.2	295,859	91.2
Listing expenses <sup>(2)</sup>	—	—	—	—	—	—	—	—	13,686	4.2
<b>Adjusted net loss (non-HKFRS measure)</b>	<b><u>(432,776)</u></b>	<b><u>(228.5)</u></b>	<b><u>(609,665)</u></b>	<b><u>(210.9)</u></b>	<b><u>(644,668)</u></b>	<b><u>(119.5)</u></b>	<b><u>(296,922)</u></b>	<b><u>(150.4)</u></b>	<b><u>(299,771)</u></b>	<b><u>(92.4)</u></b>

Notes:

- (1) Share based payment expenses mainly represent the non-cash employee benefit expenses incurred in connection with our award to management and key employees. Such expenses in any specific year/period are not expected to result in future cash payments.
- (2) Listing expenses were incurred in connection with the Global Offering.

## SUMMARY

The following table sets forth our revenue breakdown by product and service type for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>										
<i>(Unaudited)</i>										
GPGPU products	188,561	99.6	266,922	92.3	369,635	68.5	136,772	69.3	276,751	85.3
— Training series	188,130	99.3	221,181	76.5	269,414	49.9	115,164	58.3	189,736	58.5
— Inference series	431	0.3	45,741	15.8	100,221	18.6	21,608	10.9	87,015	26.8
AI computing solutions	—	—	15,523	5.4	166,213	30.8	59,805	30.3	42,644	13.2
Others <sup>(1)</sup>	808	0.4	6,596	2.3	3,663	0.7	854	0.4	4,868	1.5
<b>Total</b>	<b>189,369</b>	<b>100.0</b>	<b>289,041</b>	<b>100.0</b>	<b>539,511</b>	<b>100.0</b>	<b>197,431</b>	<b>100.0</b>	<b>324,263</b>	<b>100.0</b>

(1) Primarily including technical service income and software license income.

Our revenue from GPGPU products, comprising our TG and ZK series, was RMB188.6 million, RMB266.9 million, RMB369.6 million, RMB136.8 million and RMB276.8 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 99.6%, 92.3%, 68.5%, 69.3% and 85.3% of our total revenue in the same years/periods, respectively. Our revenue increased in absolute amounts during the Track Record Period, primarily due to the increases in the shipment volume of our products and the number of customers, as a result of the enhanced performance of our products, the increase in market demands for advanced computing power and our established market reputation.

Our cost of sales was RMB77.0 million, RMB145.9 million, RMB274.4 million, RMB108.4 million and RMB161.8 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 40.6%, 50.5%, 50.9%, 54.9% and 49.9% of our total revenue in the same years/periods, respectively. As a fabless company, we do not incur in-house manufacturing labor costs. Our cost of sales relating to our GPGPU products and AI computing solutions represented fees paid to contract manufacturers under our service agreements with them, which cover contract manufacturing services fees and costs of materials used in manufacturing our products on an integrated basis. For our AI computing solutions, we also procured from third-party ecosystem partners servers, networking infrastructure and customization services. Our cost of sales relating to others was insignificant during the Track Record Period.

## SUMMARY

The following table sets forth our gross profit and gross profit margin by product and service type for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)
	<i>(RMB in thousands, except for percentages)</i>									
	<i>(Unaudited)</i>									
GPGPU products	111,998	59.4	134,048	50.2	209,056	56.6	82,291	60.2	138,358	50.0
— Training series	111,802	59.4	117,688	53.2	162,288	60.2	70,870	61.5	110,471	58.2
— Inference series	195	45.2	16,360	35.8	46,769	46.7	11,421	52.9	27,888	32.0
AI computing solutions	—	—	4,022	25.9	52,699	31.7	6,178	10.3	19,500	45.7
Others	414	51.3	5,081	77.0	3,329	90.9	524	61.3	4,575	94.0
<b>Total</b>	<b>112,412</b>	<b>59.4</b>	<b>143,151</b>	<b>49.5</b>	<b>265,084</b>	<b>49.1</b>	<b>88,993</b>	<b>45.1</b>	<b>162,433</b>	<b>50.1</b>

Our gross profit margin decreased from 2022 to 2024, primarily due to the change in our business mix, as we launched new GPGPU products and AI computing solutions to diversify our offerings, which affected our overall margin profile. Our gross profit margin increased from 45.1% in the six months ended June 30, 2024 to 50.1% in the six months ended June 30, 2025, primarily due to the increase in revenue contribution from our GPGPU products. Our AI computing solutions typically had a lower profit margin than that of our GPGPU products, primarily because our AI computing solutions integrated third-party products and components, which drove up the cost of sales associated with our AI computing solutions. As our AI computing solutions are delivered with bundled hardware with chips, the gross profit margin of our AI computing solutions depends on the associated costs of the bundled hardware and chips, which vary across customer projects. Therefore, the gross profit margin of our AI computing solutions is inherently subject to fluctuation depending on specific customer demands. The gross profit margin of other services was relatively high due to the low-cost nature of the our software license income.

Our net loss increased during the Track Record Period from RMB553.6 million in 2022 to RMB817.4 million in 2023 and further to RMB892.4 million in 2024, and from RMB404.0 million in the six months ended June 30, 2024 to RMB609.3 million in the six months ended June 30, 2025, despite the increase in gross profit throughout the same years/periods, primarily due to (i) the increase in our research and development costs, as a result of continued expansion of our R&D capabilities through R&D team expansion, enhanced talent incentives, as well as increased investment in software, equipment, and third-party technical services to support increasing R&D activities focusing on hardware design and software development and accelerate the rollout of industry-tailored innovations; (ii) the increase in our administrative expenses, driven by the expansion of our administrative team and increased spending on office and administrative support functions, to support our business growth; and (iii) the increase in our selling and distribution expenses driven by our continued efforts to expand sales and marketing capabilities to support business growth, which included increased investment in sales personnel and related compensation, as well as higher spending on customer engagement activities, such as trial deployments, in line with our broader sales and business development initiatives. We expect to incur significant increase in net loss in 2025, primarily due to the significant increases in our share-based compensation expenses and listing expenses and our continued investment in the R&D of our new products.

## SUMMARY

### Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of
	2022	2023	2024	June 30,
		(RMB in thousands)		
				2025
Total non-current assets	261,586	305,840	422,828	389,011
Total current assets	785,094	1,287,139	1,262,347	3,171,568
Total non-current liabilities	110,291	28,175	116,551	169,150
Total current liabilities	316,708	686,466	879,955	875,575
Net current assets	468,386	600,673	382,392	2,295,993
Total assets less current liabilities	729,972	906,513	805,220	2,685,004
Net assets	619,681	878,338	688,669	2,515,854
Non-controlling interests	(41,298)	(44,399)	—	—

Our net current assets increased from RMB382.4 million as of December 31, 2024 to RMB2,296.0 million as of June 30, 2025, primarily due to the increase of RMB1,399.6 million in cash and cash equivalents and the increase of RMB259.0 million in prepayments, other receivables and other assets. Such an increase was partially offset by an increase of RMB17.7 million in interest-bearing bank and other borrowings.

Our net current assets decreased from RMB600.7 million as of December 31, 2023 to RMB382.4 million as of December 31, 2024, primarily due to an increase in current liabilities and a decrease in current assets. The increase in our current liabilities was primarily due to the increase in other payables and accruals from RMB109.7 million as of December 31, 2023 to RMB187.7 million as of December 31, 2024 and the increase in interest-bearing bank and other borrowings from RMB492.4 million as of December 31, 2023 to RMB566.1 million as of December 31, 2024. The decrease in our current assets was primarily due to the decrease in due from related parties from RMB184.7 million as of December 31, 2023 to nil as of December 31, 2024 and the decrease in prepayments, other receivables and other assets from RMB338.9 million as of December 31, 2023 to RMB202.9 million as of December 31, 2024.

Our net current assets increased from RMB468.4 million as of December 31, 2022 to RMB600.7 million as of December 31, 2023, primarily due to the increase in our total current assets, partially offset by an increase in our total current liabilities. The increase in our total current assets was primarily due to an increase in prepayments, other receivables and other assets from RMB112.8 million as of December 31, 2022 to RMB338.9 million as of December 31, 2023, an increase in due from related parties from nil as of December 31, 2022 to RMB184.7 million as of December 31, 2023, and an increase in cash and cash equivalents from RMB219.3 million as of December 31, 2022 to RMB308.1 million as of December 31, 2023. The increase in our total current liabilities was primarily due to the increase in interest-bearing bank and other borrowings from RMB102.9 million as of December 31, 2022 to RMB492.4 million as of December 31, 2023.



## SUMMARY

Our net assets increased from RMB619.7 million as of December 31, 2022 to RMB878.3 million as of December 31, 2023, primarily due to effects of changes in (i) contribution from shareholders of RMB820.1 million; and (ii) share-based payment expenses of RMB207.8 million, partially offset by our loss for the year of RMB817.4 million in 2023. Our net assets decreased to RMB688.7 million as of December 31, 2024, primarily due to our loss for the year of RMB892.4 million, partially offset by effects of changes in contribution from shareholders of RMB473.2 million and share-based payment expenses of RMB247.8 million. Our net assets then increased to RMB2,515.9 million as of June 30, 2025, primarily due to issuance of shares of RMB2,147.9 million and share-based payment of RMB295.9 million, partially offset by loss for the period of RMB609.3 million.

### Selected Items from the Consolidated Statements of Cash Flows

The following table sets forth selected items of our cash flows for the years/periods indicated:

	For the year ended December 31,			For the six months ended	
	2022	2023	2024	June 30,	2025
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>	
Net cash used in operating activities	(653,846)	(707,026)	(617,980)	(546,332)	(715,589)
Net cash used in investing activities	(183,079)	(153,488)	(165,979)	(86,640)	(51,191)
Net cash generated from financing activities	953,161	946,481	789,469	628,939	2,168,014
Net increase in cash and cash equivalents	116,236	85,967	5,510	(4,033)	1,401,234
Cash and cash equivalents at beginning of the year/period	95,738	219,305	308,053	308,053	313,563
Effect of foreign exchange rate changes	<u>7,331</u>	<u>2,781</u>	<u>—</u>	<u>—</u>	<u>(1,621)</u>
Cash and cash equivalents at end of the year/period	<u>219,305</u>	<u>308,053</u>	<u>313,563</u>	<u>304,020</u>	<u>1,713,176</u>

We incurred net operating cash outflows during the Track Record Period, primarily due to (i) our loss before tax; (ii) increase in trade and bills receivables, primarily in line with our business and revenue growths; and (iii) increase in inventories, as a result of stockpiling in line with our expanded operations and growing demands for our products. Specifically, our trade and bills receivables turnover days and inventory turnover days were longer than our trade payable turnover days, which contributed to our net operating cash outflows during the Track Record Period.

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## SUMMARY

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### **BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY**

We had achieved business growth but were loss-making during the Track Record Period. Our revenue increased from RMB189.4 million in 2022 to RMB289.0 million in 2023 and further to RMB539.5 million in 2024. Furthermore, our revenue increased from RMB197.4 million in the six months ended June 30, 2024 to RMB324.3 million in the six months ended June 30, 2025. However, we recorded net loss of RMB553.6 million, RMB817.4 million, RMB892.4 million, RMB404.0 million and RMB609.3 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, and adjusted net loss (non-HKFRS measure) of RMB432.8 million, RMB609.7 million, RMB644.7 million, RMB296.9 million and RMB299.8 million in the same years/periods, respectively.

#### **Reasons for Historical Loss**

As a key player in China's AI chip and GPGPU markets, our growth trajectory aligns closely with market development and expansion. However, AI chip and GPGPU markets are characterized by significant upfront investments and long product commercialization cycles, which posed challenges to achieving profitability during our early years of operation. We incurred net losses during the Track Record Period, primarily attributable to (i) significant upfront investment in research and development initiatives, (ii) limited economies of scale, (iii) early commercialization stage, and (iv) substantial cost of sales and operating expenses.

Despite our net loss positions throughout the Track Record Period, our proactive endeavors in product and solution commercialization and market expansion have contributed to our revenue growth during the Track Record Period. Our net loss margin decreased from 292.3% in 2022 to 282.8% in 2023 and further to 165.4% in 2024, and from 204.6% in the six months ended June 30, 2024 to 187.9% in the six months ended June 30, 2025, primarily attributable to our improved cost control, optimized offering mix and enhanced operating efficiency. We believe we will be able to achieve profitability through a combination of revenue growth, improvement in gross profit margin and enhanced operating leverage.

#### **Driving Revenue Growth**

We expect that our revenue will grow further due to the following factors: (i) leveraging industry growth potential, (ii) expanding and diversifying our product and solution offerings, (iii) deepening relationship with existing customers, and (iv) expanding customer base.

#### **Improving Gross Profit Margin**

Our future profitability depends on our ability to increase the current level of margin profile and introduce new products and solutions with high margin profile. Our gross profit margin for our GPGPU products slightly increased from 50.2% in 2023 to 56.6% in 2024, as a result of our product design improvement. During the Track Record Period, our gross profit margin for our AI computing solutions increased from 25.9% in 2023 to 31.7% in 2024, primarily due to enhanced performance of our AI computing solutions due to the adoption of more advanced accelerators and technologies, and increasing market demands for AI computing and large-scale data processing. However, our overall gross profit margin decreased from 59.4% in 2022 to 49.5% in 2023 and further to 49.1% in 2024, primarily attributable to the increase in revenue contribution from our AI computing solutions, which typically had a lower margin

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## SUMMARY

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profile that of our GPGPU products. We witnessed an increase in our gross profit margin from 45.1% in the six months ended June 30, 2024 to 50.1% in the six months ended June 30, 2025, primarily due to the increase in revenue contribution from our GPGPU products. We expect to increase our gross margin profile through optimizing revenue mix and improving cost efficiencies.

### **Enhancing Operating Leverage**

During the Track Record Period, we incurred substantial operating expenses to support our business growth. However, as our business scales, our operating expenses, defined as the sum of research and development costs, administrative expenses and selling and distribution expenses, as a percentage of total revenue decreased from 354.5% in 2022 to 327.3% in 2023, and further to 213.6% in 2024, and decreased from 257.1% in the six months ended June 30, 2024 to 244.8% in the six months ended June 30, 2025. In the future, we will continue optimizing our research and development as well as sales and administrative functions to support our long-term business growth, and we expect that our operating expenses, as a percentage of our total revenue, to continue to decrease as our business expands.

For details, see “Business — Business Sustainability and Path to Profitability.”

### **RISK FACTORS**

Our business and the Global Offering involve certain risks as set out in “Risk Factors” in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- The industry in which we operate is highly competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected;
- If we are unable to develop, commercialize and mass produce new or improved products, our business, results of operations, financial condition and competitive position would be materially and adversely affected;
- If we fail to anticipate and adapt to technical transitions in our industry, our products may become less competitive or obsolete;
- We have been and intend to continue investing significantly in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve;
- We depend on third-party contract manufacturers, which reduces our ability to control our manufacturing process. Any interruption or shortage or loss of capacity from these contract manufacturers could materially interrupt our business operations and product offerings, which may adversely affect our business, results of operations and financial condition;

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## SUMMARY

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- We may face supply chain risks, including interruptions of requisite materials, components, equipment, and services due to reliance on a limited number of suppliers, or failure by suppliers to achieve satisfactory yields or quality standards, which could adversely affect our reputation, customer relationships and business operations;
- We depend on a limited number of customers for a substantial portion of our revenue, and the loss of, or a significant reduction in sales to, one or more of our major customers would adversely affect our business, results of operations and financial condition;
- We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations on AI, semiconductor and related technologies, and our business, financial condition and results of operations could be adversely affected; and
- We recorded prolonged trade and bills receivable settlement cycle and inventory turnover cycle during the Track Record Period, which would adversely affect our liquidity and financial position.

### OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Unlike a typical founder-led company, since the beginning of the Track Record Period, our Company's ownership has been held by our employees through several special purpose vehicles, as well as a diversified base of passive financial investors. The overall management of our Group has been entrusted to a management committee comprising our executive Directors and senior management members (the “**Management Committee**”), which is responsible for overseeing and management of the day-to-day operations of our Group. The Management Committee currently consists of twelve members, being our four executive Directors and eight senior management members, as further described in “Directors and Senior Management — Senior Management.” For biographical details of the members of the Management Committee, see “Directors and Senior Management”. Decisions of the Management Committee are determined by a simple majority vote of the members present at a meeting, with each member entitled to one vote. No single member holds a veto right or casting vote.

Shanghai Shuqi is the general partner of each of Shanghai Xishi, Shanghai Yishi, Shanghai Sushi, Shanghai Nashi, Shanghai Yueshi, Shanghai Yuanshi and Shanghai Qiongyu (the “**Shareholding Platforms**”). Shanghai Shuqi is responsible for exercising the voting rights of the Shareholding Platforms in our Company and is required to act in accordance with the decisions of the Management Committee. During the Track Record Period, the Shareholding Platforms, together with Shanghai Shuqi, have constituted the single largest group of shareholders of our Company. As of the Latest Practicable Date, the Single Largest Group of Shareholders collectively held approximately 23.61% of our total issued share capital. Immediately upon completion of the Global Offering, the Single Largest Group of Shareholders will collectively hold approximately 21.25% of our total issued share capital.

For further details, see “History, Development and Corporate Structure — Single Largest Group of Shareholders.”

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## SUMMARY

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### OUR PRE-IPO INVESTORS

We have concluded several rounds of Pre-IPO Investments with a broad and diversified base of Pre-IPO Investors. For further details of the identity and background of the Pre-IPO Investors, and the principal terms of the Pre-IPO Investments, see “History, Development and Corporate Structure — Pre-IPO Investments.”

Pursuant to the shareholders agreement that we entered into with the then shareholders from December 2016 to May 2025, we granted the Pre-IPO Investors special rights (“**Special Rights**”) which included redemption rights and liquidation preferences rights. No Pre-IPO Investors had exercised their redemption rights or liquidation preferences rights.

On June 10, 2025, we and the Pre-IPO Investors entered into supplemental agreements, agreeing that certain of the Special Rights we granted to Pre-IPO investors, including redemption rights and liquidation preference rights, have been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the jurisdiction we are in and the governing law of the supplemental agreements, our Directors consider that it is appropriate to present the Pre-IPO Investments as equity during the Track Record Period.

Had the Special Rights that we granted to the Pre-IPO Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, then:

- (i) the redemption financial liabilities, total current liabilities, net current (liabilities)/assets and net (liabilities)/assets would have been:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Redemption financial liabilities	2,948,553	3,938,039	5,080,904	—
Total current liabilities	3,265,261	4,624,505	5,960,859	875,575
Net current (liabilities)/assets	(2,480,167)	(3,337,366)	(4,698,512)	2,295,993
Net (liabilities)/assets	(2,328,872)	(3,059,701)	(4,392,235)	2,515,854

## SUMMARY

- (ii) the finance costs associated with the redemption financial liabilities, the net loss for the year/period, basic and diluted loss per share would have been:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>	
Financial costs associated with the redemption financial liabilities	(210,881)	(289,303)	(444,165)	(210,778)	(235,526)
Net loss attributable to owners of the parent	(734,720)	(1,080,610)	(1,336,598)	(614,770)	(844,842)
Basic loss per share	(5.60)	(7.41)	(8.16)	(3.78)	(4.82)
Diluted loss per share	(5.60)	(7.41)	(8.16)	(3.78)	(4.82)

For more details, please refer to note 30(b) to the Accountant's Report in Appendix I to this prospectus

### FUTURE PLANS AND USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, based on the Offer Price of HK\$144.60 per Offer Share, will be approximately HK\$3,478.6 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering. We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 80.0%, or HK\$2,782.9 million, will be used for our research and development of our products and solutions, with the detailed breakdown of the proceeds to be allocated as follows:
  - approximately 50.0%, or HK\$1,739.3 million, will be used for our research, development and commercialization of our GPGPU chips and accelerators over the next five years;
  - approximately 25.0%, or HK\$869.7 million, will be used for the research and development of our proprietary software stack through the expansion of our R&D team;
  - approximately 5.0%, or HK\$173.9 million, will be used for the research and development of our AI computing solutions;
- approximately 10.0%, or HK\$347.9 million, will be used for sales and marketing over the next five years, including expanding our sales and service network, improving the service quality, enhancing our brand awareness and enhance our service penetration; and
- approximately 10.0% or HK\$347.9 million, will be used for working capital and general corporate purposes.



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## SUMMARY

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See “Future Plans and Use of Proceeds” for further details.

### QUALIFICATIONS FOR LISTING

Pursuant to Rule 8.05 of the Listing Rules, we must satisfy one of the three tests in relation to (i) profit; (ii) market capitalization, revenue and cash flow; or (iii) market capitalization and revenue requirements. We are able to satisfy the market capitalization and revenue test pursuant to Rule 8.05(3) of the Listing Rules based on (i) our revenue of RMB539.5 million for the year ended December 31, 2024, which is over HK\$500 million; and (ii) our expected market capitalization at the time of the Listing, which, based on the Offer Price of HK\$144.60 per Offer Share, exceeds HK\$4 billion, as required by Rule 8.05(3) of the Listing Rules.

### GLOBAL OFFERING STATISTICS

The numbers in the following table are based on the assumptions that (i) the Global Offering has been completed and 25,431,800 H Shares were issued and sold in the Global Offering, and (ii) 254,317,736 Shares are in issue and outstanding following the completion of Global Offering.

	<b>Based on an Offer Price of HK\$144.60 per Offer Share</b>
Market capitalization of our Shares <sup>(1)</sup>	HK\$36,774.34 million
Market capitalization of our H Shares <sup>(2)</sup>	HK\$35,441.74 million
Unaudited <i>pro forma</i> adjusted consolidated net tangible assets attributable to owners of the Company per Share <sup>(3)</sup>	HK\$24.03

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*Notes:*

- (1) The calculation of market capitalization of our Shares is based on 245,101,965 H Shares and 9,215,771 Unlisted Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The calculation of the market capitalization of our H Shares is based on the 245,101,965 H Shares, comprising 25,431,800 H Shares to be issued under the Global Offering and 219,670,165 H Shares to be converted from Unlisted Shares, expected to be in issue immediately upon completion of the Global Offering.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company per Share is arrived at after making the adjustments referred to in “Appendix II — Unaudited Pro Forma Financial Information” and on the basis that 254,317,736 Shares were in issue assuming that the Global Offering had been completed on June 30, 2025.

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## SUMMARY

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### DIVIDEND

We did not declare or pay dividends on our Shares during the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not pay any dividends in the foreseeable future. The Company does not have any fixed dividend policy nor pre-determined dividend payout ratio. The declaration and payment of any dividends in the future will be subject to the approval of our Shareholders in a shareholder's meeting, our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the commercialization of our products and solutions as well as our earnings, capital requirements, overall financial condition and contractual restrictions. As confirmed by our PRC Legal Advisor, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (1) all our historically accumulated losses have been made up for; and (2) we have allocated sufficient profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future.

### LISTING EXPENSES

The total listing expenses to be borne by us are estimated to be approximately HK\$198.8 million, based on the Offer Price of HK\$144.6 per H Share, accounting for approximately 5.4% of the gross proceeds from the Global Offering. Approximately HK\$15.1 million of the listing expenses were charged to our consolidated statements of profit or loss during the Track Record Period. Out of our remaining listing expenses, approximately HK\$28.8 million is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$154.9 million is expected to be deducted from equity. By nature, our listing expenses are comprised of (i) underwriting commission of approximately HK\$147.1 million, (ii) fees and expenses of sponsor, accountants and legal advisers of approximately HK\$31.2 million, and (iii) other fees and expenses of approximately HK\$20.5 million. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

### RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since June 30, 2025, being the latest balance sheet date of our consolidated financial statements in the Accountants' Report set out in Appendix I to this prospectus, and up to the date of this prospectus. We have maintained stable business operations and development, and in the nine months ended September 30, 2025, we recorded an increase in the shipment volume of our training series and inference series, reaching 9.7 thousand units and 13.8 thousand units, respectively. In the nine months ended September 30, 2025, the number of projects of our AI computing solutions was 13. We expect a significant increase in net loss in 2025, primarily due to the increase in share-based payments, investments in research and development and the Listing expenses.

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## DEFINITIONS

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

“Accountants’ Report”	the accountants’ report of our Company, the text of which is set out in Appendix I
“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 of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix V to this prospectus
“Beijing Iluvatar”	Beijing Iluvatar CoreX Semiconductor Technology Co., Ltd. (北京天數智芯半導體科技有限公司), a company established in the PRC with limited liability on September 8, 2021, is a wholly owned subsidiary of our Company
“Board” or “Board of Directors”	the board of Directors of our Company
“business day”	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“Capital Market Intermediaries”	the capital market intermediaries as named in “Directors and Parties involved in the Global Offering” and has the meaning ascribed thereto under the Listing Rules
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“China”, “the PRC”, or “Chinese Mainland”	the People’s Republic of China, excluding, for the purpose of this prospectus (unless otherwise indicated), the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and the Taiwan Region
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time

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## DEFINITIONS

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“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Company”, “our Company” or “the Company”	Shanghai Iluvatar CoreX Semiconductor Co., Ltd. (上海天數智芯半導體股份有限公司) (formerly known as 上海天數智芯半導體有限公司), a joint stock company with limited liability established in China on December 29, 2015
“Cornerstone Investor(s)”	the cornerstone investor(s) listed in the “Cornerstone Investors” of this prospectus
“Director(s)”	the director(s) of our Company
“EIT”	Enterprise income taxation
“Exchange Participant(s)”	a person (a) who, in accordance with the Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“F&S”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company and an Independent Third Party
“F&S Report”	an independent market research report prepared by F&S, which was commissioned by our Company for the purpose of this prospectus
“FINI”	“Fast Interface for New Issuance,” an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Global Offering”	the Hong Kong Public Offering and the International Offering

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## DEFINITIONS

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“Group”, “our Group”, “the Group”, “we”, “us” or “our”	our Company and its subsidiaries, or our Company and any one or more of its subsidiaries, as the context may require
“Guide for New Listing Applicants” or “Guide”	the Guide for New Listing Applicants issued by the Stock Exchange in December 2023, with effect from January 1, 2024, as amended, supplemented, or otherwise modified from time to time
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share(s)”	shares in the share capital of our Company with a nominal value of RMB1.0 each, which are to be subscribed for and traded in HK dollars and to be listed on the Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)
“HKFRS”	Hong Kong Financial Reporting Standards
“HKFRS Accounting Standards”	HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
“HKSCC Participant(s)”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant, or a custodian participant

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## DEFINITIONS

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“HKSCC Systems”	CCASS, FINI, or any other platform, facility or system established, operated, and/or otherwise provided by or through HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HKD” or “HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the H Shares offered by our Company for public subscription at the Offer Price pursuant to the Hong Kong Public Offering, subject to reallocation as described in “Structure of the Global Offering”
“Hong Kong Public Offering”	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to reallocation as described in “Structure of the Global Offering”) at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%), on and subject to the terms and conditions described in “Structure of the Global Offering — The Hong Kong Public Offering”
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in “Underwriting — Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated Monday, December 29, 2025 relating to the Hong Kong Public Offering entered into by our Company, Shanghai Shuqi, the Sole Sponsor, the Sponsor-Overall Coordinator, and the Hong Kong Underwriters, as further described in “Underwriting”
“Iluvatar Shanghai”	Iluvatar CoreX Inc. Shanghai (上海芷銳電子科技有限公司), a company established in the PRC with limited liability on January 2, 2018, is a wholly owned subsidiary of our Company
“Independent Third Party(ies)”	any entity(ies) or person(s) who, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
“International Offer Shares”	the H Shares initially offered by our Company for placing under the International Offering, subject to reallocation as described in “Structure of the Global Offering”
“International Offering”	the offer of the International Offer Shares outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong, as further described in “Structure of the Global Offering”



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## DEFINITIONS

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“International Underwriter(s)”	the underwriter(s) of the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering expected to be entered into by, among others, our Company, Shanghai Shuqi, the Sponsor-Overall Coordinator and the International Underwriters on or around Monday, January 5, 2026, as further described in “Underwriting”
“Joint Global Coordinators”, “Joint Bookrunners”, or “Joint Lead Managers”	the joint global coordinators, joint bookrunners or joint lead managers as named in “Directors and Parties involved in the Global Offering”
“Latest Practicable Date”	December 20, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	listing of our H Shares on the Main Board of the Stock Exchange
“Listing Date”	the date on which dealings in our H Shares first commence on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
“Ministry of Finance” or “MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“Offer Price”	the offer price per Offer Share (exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, as further described in “Structure of the Global Offering — Pricing and Allocation”
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares
“OIR and Export Control Legal Advisor”	Hogan Lovells International LLP, the legal advisors of our Company as to the U.S. Outbound Investment Rule and export control

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## DEFINITIONS

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“Overall Coordinators”	the overall coordinators as named in “Directors and Parties involved in the Global Offering”
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended and adopted by the Standing Committee of the Eighth National People’s Congress on December 29, 1993 and effective on July 1, 1994, which was last amended on December 29, 2023 and became effective on July 1, 2024, as amended, supplemented or otherwise modified from time to time
“PRC Legal Advisor”	Jingtian & Gongcheng, our legal advisor as to PRC law
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
“Pre-IPO Investment(s)”	the investment(s) in the Company undertaken by the Pre-IPO Investors, the details of which are set out in “History, Development and Corporate Structure”
“Pre-IPO Investor(s)”	the investor(s) from whom the Company obtained several rounds of investments, the details of which are set out in “History, Development and Corporate Structure”
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“SAT”	the State Administration of Taxation of the PRC (國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Shanghai Iluvatar Suanli”	Shanghai Iluvatar Suanli Electronic Technology Co., Ltd. (上海天數算力電子科技有限公司), a company established in the PRC with limited liability on June 9, 2021, is a wholly owned subsidiary of our Company

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## DEFINITIONS

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“Shanghai Nashi”	Shanghai Nashi Business Consulting Partnership (Limited Partnership) (上海納識商務諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on August 19, 2016, the general partner of which is Shanghai Shuqi, and is one of the Single Largest Group of Shareholders
“Shanghai Qiongyu”	Shanghai Qiongyu Business Consulting Partnership (Limited Partnership) (上海琼羽商務諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on August 19, 2016, the general partner of which is Shanghai Shuqi, and is one of the Single Largest Group of Shareholders
“Shanghai Shuqi”	Shanghai Shuqi Business Consulting Co., Ltd. (上海數麒商務諮詢有限公司), a company established in the PRC with limited liability on June 17, 2016, which is the general partner of each of Shanghai Sushi, Shanghai Yishi, Shanghai Xishi, Shanghai Nashi, Shanghai Yueshi, Shanghai Yuanshi and Shanghai Qiongyu, and is one of the Single Largest Group of Shareholders
“Shanghai Sushi”	Shanghai Sushi Business Consulting Partnership (Limited Partnership) (上海溯識商務諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on August 19, 2016, the general partner of which is Shanghai Shuqi, and is one of the Single Largest Group of Shareholders
“Shanghai Xishi”	Shanghai Xishi Enterprise Management Consulting Partnership (Limited Partnership) (上海曦識企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on October 11, 2021, the general partner of which is Shanghai Shuqi, and is one of the Single Largest Group of Shareholders
“Shanghai Yishi”	Shanghai Yishi Enterprise Management Consulting Partnership (Limited Partnership) (上海溢識企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on December 3, 2017, the general partner of which is Shanghai Shuqi, and is one of the Single Largest Group of Shareholders
“Shanghai Yueshi”	Shanghai Yueshi Enterprise Management Consulting Partnership (Limited Partnership) (上海悅識企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on December 3, 2017, the general partner of which is Shanghai Shuqi, and is one of the Single Largest Group of Shareholders
“Shanghai Yuanshi”	Shanghai Yuanshi Enterprise Management Consulting Partnership (Limited Partnership) (上海源識企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on December 3, 2017, the general partner of which is Shanghai Shuqi, and is one of the Single Largest Group of Shareholders

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## DEFINITIONS

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“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.0 each, comprising the Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Shareholding Platforms”	collectively, Shanghai Sushi, Shanghai Yishi, Shanghai Xishi, Shanghai Nashi, Shanghai Yueshi, Shanghai Yuanshi and Shanghai Qiongyu
“Single Largest Group of Shareholders”	refers to Shanghai Sushi, Shanghai Yishi, Shanghai Xishi, Shanghai Nashi, Shanghai Yueshi, Shanghai Yuanshi, Shanghai Qiongyu and Shanghai Shuqi
“SOE(s)”	state-owned enterprise(s)
“Sole Sponsor”	Huatai Financial Holdings (Hong Kong) Limited
“Sponsor-Overall Coordinator”	Huatai Financial Holdings (Hong Kong) Limited
“sq.m.”	square meter(s)
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the three years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions, and all areas subject to its jurisdiction
“Unlisted Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange

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## DEFINITIONS

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“U.S. dollars”, “US dollars”, “USD” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“VAT”	value-added tax, which is an indirect tax levied on the value added at each stage in selling goods or labor services of processing, repair or replacement, selling services, intangible assets, or immovables, or importing goods within the PRC
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of <b>White Form eIPO Service Provider</b> at <u><a href="http://www.eipo.com.hk">www.eipo.com.hk</a></u>
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“%”	per cent

*In this prospectus, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction,” “substantial shareholder,” and “subsidiary” shall have the meanings ascribed to such terms under the Listing Rules, unless the context otherwise requires.*

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

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

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## GLOSSARY OF TECHNICAL TERMS

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*This glossary contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.*

“A64SC architecture”	a 64-bit secure computing architecture that provides enhanced security features and memory protection for processor operations
“accelerator”	a hardware component, typically a card, that enhances computing performance by transferring specific tasks from the central processing unit to specialized processors, such as GPGPUs or ASICs
“AI frameworks”	software platforms that provide pre-built components and tools for developing artificial intelligence applications, such as PyTorch, TensorFlow, PaddlePaddle and Megatron
“AI models”	programs trained on data that can recognize patterns, make predictions, or perform specific tasks, such as language processing, image recognition, or decision-making
“API”	application programming interface, a type of software interface offering a service to other pieces of software
“ASICs”	application-specific integrated circuits, specialized microchips designed and optimized to perform a specific function or set of functions
“AWQ”	activation-aware weight quantization, a quantization technique that optimizes the trade-off between model accuracy and compression by considering both activation and weight distributions during the quantization process
“Beta release”	pre-release versions of software or applications made available to a wider audience, often including external users, for testing and feedback
“Cache”	a hardware or software component that stores data so future requests for the same data can be served faster
“CAGR”	compound annual growth rate
“CENI”	computing-enabled network infrastructure, an integrated network and computing architecture that combines advanced computing resources with high-speed network infrastructure to deliver large-scale, deterministic, and low-latency computing services for AI and computing applications

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## GLOSSARY OF TECHNICAL TERMS

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“Codec”	coder-decoder, a device or software that encodes or decodes digital data streams, especially for compressing and decompressing audio or video signals in processing applications
“Compilers”	programs that translate source code written in programming languages into machine code that computers can execute
“Drivers”	software components that allow the operating system to communicate with and control hardware devices
“EDA”	electronic design automation, a category of software tools that automates the design, simulation, verification, and testing of complex electronic systems, from individual integrated circuits to complete circuit boards and electronic products
“FFT”	fast Fourier transform, an efficient algorithm to compute the discrete Fourier transform and its inverse, widely used in scientific computing for signal processing, image analysis, and other applications requiring frequency domain transformations
“FHD”	full high definition, a display resolution of $1920 \times 1080$ pixels, commonly used in video and image applications for enhanced visual clarity
“FP8”	eighth-precision floating point, a numeric format that uses 8 bits to represent real numbers, increasingly adopted in AI computing for further efficiency and reduced memory consumption
“FP16”	half-precision floating point, a numeric format that uses 16 bits to represent real numbers, allowing faster computation and reduced memory usage for AI workloads
“FP32”	single-precision floating point, a numeric format that uses 32 bits to represent a wide dynamic range of real numbers, commonly used for AI training and scientific computing tasks
“general purpose”	the ability to perform a wide range of computing tasks, rather than being optimized for a specific application or workload
“GPIO”	general-purpose input/output, an uncommitted digital signal pin on an integrated circuit or electronic circuit board which may be used as an input or output, or both, and is controllable by software
“GPGPU”	general-purpose computing on graphics processing units, referring to the use of GPUs to perform computational tasks beyond graphics rendering, particularly in parallel processing applications



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## GLOSSARY OF TECHNICAL TERMS

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“GPTQ”	gradient post-training quantization, a quantization algorithm that enables efficient deployment of large language models by reducing the number of bits required to represent model weights, while maintaining model accuracy
“GPU”	graphics processing unit, a specialized electronic circuit designed to manipulate and alter memory to accelerate the creation of images in a frame buffer intended for output to a display device
“Inference engines”	software systems that apply trained AI models to new data to generate predictions or decisions, such as vLLM and TGI
“INT8”	integer8, a data type in computer science, which stores whole numbers that can range in value from $-2^{63}$ to $2^{63}-1$ , for 18 or 19 digits of precision. Examples of other data types include INT16, INT32 and INT64. INT8 is used to save memory space more commonly than the other data types as it only requires a small storage capacity. INT8 is often used as the computational precision to test the computing power of chips because INT8 meets the requirements of most computing tasks
“IP”	intellectual property
“IP core”	a reusable unit of logic, cell, or integrated circuit layout design that is the intellectual property of one party
“Libraries”	collections of pre-written code, functions, and programs that can be reused by software developers to add functionality to their applications
“Linux distributions”	operating systems built on the Linux kernel that include specific selections of software packages, system tools, and user interfaces, packaged for different use cases and user needs
“mass production”	stage at which a product is manufactured in large quantities on a regular basis, following completion of all necessary design, testing, and regulatory requirements
“MFU”	Model FLOPs Utilization, a metric indicating the effective utilization of a GPU’s floating-point operation capacity when running AI models, reflecting the degree of hardware and software optimization
“OCR”	optical character recognition, a technology that converts different types of documents, such as scanned paper documents or images captured by a digital camera, into editable and searchable data

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## GLOSSARY OF TECHNICAL TERMS

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“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
“Out-of-band management”	a system management method that allows administrators to monitor and control IT equipment independently of the main data channels, ensuring operational reliability and remote troubleshooting
“PCB”	printed circuit board, a medium used to connect electronic components to one another in a controlled manner
“PCIe”	peripheral component interconnect express, a high-speed serial computer expansion bus standard
“PCIe Gen 5”	fifth generation of the PCIe standard, which doubled the data transfer rate compared to its predecessor
“PET/MR correction”	position emission tomography and magnetic resonance correction, a process that aligns and adjusts combined PET and MR imaging data to ensure accurate diagnostic images
“R&D”	research and development
“RT imaging”	real-time imaging, a medical imaging technique that displays images instantaneously during examination, allowing immediate visualization of an area as it is being scanned
“SDK”	software development kit
“SoC”	system-on-chips, an integrated circuit that integrates most or all components of a computer or other electronic system
“Tape-out”	the final result of the design process for integrated circuits before they are sent for manufacturing
“TDP”	thermal design power, the maximum amount of heat generated by a chip or electronic component that the cooling system is designed to dissipate under standard operating conditions, typically measured in watts
“TGI”	text generation inference, an inference server optimized for serving large language models, providing low-latency and high-throughput text generation services
“TPS”	transactions per second, a benchmark metric used to evaluate the processing capability of a computing system or GPU chip in handling AI or database workloads

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## GLOSSARY OF TECHNICAL TERMS

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“vLLM”	an inference engine designed for efficient and scalable deployment of large language models, enabling fast and memory-efficient inference in production environments
“Watt”	a unit used to measure how much power something uses or produces, and one watt is equivalent to one joule of energy transferred or used per second

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## FORWARD-LOOKING STATEMENTS

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*We have included in this prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.*

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. Forward-looking statements can be identified by words such as “may,” “will,” “should,” “would,” “could,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “continue,” “seek,” “estimate,” or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business prospects;
- our business strategies and plans to achieve these strategies;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in locations where we operate;
- our financial condition and performance;
- our capital expenditure plans;
- our dividend policy;
- changes to the regulatory environment, policies, operating conditions of and general outlook in the industries and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the extent and nature of, and potential for, future development of our business;

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## FORWARD-LOOKING STATEMENTS

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- the actions of and developments affecting our competitors;
- the actions of and developments affecting our major customers and suppliers; and
- certain statements in the sections headed “Risk Factors”, “Industry Overview”, “Regulatory Overview”, “Business”, “Financial Information” and “Future Plans and Use of Proceeds” with respect to trends in interest rates, foreign exchange rates, prices, volumes, operations, margins, risk management and overall market trends.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. In this prospectus, statements of or references to our intentions or those of our Directors were made as of the date of this prospectus. Any such information may change in light of future developments. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

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## RISK FACTORS

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*An investment in the Offer Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before deciding to invest in the Offer Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, results of operations, financial condition and growth prospects. In any such event, the market price of the Offer Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, results of operations and financial condition.*

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

We operate in a highly competitive and rapidly evolving market characterized by continuous technological advancements and shifting customer demands. While we have invested significant resources in the research and development of our GPGPU technology and products, our limited commercialization track record may make it difficult to forecast our future results of operations or establish reliable performance indicators. We have incurred significant net losses during the Track Record Period, and there is no assurance that we will achieve or maintain profitability in the future.

We face various risks and uncertainties in our operations, some beyond our control, which we have categorized into: (i) risks relating to our business and industry; (ii) risks relating to our intellectual property rights; (iii) risks relating our financial prospects; (iv) risks relating to doing business in the jurisdictions we operate; and (v) risks relating to the Global Offering. Additional risks and uncertainties that are presently unknown to us or not expressed or implied below, or that we currently deem immaterial, could harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

### RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

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

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## RISK FACTORS

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

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

**If we are unable to develop, commercialize and mass produce new or improved products, our business, results of operations, financial condition and competitive position would be materially and adversely affected.**

Our business, results of operations, financial condition and competitive position depend on our ability to develop and introduce new or improved products that integrate the latest advancements in computing architectures, heterogeneous computing, multi-precision training and inference capabilities, and cloud processing technologies to meet evolving customer demands, regulatory requirements, and industry standards. While we have successfully launched GPGPU products, we may encounter significant unexpected technical and production challenges, or delays in completing the development and scaling the production of new products in a cost-efficient manner. The product development lifecycle involves multiple complex and interconnected processes from product research and development to tape-out, validation and mass production which can be lengthy and unpredictable, and are subject to various risks. These include changes in customer specifications or market requirements during development, technological advances that necessitate design modifications, challenges in achieving desired performance metrics, and difficulties in scaling from prototype to mass production. We may also face supply chain disruptions such as capacity constraints at foundry partners, raw material shortages, or sudden changes in export control regulations or trade policies that could restrict our access to key markets or technologies. Additionally, evolving industry standards, certification requirements, or regulatory frameworks across different jurisdictions could require us to modify our designs or manufacturing processes mid-development, potentially rendering previous development work or inventory obsolete. Any of these challenges could result in significant delays, increased costs and expenses, or the need to revise our product development plans, which could delay our product launch schedules or prevent us from commercializing and mass producing new products as planned.

This requires us to invest significant resources in R&D and also requires that we:

- develop performance-optimized, energy-efficient GPGPU products that enhance computational throughput, compatibility, and deployment flexibility, differentiating our products from those of our competitors;
- continuously improve the robustness and scalability of our computing architectures, parallel processing capabilities, and algorithm-hardware integration to support a wide range of applications;



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## RISK FACTORS

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- cooperate effectively with our customers, suppliers, and partners on the design and development of new products, while managing uncertainties and risks relating to market acceptance and product adoption;
- respond effectively to technological changes and product announcements by our competitors; and
- adjust to changing customer requirements, market conditions, and regulatory standards quickly and cost-effectively.

If there are delays in, or if we fail to complete when expected or at all, the development of new GPGPU architectures or product iterations, we may not be able to satisfy our customers' requirements, maintain existing customers or attract new customers, or achieve broader market acceptance of our products, and as a result, our business, results of operations, financial condition and competitive position would be materially and adversely affected.

**If we fail to anticipate and adapt to technical transitions in our industry, our products may become less competitive or obsolete.**

As the industry advances towards more advanced technologies, there is a tangible risk that the existing market for our current products could diminish swiftly. Our competitive edge hinges not only on our ability to keep pace with, but also anticipate, future technological advancements. Failure to proactively develop and integrate next-generation technologies into our product lineup could result in a substantial loss of market share and revenue. This underscores the critical need for strategic foresight in planning and developing future technologies. We cannot guarantee that the market environment will remain unchanged, nor can we assure that we will successfully plan for the next generation of technology in advance. The introduction of next-generation technologies, particularly advances in semiconductor process nodes or new computing architectures, could significantly diminish demand for our existing products and affect our ability to compete with newer offerings, which may adversely affect our business, financial condition and results of operations.

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

We have been investing heavily in our R&D efforts. Our R&D expenses amounted to RMB456.6 million, RMB615.9 million, RMB772.8 million, RMB333.7 million and RMB451.5 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. The industry in which we operate is subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial resources, in R&D to make technological advances in order to expand our offerings and make our products innovative and competitive in the market. As a result, we may continue to incur significant R&D expenses in the future.

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## RISK FACTORS

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

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

**We depend on third-party contract manufacturers, which reduces our ability to control our manufacturing process. Any interruption or shortage or loss of capacity from these contract manufacturers could materially interrupt our business operations and product offerings, which may adversely affect our business, results of operations and financial condition.**

Our reliance on external contract manufacturers exposes us to critical challenges such as unpredictable production capacities, potential quality variations, and difficulties accessing next-generation manufacturing technologies. The complex nature of GPGPU design requires continuous technological adaptation, making contract manufacturers transitions intricate and expensive. Industry consolidation, raw material volatility, and intense competition for advanced manufacturing capacity — compounded by limited global foundry capacity, especially for sophisticated process nodes critical to performance-optimized GPGPU technologies — could substantially impact our ability to scale production, meet customer demands, and maintain our competitive edge in the rapidly evolving computing market. As a result, we may suffer from delayed product deliveries, increased manufacturing costs, compromised technological innovation, and potential loss of market share. Moreover, our dependence on a limited number of contract manufacturers partners increases our exposure to operational risks, including potential supply constraints, pricing pressures, and the need to qualify alternative manufacturing sources in case of unexpected disruptions in a timely manner. In particular, our products that were sold and generated revenue during the Track Record Period all used Supplier F’s co-packaged integrated circuits, except ZK Gen 2. In late November 2024, due to regulatory developments affecting international semiconductor supply arrangements, we experienced a temporary disruption in supply from Supplier F lasting until early February 2025, during which we did not receive shipments of certain types of co-packaged integrated circuits used in several of our GPGPU products. While we were able to manage this particular disruption through inventory management and alternative arrangements, any future interruption, shortage, or loss of manufacturing capacity from our contract manufacturers partners could materially disrupt our business operations and product offerings, potentially causing significant adverse effects on our business, financial performance, and overall market competitiveness. See “Business — Our Suppliers — Our Major Suppliers” for details.

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## RISK FACTORS

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

A large number of suppliers provide materials, components, equipment and services that are critical to our product development and operations. Our reliance on a limited number of suppliers for key resources introduces significant operational vulnerabilities, potentially impacting our ability to maintain consistent product quality, meet delivery timelines, and sustain competitive market positioning. The semiconductor supply chain, particularly for GPGPU technologies, faces complex challenges, including critical shortages of advanced substrates, specialized materials, and manufacturing components. While we attempt to diversify our supplier base, certain specialized materials and services have limited alternative sources, creating inherent procurement risks. Suppliers may encounter capacity constraints, experience quality issues, face extended lead times, or struggle with resource availability such as water, silicon, electricity, and other essential inputs. These disruptions can impact various aspects of our operations, from our R&D initiatives to production planning, as well as our contract fulfillment capabilities, which may increase operational costs, and potentially compromise our overall financial performance and market competitiveness.

In particular, we rely on certain critical third-party technology tools, such as EDA software, which are essential to the R&D and production of our products. IP cores represent one of the main components required for our development of the GPGPU products, and U.S. suppliers were important providers of these IP cores during the Track Record Period. Purchases of IP cores and EDA software licenses sourced from the U.S. and other overseas countries accounted for 15.3%, 2.3%, 3.1%, and 6.0% of our total purchases in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. In late May 2025, major overseas EDA vendors based in the United States introduced uncertainty regarding the availability of support and upgrade services for semiconductor companies in Chinese Mainland. As a result, while existing EDA software remain available for current customers, access to product upgrades, maintenance, and other support services became uncertain. As of early July 2025, these major EDA suppliers have confirmed the resumption of normal business operations. To further enhance our supply chain resilience, we have implemented a multivendor strategy that prioritizes non-U.S. vendors for new product development, with both international and domestic suppliers progressively integrated into specific development areas. However, similar developments in the future could materially and adversely affect our R&D activities and product innovation, requiring us to adjust our R&D planning and potentially leading to increased operational costs. Similar disruptions could also occur with other types of critical suppliers, such as contract manufacturers, due to geopolitical or other external factors.

Purchases from our largest supplier for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025 accounted for 12.5%, 21.6%, 18.1% and 53.1%, respectively, of our total purchase amount for the respective year/period. Purchases from our five largest suppliers for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025 in aggregate accounted for 58.2%, 56.2%, 44.6% and 67.2%, respectively, of our total purchase amount for the respective year/period. The stability and operational strategies of these critical suppliers remain beyond our control, potentially exposing us to strategic vulnerabilities. Supplier-related risks include extended lead times, capacity constraints, limited supply availability, price volatility, and potential quality or cybersecurity disruptions.

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## RISK FACTORS

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The complexity of qualifying alternative suppliers for specialized components can lead to prolonged production delays and increased costs, particularly given the technical sophistication and limited global sources for critical materials and technologies essential to our product development.

Moreover, we face additional complexities from evolving regulatory landscapes and stakeholder expectations around responsible sourcing practices. Our supply chain operations are subject to international trade dynamics and global capacity conditions, affecting our foundry cooperation and procurement strategies. Rapid technology advancement and evolving compliance standards across jurisdictions may drive changes in manufacturing protocols and technical specifications, which may necessitate product adjustments or updates, which can lead to inventory obsolescence, increased process assessment costs, and the need to reassess or diversify our supplier base. During the Track Record Period, we experienced inventory obsolescence due to technological advancement and unforeseen external events. Following the launch of TG Gen 2 in 2023, our strategic decision to discontinue the production of TG Gen 1 and reallocate main chip production capacity to TG Gen 2 required us to impair raw materials previously designated for TG Gen 1 production, which contributed to an inventory write-down of RMB15.3 million in 2023. In 2024, we recorded an inventory write-down of RMB4.79 million, which was mainly due to raw materials damage caused by an earthquake in one of our supplier's region. These events demonstrate how both product iteration and external factors can impact our inventory management. Our lack of direct control over suppliers' procurement and employment practices also exposes us to potential financial and reputational risks. For example, suppliers may deem it necessary to modify their operations in response to these regulatory and market changes, which could lead extended qualification timelines, adjustments to inventory carrying values and related expenses, and reassessment of the realizability of advance commitments. Any of the foregoing factors could impact our production continuity and our ability to maintain optimal inventory levels and meet customer obligations in a cost-effective manner, which could adversely affect our reputation, customer relationships and business operations.

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

Revenue generated from our largest customer for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025 accounted for 37.7%, 19.3%, 44.9% and 13.8%, respectively, of our total revenue for the respective year/period. Revenue generated from our five largest customers for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025 accounted for 94.2%, 73.3%, 73.4% and 38.6%, respectively, of our total revenue for the respective year/period. Our business, results of operations and financial condition for the foreseeable future may continue to depend on sales to a relatively small number of customers. In the future, our current major customers may purchase fewer of our products and solutions than they did in the past, may alter their purchasing patterns, or may decide not to purchase our products at all. For example, customers and end customers that have purchased our products and solutions in the past may decide to adopt alternative products and solutions or develop in-house products and solutions in lieu of their purchases from us, which may reduce their demand of our products and negatively impact our operational and financial results. Further, the amount of revenue generated from any single major customer, or our major customer concentration generally, may fluctuate in any given period. If our major customers

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## RISK FACTORS

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scale back or terminate their business relationship with us, or if we are unable to negotiate favorable contractual terms with them, or if we are unable to secure new customers on favorable or comparable terms or at all, our business, financial condition and results of operations may be materially and adversely affected.

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

We have a limited track record in the commercialization of our products compared to some of our competitors. Our operations to date have focused on establishing our intellectual property portfolio, conducting R&D activities and commercializing our products, certain of which are at various stages of development. As a result of our limited track record in the commercialization of products, and particularly in light of the rapidly evolving nature of the industry in which we operate, it may be difficult to evaluate our current business and reliably predict our future performance. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. If we cannot address these risks and overcome these difficulties successfully, our business and prospects will suffer.

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

Certain of our products may be subject to export control and economic sanctions regulations, including the U.S. Export Administration Regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export privileges, fines, which may be imposed on us and responsible employees or managers, and, in extreme cases, the incarceration of responsible employees or managers. Obtaining the necessary authorizations, including any required license, for a particular deployment may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities. We are actively taking efforts to secure such products, including licenses if necessary, and find alternatives. However, without alternative sources, we may not be able to securely and timely find alternatives for such products and could result in supply chain instability. In addition, changes in our products and solutions, or changes in applicable export control or economic sanctions regulations may create delays in the introduction and deployment of our products and solutions, or, in some cases, prevent the sales of our products to certain markets or end users. Any change in export control or economic sanctions regulations, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could also result in decreased demand for our products, or in our decreased ability to manufacture our products, export our products or provide our services to existing or prospective customers with international operations. Any decreased demand for our products or limitation on our ability to export our products and provide our products could adversely affect our business, results of operations, financial condition, and prospects.



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## RISK FACTORS

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In addition to trade policy measures, the United States and certain other governments have imposed and may adopt additional sanctions, export controls and other regulatory measures that directly or indirectly affect China-based technology companies. These types of laws, policies and measures may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to comply with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our customers, our suppliers, or our ecosystem partners' abilities to acquire technologies, systems, devices or components. Any of these developments could adversely affect our business and financial condition. In addition, our business operations or reputation may be adversely affected if our business partners, including our customers, are subject to sanctions.

On October 28, 2024, the U.S. Department of the Treasury (the “**Treasury**”) issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Outbound Investment Rule**”). The Outbound Investment Rule, effective on January 2, 2025, is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China and introduces new hurdles and uncertainties for cross-border collaborations, investments and funding opportunities of entities with ties to China. It targets investments involving entities associated with “countries of concern,” currently defined as only China (including Hong Kong and Macau), and imposes investment prohibition or notification requirements on a wide range of U.S. person investment transactions in entities in countries of concern engaged in “covered activities” relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) certain artificial intelligence systems (together, the “relevant sectors”). Under the Outbound Investment Rule, entities with meaningful ties to China and engaged in covered activities are defined as “covered foreign persons.” Subject to certain exceptions, equity investments (a “covered transaction”) by a U.S. person in a covered foreign person are subject to prohibition or notification requirements. As advised by the OIR and Export Control Legal Advisor, we may be deemed a “covered foreign person” that is engaged in certain activities covered under the definition of “Notifiable Transactions” defined under the Outbound Investment Rule due to our business activities. As a “covered foreign person,” and if U.S. persons engaged in a “covered transaction,” including a transaction that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule. As confirmed by the OIR and Export Control Legal Advisor in connection with the foregoing matters, as we do not engage in any prohibited transactions, and our products do not meet the specified parameters prescribed for the prohibited transactions, our integrated circuit design activities do not meet the criteria for prohibited transactions. In addition, as further advised by the OIR and Export Control Legal Advisor in connection with the foregoing matters, following the completion of the Global Offering, it is expected that U.S. persons will be able to invest in our H Shares based on the publicly traded securities exception under the Outbound Investment Rule as long as the investments made do not afford a U.S. person certain rights that are not standard minority shareholder protections. Even though U.S. persons' acquisitions of certain offer securities (such as our publicly traded H shares) will be exempted from the scope of covered transactions, the Outbound Investment Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors prior to and after this Global Offering given that relevant laws, regulations, and policies continue to evolve. In addition, we cannot predict

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how the Outbound Investment Rule will be enforced, and neither can we guarantee that there will not be an expansion to the scope of the Outbound Investment Rule, a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future. The uncertainty in the interpretation and enforcement of the Outbound Investment Rule may reduce U.S. investors' interest in our equity securities. In such a case, and if alternative investors cannot be found, the trading price and liquidity of our H Shares may be adversely affected. If our ability to raise such capital is significantly and negatively affected, it could also be detrimental to our business, financial condition and prospects. In such case, the value of our H shares may significantly decline, or in extreme cases, become worthless.

**Potential changes to the U.S. export control regime may impose additional compliance obligations or restrict our access to critical technologies.**

In October 2025, President Donald Trump made public statements indicating a potential expansion of the U.S. export control regime to cover additional categories of critical technologies and software. While no detailed implementation framework has been published and no such measures had been adopted as of November 2025, these statements signal the possibility of further policy tightening or structural modifications to the existing export control regime. Any expansion of U.S. export control restrictions to encompass products, technologies, software or services that we provide, incorporate into our solutions, or rely on in our supply chain could (i) limit our ability to procure essential components or EDA tools, (ii) delay product development or delivery timelines, or (iii) require us to obtain additional licenses or undertake costly compliance measures. We cannot predict the scope, timing or enforcement posture of future U.S. export control actions, and any such developments could materially and adversely affect our business, financial condition and prospects.

**We may be subject to product liability claims if our products contain errors, defects, or fail to meet performance specifications, which could result in substantial costs, reputational damage and loss of market share.**

Products within the industry in which we operate may contain errors, defects, architectural limitations, or compatibility issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite extensive testing and validation, our products may contain such defects or limitations which we are unable to successfully correct in a timely manner or at all. There is also a risk that our products may not meet specified performance requirements or computational accuracy standards due to limitations in hardware design, manufacturing processes, or other technical factors. Some defects or performance issues may only be discovered after products have been validated, deployed and integrated into our customers' computing infrastructure, and we may incur substantial additional engineering expenses and costs relating to product replacement or architectural modifications. Furthermore, these issues could potentially lead to lawsuits, including class actions, filed against us by our customers or other parties, exposing us to potential liabilities and damages. We may also experience revenue loss, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation, any of which could adversely affect our business, results of operations and financial condition.



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Given that many of our customers use our products in processes that are critical to their businesses, any errors, defects or performance degradation could result in significant losses to our customers. As a result, we may incur substantial engineering expenses, costs relating to product replacement, and potential lawsuits. Our customers may seek significant compensation for their losses or cease conducting business with us altogether. Such claims would likely be time-consuming and costly to defend, while potentially damaging our reputation and making it harder to sell our products.

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

**Our results of operations may be affected from period to period due to the seasonality of our business and industry cycles.**

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

In addition, we also experience certain seasonal patterns in our business. In particular, our customers typically experience lower production and sales activity during and following the Chinese New Year holidays in the first quarter, which may in turn affect our revenue recognition in this period. In contrast, we generally receive a higher volume of orders in the second half of the year, which leads to increased revenue contributions during that period. Our results of operations could also suffer if we do not achieve revenue consistent with our expectations for this seasonal demand because many of our expenses are based on anticipated levels of annual revenue.

Due to both the cyclical nature of our industry and these seasonal patterns, our financial condition and results of operations for future periods may fluctuate significantly, and our historical results may not be indicative of our future operating results. This volatility could affect our ability to plan our operations effectively and could impact the trading price of our H Shares.

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**We depend on licenses to critical third-party technologies and intellectual property, and any loss of access or unfavorable changes to these licensing arrangements would materially and adversely affect our business.**

Our products incorporate certain third-party technologies and intellectual property that are important for our product development and functionality, which we license through various agreements with their respective owners. These licensing arrangements typically involve ongoing fees or royalties. If we are unable to maintain or renew these licensing arrangements on commercially reasonable terms, or if our relationships with these technology providers deteriorate, we may face significant challenges in our product development process. Finding alternative technologies or providers, where possible, could require substantial time and resources, potentially delaying our development timeline and increasing costs. Additionally, changes in the licensing terms, costs, or availability of these technologies could impact our ability to maintain our competitive position in the market. Any such disruption could materially and adversely affect our product development capabilities, business operations, and competitive position.

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

We are pursuing opportunities in markets where it is difficult to predict the timing and size of the opportunities for each of our products. Our business, results of operations, financial condition and prospects depend on our ability to make timely investments in the correct market opportunities in downstream applications. Even if the markets in the downstream industries grow substantially, we cannot assure you that we will be able to pursue these opportunities. Despite our efforts to market our products and solutions and secure new orders, there can be no assurance that such efforts will be successful or that we will be able to obtain purchase orders from customers as anticipated. Furthermore, even if we are able to obtain orders from our customers, there is no assurance that the sales performance of our products or solutions will meet our expectations or forecasts, as actual results may be affected by changes in market conditions, customer demand, or other factors beyond our control. If one or more of these markets experience a shift in customer demand, our products may not be able to compete as effectively, or at all. We may not be able to adjust our inventory level in response to the change in the demand of our downstream markets and the price of our products may be adversely affected. If we fail to meet the technological development, industry standards or applicable regulatory requirements, our products may not be adopted by end customers in their computing systems or infrastructure deployments. Given the evolving nature of the markets in which we operate, it is difficult to predict end customer demand or the future growth of the markets in which we operate or into which we plan to enter. If we fail to adjust accordingly to changes in the market condition of our downstream industries, our business, financial condition, results of operations and prospects will be adversely affected.

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

Significant changes in the markets in which we purchase materials, components, and supplies for the production of our products may adversely affect our profitability. As a result of the global semiconductor shortage and inflationary pressures, we may experience increases in the cost of our products, and, therefore, our gross margin may decrease, at least in the short term, as a result of these cost increases. Competitive and market pressures limit our ability to recover increases in costs through increases in prices we charge to our customers. The inability to pass on price increases to our customers when raw material or component prices increase rapidly or are significantly higher than historic levels would adversely affect our business, results of operations and financial condition.

**Any failure to provide maintenance and support services for our customers may harm our relationships with them and ultimately negatively affect our business.**

Our ability to provide efficient customer support and maintain product quality is critical to our business success. As we continue to grow our operations and support our enterprise customer base, we need to provide efficient technical support that meets the complex needs of our customers at scale. Challenges in scaling customer support, including recruiting and retaining qualified technical personnel, could impair our ability to meet customer demands and maintain our market reputation. We may not be able to recruit or retain sufficient qualified technical personnel with deep expertise in supporting advanced computing solutions. Potential difficulties in responding to technical support needs, adapting to competitive service models, or managing increased support costs may negatively impact our operational performance. As a result, we may be unable to respond quickly enough to accommodate technical support demands or maintenance requirements for essential computing deployments, which may adversely affect our business.

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

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

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

Changing consumer demands and uncertainty surrounding the adoption cycles of new technologies and products could expose us to inventory risk. Demand in the GPGPU market, especially in sectors where our products are still being validated or commercialized, may fluctuate due to factors beyond our control. As a result, we may not always be able to align our inventory purchases with customer requirements in a timely manner. We cannot assure you that we will accurately predict customers' demand to prevent under-stocking or over-stocking of our products, which could lead to lost sales opportunities, increased inventory costs, or supply shortages, adversely affecting our business operations, financial performance, and overall market position. Our inventory turnover days were relatively long during the Track Record Period, amounting to 654.7 days, 596.2 days, 382.6 days and 465.8 days in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively.

To ensure adequate inventory supply, we must forecast inventory needs and expenses, place orders sufficiently in advance with our suppliers and stock inventory based on our estimates of future demand for particular products. Fluctuations in the adoption of our products may affect our ability to forecast our future results of operations. Our ability to accurately forecast demand for our products could be affected by many factors, including the rapidly changing nature of the market in which we operate, the uncertainty surrounding the market acceptance and commercialization of our products, the emergence of new markets, the change in customer demand for our products or for products of our competitors, health epidemics and outbreaks, and any associated work stoppages or interruptions, unanticipated changes in general market conditions and the weakening of economic conditions or consumer confidence in future economic conditions. As our products become or continue to be commercialized, we may face challenges in meeting the demands of our customers and end customers at a satisfactory rate, which would negatively affect our revenue. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale.

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

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

We believe that maintaining and enhancing our brands is of significant importance to the success of our business. Well-recognized brands are important to enhancing our attractiveness to our customers. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. The successful promotion of our brand will depend on the effectiveness of our marketing efforts and amount of word-of-mouth referrals we received from satisfied customers. We may incur extra expenses in

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promoting our brand. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect. In addition, negative publicity about our Company, Directors, employees, branding or products, whether warranted or not, may adversely affect our brand, reputation and business. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

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

We have experienced significant growth in the past years/periods. Our revenues increased significantly from RMB189.4 million in 2022 to RMB289.0 million in 2023, and further to RMB539.5 million in 2024. Furthermore, our revenue increased from RMB197.4 million in the six months ended June 30, 2024 to RMB324.3 million in the six months ended June 30, 2025. We plan to further grow our business by, among other things, investing in technology, securing additional contracts with existing and new customers, strengthening our brand recognition, and expanding our products to enable global partners. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully.

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

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

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

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

**Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business, results of operations and financial condition.**

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

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing business. Future acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could adversely affect our business. Acquired assets or businesses may not generate the financial results we expect. Furthermore, we are subject to valuation risks in connection with acquisitions. Determining the fair value of acquired businesses, assets and liabilities involves significant management judgment and assumptions. If our estimates prove to be inaccurate or if business conditions change adversely following an acquisition, we may be required to record impairment charges that could materially harm our reported financial performance. In addition, acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the incurrence of debt, the incurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business.

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



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possible shareholders' approval, we may also have to obtain approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations, which could result in increased costs and delays.

**Our distributors may have unsatisfactory performance which is beyond our control and their improper conduct or any changes in their business relationships with us may adversely affect our business, financial conditions and results of operations.**

As of December 31, 2022, 2023, 2024 and June 30, 2025, there were nil, two, eight and ten distributors in our distribution network, respectively. We have limited control over the operations and actions of our distributors. We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach our agreements and policies. We cannot assure you that our distributors will be successful in marketing, selling and supporting our products. Furthermore, we cannot assure you that our distributors will always be compliant with relevant laws, regulations or our distributorship agreements. If our distributors breach the distribution agreements, fail to comply with applicable regulatory requirements when selling our products, improperly use our brands, products or intellectual property rights, it could damage our reputation and brand image, undermine customers' confidence in us and reduce their long-term demands for our products.

Our distributors may also subject us to lawsuits, potential liability and reputational harm if they misrepresent the functionality of our products and services to customers or violate laws or our corporate policies. In addition, it cannot be certain that we will retain our existing distributors or that we will be able to secure additional products or substitutes for them. Our distributors may also devote more resources to the marketing, sales and support of competitive products and services. All these could adversely affect our business, financial conditions and results of operations.

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

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. We also purchase supplemental commercial medical insurance for our employees. In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain key man insurance, insurance policies covering damages to our network or information technology systems or any insurance policies for our properties. While our Directors are of the view that the amount of our insurance coverage is in line with the customary standard in the industry and is adequate for our operations, it may not be adequate to fully compensate for all kinds of losses we may suffer in the future. For example, insurance covering losses from acts of war, terrorism, or natural disasters is either unavailable or cost prohibitive. In addition, our insurers will review our policies every year and we cannot guarantee that our policies can be renewed on similar or other acceptable terms or at all. Furthermore, if we suffer unexpected severe losses or losses that far exceed the policy limits, it could materially and adversely affect our business, results of operations, financial condition and prospects.



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

While inflationary pressures have varied across different regions, rising costs of raw materials and labor remain key concerns. Price increases in raw materials procured from our suppliers could impact our production costs. Additionally, factors such as changes in minimum wage laws, labor market dynamics, and intensified competition for skilled talent in the industry may lead to higher labor expenses, which could put upward pressure on wages and fees paid to employees and third-party service providers. Our ability to manage and mitigate the impact of rising labor costs through operational efficiencies, process improvements, or technological innovations will also significantly influence our competitiveness and financial performance. However, there is no guarantee that we will succeed in effectively managing the impact of rising labor costs. Moreover, higher cost for labor and raw materials might necessitate adjustments in service pricing, potentially making our products less competitive in the market. Attempts to pass on increased labor costs to customers through higher service fees could result in reduced demand or market share loss.

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

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not produce any material generation of emissions and wastes and no heavy pollutions. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, emission of greenhouse gas, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See “Business — Environmental, Social and Governance.”

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

**We may become subject to legal or administrative proceedings and claims during the ordinary course of our business.**

We may become, from time to time, subject to legal or administrative proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. Actions brought against us, with or without merit, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicity, or other results that could have material adverse effect on our reputation, business, financial condition, results of operations, and prospects. Even if we are successful in defending ourselves against these actions, we may incur significant costs and divert management’s attention and resources in such defense. In addition, from time to time, we may have to resort to administrative and court

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proceedings to enforce our legal rights. It is possible that the administrative and court authorities would not interpret and enforce the statutory provisions and contractual terms in a manner favorable to us, and it may be more difficult to predict the outcome of any administrative and court proceedings that we may be involved in the future. Furthermore, any litigations, legal 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 facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved.

### RISKS RELATING TO OUR INTELLECTUAL PROPERTY

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

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

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

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

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**If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling the products involved.**

The industry in which we operate is characterized by a large number of patents, some of which may be of uncertain scope, validity, or enforceability. As a result, there is significant uncertainty regarding patent protection and potential infringement risks. We cannot assure that our business activities do not and will not infringe, misappropriate, or otherwise violate the intellectual property or proprietary rights of third parties. In recent years, intellectual property litigation, including patent disputes, has been prevalent globally, and we may become subject to claims or lawsuits alleging infringement of third-party patents, copyrights, or trade secrets.

For example, if we recruit employees from other technology companies, including potential competitors, and such employees are alleged to have used, or have inadvertently used, proprietary know-how, technology, or confidential information from their previous employers in our research and development activities, we may face claims that such individuals have improperly used or disclosed trade secrets or other proprietary information. If such claims result in litigation and are resolved adversely to us, we could be subject to significant liabilities, including damages, injunctions restricting our products or business operations, or limitations on the enforceability of our intellectual property rights. An adverse judgment could also harm our reputation or require us to undertake costly remediation measures, such as redesigning our products.

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

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

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**Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.**

The CNIPA and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees, and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business.

**Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.**

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other countries may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if patent applications we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

**If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our target markets and our business may be adversely affected.**

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our target markets. Competitors may occasionally adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected.

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

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

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

We also seek to enter into agreements with our employees that obligate them to assign any inventions created during their work for us to us. However, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing. And it is possible that technology relevant to our business will be independently developed by a person that is not a party to such an agreement. Furthermore, if the employees who are parties to these agreements breach or violate the terms of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets and inventions through such breaches or violations. We may be involved in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and R&D personnel.

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

We currently employ open-source software in our operations, primarily including industry-standard infrastructure, development and operational tools. Our core intellectual property resides in hardware designs and architecture, which are developed using proprietary design tools, and are functionally separate from open-source components. While we maintain compliance protocols and intend to continue using open-source software, some licenses carry compliance obligations that could impact our business. For example, certain open-source software licenses could require that if we distribute our proprietary software in combination with, or as a derivative of, open-source software, we might be obligated to disclose the source

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## RISK FACTORS

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code of our proprietary software, permit modifications, or make derivative works available on unfavorable terms or at no cost. If such obligations were triggered, it might result in the public disclosure of our proprietary source code, which could allow our competitors or other third parties to use and modify our proprietary software freely without spending the development effort. Such an outcome might harm our competitive position and could adversely affect our product sales. There is also a risk that open-source software licenses may be construed in a manner that imposes unanticipated conditions on our ability to provide products or retain ownership of our proprietary intellectual property, particularly given that the terms of many open-source licenses to which we are subject have not been interpreted by courts of law. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, the derivative works that we developed using such open-source software, which could include our proprietary source code, or otherwise seeking to enforce the terms of, or alleging breach of, the applicable open-source license. These claims could result in costly litigation and could require us to make our proprietary software source code freely available, purchase a costly license, or cease offering the implicated products unless and until we can re-engineer them to avoid using or being based on any open-source software or otherwise avoid breach of the applicable open-source software licenses or potential infringement. This re-engineering process could require us to expend significant additional research and development resources, and we cannot guarantee that we will be successful.

Furthermore, certain of our products are designed to be compatible with certain proprietary computing platforms, hardware architectures, and acceleration technologies. This required compatibility depends on open-source tools and community-driven projects, which exposes us to additional technical challenges and legal risks, particularly when licensing policies or technical specifications of these proprietary platforms change. Any loss of compatibility with such platforms could significantly reduce the attractiveness of our products to customers and negatively impact our business.

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



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to eliminate or manage, and, if not addressed, could adversely affect our ownership of proprietary technology, the security of our systems, or our business, results of operations, and financial condition.

### **RISKS RELATING TO OUR FINANCIAL PROSPECTS**

**We incurred significant net losses during the Track Record Period, and we may not be able to achieve or subsequently maintain profitability in the future.**

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we had net losses of approximately RMB553.6 million, RMB817.4 million, RMB892.4 million, RMB404.0 million and RMB609.3 million, respectively. We may continue to incur net losses in the future, as we are in the stage of expanding our business and operations in the rapidly growing GPGPU market, and are continuously investing in research and development. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully and develop new products and solutions. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We also expect our costs and expenses to increase in future periods as we continue to expand our business and operations, and invest in research and development. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or subsequently maintain profitability.

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

In 2022, 2023, 2024 and the six months ended June 30, 2025, we had cash used in operating activities of RMB653.8 million, RMB707.0 million, RMB618.0 million and RMB715.6 million, respectively. We may continue to experience net cash outflows from our operating activities from time to time. See “Financial Information — Liquidity and Capital Resources” for details. Our forecast of the period through which our capital resources will support our operations is forward-looking and involves risks and uncertainties. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect.

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



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## RISK FACTORS

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

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

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

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

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

The share incentive plan was established for the benefit of our directors, senior management and core employees as remuneration for their services provided to us and to incentivize and reward the eligible persons who have contributed to the success of our Company. For the principal terms of the employee incentive scheme, see “Appendix VI — Statutory and General Information — 4. Employee Incentive Plan.” In 2022, 2023, 2024 and the six months ended June 30, 2025, we recorded an aggregate of RMB120.8 million, RMB207.8 million, RMB247.8 million and RMB295.9 million, respectively, in share-based payments.

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

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## RISK FACTORS

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

Our contract liabilities mainly represent cash collections in advance of fulfilling performance obligations. Our contract liabilities amounted to RMB2.2 million, RMB13.5 million, RMB28.8 million and RMB39.9 million as of December 31, 2022, 2023 and 2024 and June 30, 2025. See “Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Contract Liabilities.” There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

**We are subject to risks in relation to our contracts with third parties and credit risks related to delays in payment and defaults of customers or related parties, which would adversely affect our liquidity and financial condition.**

During our ordinary course of business, we enter into various contracts with third parties and are exposed to credit risks related to payments from our customers and related parties. If any of our contractual counterparties fails to perform their obligations or materially breaches their contracts with us, our business and operations may be adversely affected. As of December 31, 2022, 2023 and 2024 and June 30, 2025, our trade and bills receivables amounted to RMB88.7 million, RMB200.4 million, RMB377.2 million and RMB388.9 million, respectively, and our prepayments, other receivables and other assets amounted to RMB120.9 million, RMB348.7 million, RMB219.0 million and RMB466.4 million, respectively. We also experienced an increase in our trade and bills receivables turnover days throughout the Track Record Period from 85.6 days in 2022 to 196.7 days in 2023 and further to 211.8 days in 2024, and then to 225.4 days in the six months ended June 30, 2025. We may not be able to collect all such trade and notes receivables and prepayments and other receivables due to a variety of factors that are beyond our control, including long payment cycle of certain of our suppliers, adverse operating condition or financial condition of customers, and customers’ inability to pay caused by their end users’ delay in payment. Our losses may not be fully covered by compensation from counterparties, if at all. If our customers or related parties delay or default in their payments to us, we may have to make impairment provisions and write-off the relevant receivables and hence our liquidity and financial condition would be adversely affected.

**We recorded prolonged trade and bills receivable settlement cycle and inventory turnover cycle during the Track Record Period, which would adversely affect our liquidity and financial position.**

During the Track Record Period, we recorded prolonged cash conversion cycle, calculated by adding inventory turnover days and trade and bills receivable turnover days minus trade payable turnover days, of 528.0 days, 663.5 days, 552.0 days and 649.2 days in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. Such prolonged cash conversion cycle resulted from (i) stockpiling of raw materials in anticipation for our product manufacturing; (ii) the higher proportion of trade receivables from customers that were granted more favorable credit terms; and (iii) more distributed production schedule and more frequent settlement with our suppliers. A prolonged cash conversion cycle may indicate inefficiencies in inventory

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management, slower collections from customers, or shortened payment terms with suppliers, any of which could strain liquidity, increase working capital requirements, and reduce financial flexibility, and adversely affect our financial condition.

**We determine fair value of level 3 financial instruments based on valuation techniques and various assumptions of unobservable inputs, which may fluctuate according to the changes in the unobservable inputs.**

We determine fair value of level 3 financial instruments based on valuation techniques and various assumptions of unobservable inputs, which may fluctuate according to the changes in the unobservable inputs. The fair value of a financial instrument is the amount that would be received if an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In line with our accounting policies, we establish a fair value hierarchy that prioritizes the inputs to valuation techniques being used to measure fair value of our financial instrument. We determine fair value of our financial assets and financial liabilities that are classified in levels 1 and 2 of the fair value hierarchy based on observable prices and inputs. Instruments classified in level 3 of the fair value hierarchy are those which require one or more significant inputs that are not observable.

Absent evidence to the contrary, instruments classified in level 3 of the fair value hierarchy are initially valued at transaction price. To determine fair value, we rely on judgment from our management taking into account various factors, including the influence of macroeconomic factors, the valuation by external appraiser and loss coverage. Many of these factors are beyond our control and may not be available on a consistent basis. In addition, the judgment and estimation is a subjective process and is subject to inherent imitations. We cannot assure you that such judgment and estimation are accurate, in which case the fair value of relevant financial instruments may be materially and adversely affected, resulting in material and adverse impact to our financial conditions and results of operations.

### **RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE**

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

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

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

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

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

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

**We may face risks relating to labor relations, labor disputes, labor shortages and increases in labor costs.**

Our success depends on our ability to hire, train, retain and motivate our employees. Any deterioration in labor relations with our employees could lead to labor disputes, which may disrupt our production and operations, adversely affecting our business and financial performance. Despite our efforts to provide a safe working environment to avoid occupational injuries, we may still face liability claims, negative publicity and government investigations or interventions related to workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputation. Additionally, with the growth of the economy, average wages of our employees are expected to increase. Any significant increase in labor costs could adversely affect our profitability, business and financial performance.

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 in line with the differing levels of economic development in different locations in the PRC, while the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments. Those employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. As advised

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by our PRC Legal Adviser, considering, among others, the facts stated above, based on the compliance certificates we have obtained, as well as the fact that we have not received any notice or inquiry from relevant government authorities, the risk of us being imposed to late fees or fines or subject to compulsory enforcement is remote. As such, such matters would not have a material and adverse impact on our business, financial condition and results of operations. There is no assurance, however, that new laws and regulations or stricter interpretation or enforcement of existing laws and regulations will not result in additional costs to our employee benefit plans, which may adversely affect our operating results and financial condition.

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

As of the Latest Practicable Date, we primarily leased properties as our headquarters and office space. Any limitations on the leased properties, defects in the lessors' title to such properties, or discrepancies between the registered and actual use of the properties may impact our use of the offices or, in extreme cases, result in relocation, which may adversely affect our business operations and incur additional costs.

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

In addition, among our leased properties in China, certain properties have title certificates that specify approved uses or land purposes which do not align with our current office use, and some properties lack the relevant title certificates from the lessors, which may expose us to the risk of third-party claims or disputes regarding property ownership. Furthermore, some properties have only been used for business registration purposes and have not been used for our actual business operations. Any of these issues could subject us to additional administrative penalties or require us to relocate, which could adversely affect our operations.

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

During the Track Record Period, we benefited from government grants, many of which are non-recurring in nature or are subject to periodic review. In 2022, 2023, 2024 and the six months ended June 30, 2025, the government grants we recognized as other income and gains amounted to RMB14.2 million, RMB15.4 million, RMB39.1 million and RMB32.8 million, respectively. In addition, a number of our PRC subsidiaries enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. For details, see Note 2.3 to the Accountant's Report in Appendix I to this prospectus.

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Any change or cessation of government grants and preferential tax treatments currently enjoyed by us may adversely affect our results of operations, financial condition and prospects. The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the government grants we previously received at any time. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations, financial condition and prospects.

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

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

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



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**Adverse developments in government policies could materially and adversely affect our business, results of operations and financial condition.**

Our growth depends in part on favorable government policies in respect of the industry in which we operate. However, such policies may be subject to changes that are beyond our control. There can be no assurance that government policies will continue. Uncertainties and changes in such policies may have a material adverse impact on our business, results of operations and financial condition.

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

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

Most of our revenue are denominated in Renminbi. Any significant revaluation of the Renminbi may materially and adversely affect our results of operations, cash flows and financial condition. The exchange rate of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the Chinese government and changes in China and in international political and economic conditions. Since 1994, the conversion of the Renminbi into foreign currencies, including U.S. dollars, has been based on rates set by the People's Bank of China, which are set daily based on the previous business day's interbank foreign exchange market rates and current exchange rates on the world financial markets. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

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



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## RISK FACTORS

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### **We are subject to PRC tax laws and regulations and holders of our H Shares may be subject to PRC taxation.**

As a PRC-incorporated company, under applicable PRC tax laws, we are subject to a tax of up to 25% on our global income. Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares.

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中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%. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) issued by the MOF and SAT on May 13, 1994, the income gained by foreign individuals from dividends and bonuses of foreign-invested enterprises are exempted from individual income tax for the time being.

According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the SAT (《財政部國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) effective as of 30 March 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). These documents indicate that the PRC government is planning to cease foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the MOF and the SAT should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the SAT. Considering these uncertainties, non-resident individual holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and bonuses realized from the H Shares.

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 and payments through CCASS). Non-PRC resident enterprises that are entitled to be taxed at a

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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 any such refund will be subject to the PRC tax authorities' verification.

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

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

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

On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into an agreement regarding the scope of judgments which may be enforced between China and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”). The New Arrangement will broaden the scope of judgments that may be enforced between China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the

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selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement will replace the Arrangement when the former becomes effective. The New Arrangement became effective on January 29, 2024 both in China and in Hong Kong. Under the New Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Although the New Arrangement has been signed, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a PRC court.

### RISKS RELATING TO THE GLOBAL OFFERING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

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## WAIVERS

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In preparation for the Global Offering, our Group has sought and has been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules:

### WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and most of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

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

- (a) we have appointed Mr. Yang Lei (楊磊) (“**Mr. Yang**”) and Ms. Zhang Xiao (張瀟) (“**Ms. Zhang**”) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our Group’s principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;
- (b) when the Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Group will also inform the Stock Exchange promptly in respect of any changes in the authorized representatives. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Stock Exchange;
- (c) all Directors who do not ordinarily reside 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 upon the request of the Stock Exchange;



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- (d) we have appointed Maxa Capital Limited as our compliance advisor (the “**Compliance Advisor**”), pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us for the period commencing from the Listing Date to the date on which our Group complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The Compliance Advisor will maintain constant contact with the authorized representatives and Directors through various means, including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the Listing Rules; and
- (e) we will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after Listing.

### WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, an issuer must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint an individual as the company secretary of our Company who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.



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

We have appointed Mr. Yang, our executive Director, and Ms. Zhang as the joint company secretaries of our Group. Ms. Zhang is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. Mr. Yang, however, does not possess the qualifications set out in Rule 3.28 of the Listing Rules. We believe that Mr. Yang, by virtue of his knowledge and experience in handling financial management and corporate development matters, is capable of discharging his functions as a joint company secretary. We therefore believe that it would be the best interests of our Group and of the corporate governance of our Group to appoint Mr. Yang as a joint company secretary. For more details of Mr. Yang and Ms. Zhang's biographical information, see "Directors and Senior Management."

We have therefore applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the conditions that: (i) Mr. Yang must be assisted by Ms. Zhang, 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 if there are material breaches of the Listing Rules by our Group. We expect that Mr. Yang will acquire the qualifications or relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the Listing. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Yang, having had the benefit of Ms. Zhang's assistance for three years and has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

### **ALLOCATION OF H SHARES TO A CLOSE ASSOCIATE OF CERTAIN EXISTING MINORITY SHAREHOLDERS**

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 of Appendix F1 to the Listing Rules (the "**Placing Guideline**") 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 unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

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Chapter 4.15 of the Guide 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.

XN Mountain International Limited, a Cornerstone Investor, is wholly owned by Focustar Capital. As disclosed in "History, Development and Corporate Structure — Pre-IPO Investments — Compliance with the Pre-IPO Investment guidance" of this prospectus, Focustar Capital manages certain of the existing minority Shareholders, namely Nanjing Xingna Heyuan Venture Capital Partnership (Limited Partnership) (南京星納赫源創業投資合夥企業(有限合夥)), Nanjing Xingnafeng Enterprise Management Partnership (Limited Partnership) (南京星納峰企業管理合夥企業(有限合夥)), FOCUSTAR CAPITAL INVESTMENT FUND L.P. and XN Speed International Limited (collectively, the "**Existing Minority Shareholders**"). Accordingly, XN Mountain (the "**Close Associate**") is regarded as a close associate of the Existing Minority Shareholders. As of the Latest Practicable Date, the Existing Minority Shareholders collectively hold 7,465,389 Shares, representing approximately 3.26% of the voting rights in our Company.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 10.04 of the Listing Rules and the consent under paragraph 1C of the Placing Guideline to permit H Shares in the International Offering to be placed to the Close Associate, subject to the conditions as follows:

- (a) the Close Associate to whom our Company may allocate the H Shares in the International Offering, together with the Existing Minority Shareholders, holds less than 5% of the total voting rights in our Company before Listing;
- (b) each of the Close Associate and the Existing Minority Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;
- (c) neither the Close Associate nor any of the Existing Minority Shareholders has the right to appoint a Director and/or has any other special rights;
- (d) allocation to the Close Associate will not affect our ability to satisfy the public float requirement as prescribed by the Stock Exchange under Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules;
- (e) our Company has confirmed to the Stock Exchange that:
  - (i) the cornerstone investment agreement with the Close Associate (the "**Relevant Cornerstone Investment Agreement**") does not contain any material terms which are more favorable to the Close Associate than those in other cornerstone investment agreements with other Cornerstone Investors; and

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- (ii) no preferential treatment has been, nor will be, given to the Close Associate by virtue of its relationship with our Company in any allocation in the International Offering, other than the preferential treatment of assured entitlement under the Relevant Cornerstone Investment Agreement following the principles set out in Chapter 4.15 of the Guide;
- (f) the Overall Coordinators have confirmed to the Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to the Close Associate by virtue of its relationship with our Company in any allocation in the International Offering, other than the preferential treatment of assured entitlement under the Relevant Cornerstone Investment Agreement following the principles set out in Chapter 4.15 of the Guide; and
- (g) the Sole Sponsor has confirmed to the Stock Exchange in writing that based on the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators (confirmations (e) and (f) mentioned above), and to the best of its knowledge and belief, it has no reason to believe that the Close Associate has received or will receive any preferential treatment by virtue of its relationship with our Company in any allocation in the International Offering other than the preferential treatment of assured entitlement under the Relevant Cornerstone Investment Agreement following the principles set out in Chapter 4.15 of the Guide and details of the allocation will be disclosed in this prospectus and the allotment results announcement.

### CONSENT UNDER PARAGRAPH 1C(1) OF THE PLACING GUIDELINES TO BE GRANTED FOR ALLOCATION OF SECURITIES TO HTCI

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

Chapter 4.15 of the Guide provides that the Stock Exchange will ordinarily give its consent for allocation to connected clients if it is satisfied that: (i) the allocation to a connected client represents genuine demand for securities of an applicant; and (ii) the connected client has not taken and will not take advantage of its position to receive an allocation for its own benefit at the expense of other placees or the public (i.e., no actual or perceived preferential treatment has been given to such connected client).

In connection with the Global Offering, Huatai Financial Holdings (Hong Kong) Limited (“**HTFH**”, the “**Connected Distributor**”) acts as the Sponsor-Overall Coordinator, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager.

Huatai Capital Investment Limited (“**HTCI**”, the “**Connected Client**”) has entered into a cornerstone investment agreement with our Company, HTFH and CMB International Capital Limited. Huatai Securities Co., Ltd. (“**HTSC**”) will enter into a back-to-back total return swap (the “**HT Back-to-back TRS**”) with its wholly-owned subsidiary, HTCI, in connection with a total return swap order placed by the investment manager acting in its capacity as investment manager for and on behalf of the ultimate onshore investor (the “**Huatai Ultimate Client**”) to

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HTSC (the “**Huatai TRS**”). Pursuant to the HT Back-to-back TRS, HTCI will hold the Offer Shares on a non-discretionary basis solely to hedge the HT Back-to-back TRS, while the economic risks and returns of the underlying Offer Shares are ultimately borne by or passed to the Huatai Ultimate Client, subject to customary fees and commissions. The HT Back-to-back TRS will be fully funded by the Huatai Ultimate Client, and HTCI will not take part in any economic return or bear any economic loss in relation to the Offer Shares, subject to customary fees and commissions, which in effect means that HTCI will hold the beneficial interest of the Offer Shares on behalf of the Huatai Ultimate Client. Both HTCI and HTFH are indirect wholly-owned subsidiaries of HTSC. Accordingly, HTCI is considered a “connected client” of HTFH pursuant to paragraph 1B(7) of the Placing Guideline.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a consent under paragraph 1C(1) of the Placing Guideline to permit the Connected Client to participate in the International Offering as a Cornerstone Investor on the following basis and conditions as set out in Chapter 4.15 of the Guide:

- (a) Offer Shares to be placed to the Connected Client are held on behalf of its independent third party(ies) on a non-discretionary basis;
- (b) the cornerstone investment agreement with the Connected Client do not contain any material terms which are more favorable to the Connected Client than those in other cornerstone investment agreements;
- (c) other than the preferential treatment of assured entitlement under the relevant cornerstone investment agreement, no preferential treatment has been, nor will be, given to the Connected Client by virtue of its relationship with the Connected Distributor, in any allocation of Offer Shares in the International Offering;
- (d) the Connected Client has confirmed that to the best of its knowledge and belief, other than the preferential treatment of assured entitlement under the relevant cornerstone investment agreement, it has not received and will not receive any preferential treatment in any allocation of Offer Shares in the International Offering as a Cornerstone Investor by virtue of its relationship with the Connected Distributor;
- (e) each of our Company, the Overall Coordinators, the Connected Distributor and the Connected Client has provided the Stock Exchange with written confirmations in accordance with Chapter 4.15 of the Guide; and
- (f) details of the cornerstone investment have been disclosed in this prospectus and details of the allocation will be disclosed the allotment results announcement in due course.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

**FILING PROCEDURES WITH THE CSRC**

We filed with the CSRC for the application to list our H Shares on the Stock Exchange on June 20, 2025, and the application was subsequently accepted by the CSRC. The CSRC subsequently confirmed our completion of filing application procedures on December 10, 2025. In completing such filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus. No other filings are required to be completed before the listing of the H Shares on the Stock Exchange.

**UNDERWRITING AND 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 H Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, 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, agents, employees or advisors or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

For details of the structure of the Global Offering, including its conditions, see “Structure of the Global Offering”. For the procedures for applying for our H Shares, see “How to Apply for Hong Kong Offer Shares”.

**INFORMATION ABOUT THIS PROSPECTUS**

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Sole Sponsor, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the H Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

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

**RESTRICTIONS ON OFFERS AND SALES OF THE H SHARES**

Each person acquiring the H Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the H Shares to, confirm that he is aware of the restrictions on offers of the H Shares described in this prospectus.

No action has been taken to permit a public offering of the H Shares or the general distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes 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. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

**APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE**

We have applied to the Stock Exchange, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering and the Conversion of Unlisted Shares into H Shares. Dealings in the H Shares on the Stock Exchange are expected to commence on Thursday, January 8, 2026. Except as otherwise disclosed in this prospectus, no part of our Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.



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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the H Shares to be listed on the Stock Exchange pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the subscription lists or such longer period not exceeding six weeks as may, within the said three weeks, be notified to us by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

All the Offer Shares will be registered on our H Share register of members in order to enable them to be traded on the Stock Exchange. None of our share or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to list is being or is expected to be sought in the near future.

### **H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on 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 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 stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES**

For the procedures for applying for Hong Kong Offer Shares, see “How to Apply for Hong Kong Offer Shares”.

### **H SHARE REGISTER AND STAMP DUTY**

Our principal register of members will be maintained in the PRC and our H Share register of members will be maintained by our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

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

### **REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES**

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates (as such term is defined in the Listing Rules) of any of our Directors or any existing Shareholders or a nominee of any of the foregoing.



**PROFESSIONAL TAX ADVICE RECOMMENDED**

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the H Shares or exercising any rights attaching to the H Shares. We emphasize that none of our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the H Shares or your exercise of any rights attaching to the H Shares.

**EXCHANGE RATE CONVERSION**

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates:

HK\$1.00 : RMB0.90675

US\$1.00 : RMB7.05500

US\$1.00 : HK\$7.7805

No estimation is made that any amounts in HK\$, RMB and US\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

**LANGUAGE**

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail unless otherwise stated. However, the translated English names of the PRC authorities, institutions, departments, facilities, certificates, titles, laws, regulations, natural person, entities (including certain of our subsidiaries) and the like included in this prospectus are translations of their Chinese names and are included for identification purpose only. If there is any inconsistency, the names in their original languages shall prevail.

**COMMENCEMENT OF DEALING IN THE H SHARES**

Dealings in the H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Thursday, January 8, 2026.

**OTHER**

Certain amounts and percentage figures included in this prospectus 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 or chart between the total shown and the sum of the amounts listed are due to rounding.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### DIRECTORS

Name	Address	Nationality
<b>Executive Directors</b>		
Mr. Gai Lujiang (蓋魯江)	No. 8, Group 8 Sumin Village Minhang District Shanghai, China	Chinese
Mr. Sun Yile (孫怡樂)	Room 801, No. 4 Lane 229, Hetian Road Shanghai, China	Chinese
Mr. Liu Zheng (劉崢)	No. 148, Lane 999 Zhenhua Road Baoshan District Shanghai, China	Chinese
Mr. Yang Lei (楊磊)	Room 801, No. 22 Lane 1536, Puxiu Road Minhang District Shanghai, China	Chinese
<b>Non-executive Directors</b>		
Mr. Wang Chen (王晨)	20B, Unit 1, Building 4 Tixiang Mingyuan Futian District, Shenzhen Guangdong, China	Chinese
Ms. Kou Xiaoxiao (寇瀟瀟)	Room 10E, Building D Lane 108, Hongfeng Road Pudong New District Shanghai, China	Chinese
<b>Independent Non-executive Directors</b>		
Dr. Teng Yong (滕勇)	6B, Lane 308, Hunan Road Xuhui District Shanghai, China	American

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Mr. Ren Jintao (任今濤)	3A, Tower 6 Grand Homm 17 Sheung Shing Street Ho Man Tin, Kowloon Hong Kong	Chinese
Dr. Wang Yan (王燕)	1-4-502 Tsinghua University West Tsinghua Park Haidian District Beijing, China	Chinese

For detailed information of our Directors, see “Directors and senior management”.

## PARTIES INVOLVED IN THE GLOBAL OFFERING

<b>Sole Sponsor</b>	<b>Huatai Financial Holdings (Hong Kong) Limited</b> 62/F, The Center 99 Queen’s Road Central Hong Kong
<b>Sponsor-Overall Coordinator</b>	<b>Huatai Financial Holdings (Hong Kong) Limited</b> 62/F, The Center 99 Queen’s Road Central Hong Kong
<b>Overall Coordinators</b>	<b>Huatai Financial Holdings (Hong Kong) Limited</b> 62/F, The Center 99 Queen’s Road Central Hong Kong  <b>CMB International Capital Limited</b> 45/F, Champion Tower 3 Garden Road, Central Hong Kong
<b>Joint Global Coordinators</b>	<b>Huatai Financial Holdings (Hong Kong) Limited</b> 62/F, The Center 99 Queen’s Road Central Hong Kong  <b>CMB International Capital Limited</b> 45/F, Champion Tower 3 Garden Road, Central Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Guosen Securities (HK) Brokerage Company, Limited**  
Suites 3207–3212 on Level 32  
one Pacific Place, 88 Queensway  
Hong Kong

**Zhongtai International Securities Limited**  
19/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Central  
Hong Kong

### **Joint Bookrunners**

**Huatai Financial Holdings (Hong Kong) Limited**  
62/F, The Center  
99 Queen's Road Central  
Hong Kong

**CMB International Capital Limited**  
45/F, Champion Tower  
3 Garden Road, Central  
Hong Kong

**Guosen Securities (HK) Brokerage Company, Limited**  
Suites 3207–3212 on Level 32  
one Pacific Place, 88 Queensway  
Hong Kong

**Zhongtai International Securities Limited**  
19/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Central  
Hong Kong

**Bowlea Securities Limited**  
Suite 1704, 17/F  
The L.Plaza  
367–375 Queen's Road Central  
Central  
Hong Kong

**Carnegie Hill Capital Partners Limited**  
Unit 6, 13th Floor  
Beautiful Group Tower  
74–77 Connaught Road  
Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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	<b>Star River Securities Limited</b> Room 2102, The Galleria 9 Queen's Road Central Central Hong Kong
<b>Joint Lead Managers</b>	<b>Huatai Financial Holdings (Hong Kong) Limited</b> 62/F, The Center 99 Queen's Road Central Hong Kong
	<b>CMB International Capital Limited</b> 45/F, Champion Tower 3 Garden Road, Central Hong Kong
	<b>Guosen Securities (HK) Brokerage Company, Limited</b> Suites 3207–3212 on Level 32 one Pacific Place, 88 Queensway Hong Kong
	<b>Zhongtai International Securities Limited</b> 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong
	<b>Bowlea Securities Limited</b> Suite 1704, 17/F The L.Plaza 367–375 Queen's Road Central Central Hong Kong
	<b>Carnegie Hill Capital Partners Limited</b> Unit 6, 13th Floor Beautiful Group Tower 74–77 Connaught Road Central Hong Kong
	<b>Star River Securities Limited</b> Room 2102, The Galleria 9 Queen's Road Central Central Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Capital Market Intermediaries

**Huatai Financial Holdings (Hong Kong) Limited**  
62/F, The Center  
99 Queen's Road Central  
Hong Kong

**CMB International Capital Limited**  
45/F, Champion Tower  
3 Garden Road, Central  
Hong Kong

**Guosen Securities (HK) Brokerage Company, Limited**  
Suites 3207–3212 on Level 32  
one Pacific Place, 88 Queensway  
Hong Kong

**Zhongtai International Securities Limited**  
19/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Central  
Hong Kong

**Bowlea Securities Limited**  
Suite 1704, 17/F  
The L.Plaza  
367–375 Queen's Road Central  
Central  
Hong Kong

**Carnegie Hill Capital Partners Limited**  
Unit 6, 13th Floor  
Beautiful Group Tower  
74–77 Connaught Road  
Central  
Hong Kong

**Star River Securities Limited**  
Room 2102, The Galleria  
9 Queen's Road Central  
Central  
Hong Kong

### Legal Advisors to our Company

*As to Hong Kong Law:*  
**Jingtian & Gongcheng LLP**  
Suites 3203–3209, 32nd Floor  
Edinburgh Tower, The Landmark  
15 Queen's Road Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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	<i>As to PRC law:</i> <b>Jingtian &amp; Gongcheng</b> 34/F, Tower 3, China Central Place 77 Jianguo Road Beijing, China
	<i>As to U.S. Outbound Investment Rule and Export Control:</i> <b>Hogan Lovells</b> 11/F, One Pacific Place 88 Queensway Hong Kong
<b>Legal Advisors to the Sole Sponsor and Underwriter(s)</b>	<i>As to Hong Kong and U.S. Law:</i> <b>Kirkland &amp; Ellis</b> 26th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Central, Hong Kong
	<i>As to PRC law:</i> <b>Global Law Office</b> 15 & 20/F, Tower 1 China Central Place 81 Jianguo Road Chaoyang District Beijing, China
<b>Auditors and Reporting Accountants</b>	<b>Ernst &amp; Young</b> <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i> 27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
<b>Industry Consultant</b>	<b>Frost &amp; Sullivan (Beijing) Inc., Shanghai Branch Co.</b> 2504, Wheelock Square 1717 Nanjing West Road Shanghai, China
<b>Receiving Bank</b>	<b>CMB Wing Lung Bank Limited</b> 45 Des Voeux Road Central Hong Kong



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## CORPORATE INFORMATION

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<b>Headquarters and Registered Office in the PRC</b>	Room 101, Building 3 No. 2168 Chenhang Road Minhang District Shanghai, China
<b>Principal Place of Business in Hong Kong</b>	40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai, Hong Kong
<b>Company's Website</b>	<b><u>www.iluvatar.com</u></b> <i>(Information contained on this website does not form part of this prospectus)</i>
<b>Joint Company Secretaries</b>	<p>Mr. Yang Lei (楊磊) Room 101, Building 3 No. 2168 Chenhang Road Minhang District Shanghai, China</p> <p>Ms. Zhang Xiao (張瀟) <i>(Associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong</p>
<b>Authorized Representatives</b>	<p>Mr. Yang Lei (楊磊) Room 101, Building 3 No. 2168 Chenhang Road Minhang District Shanghai, China</p> <p>Ms. Zhang Xiao (張瀟) 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong</p>
<b>Audit Committee</b>	Mr. Ren Jintao (任今濤) ( <i>Chairperson</i> ) Dr. Teng Yong (滕勇) Dr. Wang Yan (王燕)
<b>Nomination Committee</b>	Dr. Teng Yong (滕勇) ( <i>Chairperson</i> ) Mr. Gai Lujiang (蓋魯江) Dr. Wang Yan (王燕)
<b>Remuneration Committee</b>	Dr. Wang Yan (王燕) ( <i>Chairperson</i> ) Mr. Gai Lujiang (蓋魯江) Mr. Ren Jintao (任今濤)

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## CORPORATE INFORMATION

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**Compliance Advisor**

**Maxa Capital Limited**  
Unit 2602, 26/F  
Golden Centre  
188 Des Voeux Road Central  
Sheung Wan, Hong Kong

**H Share Registrar**

**Computershare Hong Kong Investor Services Limited**  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

**Principal Bank(s)**

**Bank of Communications Co., Ltd. Shanghai Pujiang  
High Tech Park Branch**  
No. 2388 Chenhong Road  
Minhang District  
Shanghai, China

**Industrial Bank Co., Ltd. Shanghai Putuo Branch**  
No. 301 Nanzheng Road  
Putuo District  
Shanghai, China

**China Merchants Bank Co., Ltd. Shanghai Zhangyang  
Branch**  
No. 810 Zhangyang Road  
Pudong New District  
Shanghai, China

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## INDUSTRY OVERVIEW

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*The information and statistics presented in this section and other sections of this prospectus, unless otherwise indicated, were extracted from different official government publications and other publications, and from the independent industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our and their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.*

### CHINA'S ARTIFICIAL INTELLIGENCE CHIP MARKET

#### Overview

In recent years, artificial intelligence (AI) has transformed from experimental technology into mainstream applications, driven by breakthroughs in deep learning technology, availability of massive datasets, and significant advances in computing power. This evolution has catalyzed widespread AI adoption across industries — from autonomous vehicles and financial services to healthcare and industrial automation — creating unprecedented demand for specialized computing hardware. The emergence of large language models and computer vision applications has further accelerated this transformation, pushing computational requirements to new heights.

This surging demand has catalyzed the development of AI chips, which are integrated circuits specifically architected for AI applications. These chips have become critical components in modern computing infrastructure, designed to efficiently process the large-scale parallel computing tasks essential for AI algorithms, including matrix operations, model training, and inference processes. Their architecture represents a fundamental shift from traditional computing paradigms, optimizing for the unique characteristics of AI workloads such as parallel processing, memory bandwidth, and energy efficiency.

#### Types of AI Chips

The intensive computational requirements of AI applications have driven a fundamental evolution in processor architecture. While early AI workloads relied on traditional CPUs, their architecture proved insufficient for the parallel processing demands of modern AI algorithms. Today, two primary architectures dominate the AI chip market: General Purpose Graphics Processing Units (GPGPUs) and Application-Specific Integrated Circuits (ASICs), apart from GPGPUs and ASICs, other complementary architecture of AI chips include Field-Programmable Gate Arrays (FPGAs):

- GPGPUs are graphics processing units designed for general-purpose computing, meaning they can perform a wide range of computing tasks rather than being limited to specific applications have emerged as the dominant AI chip architecture, leveraging their parallel processing capabilities and versatility to handle diverse workloads from

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## INDUSTRY OVERVIEW

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model training to inference tasks. Their mature software systems, extensive developer tools, and widely-adopted programming frameworks have established GPGPUs as the cornerstone of AI computing infrastructure.

- ASICs with algorithm-embedded hardware architecture, while offering superior performance and energy efficiency for specific tasks, have limited adaptability to evolving AI algorithms, which may restrict their broader adoption. Within ASICs, there are various architectures including NPU (Neural Processing Unit), TPU (Tensor Processing Unit), DPU (Deep learning Processing Unit) and IPU (Infrastructure Processing Unit), etc.
- FPGAs are integrated circuits whose hardware functionality can be reconfigured after manufacturing, offering a unique balance between programmability and hardware-optimized performance. FPGAs particularly suitable for tasks requiring low latency, such as real-time inference, network acceleration, and signal processing, or in scenarios where the final algorithm or standard is not yet solidified. FPGAs are mainly deployed in specific applications where their unique combination of flexibility and performance delivers decisive value.

### Market Size

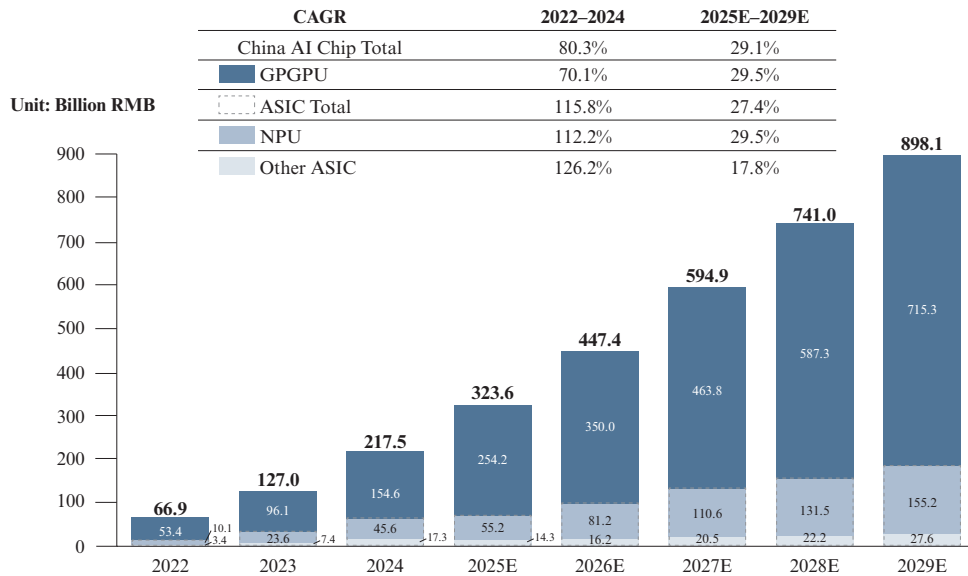
China's AI chip market has experienced remarkable growth, driven primarily by the explosive demand for computing power — particularly from the proliferation of AI applications and large language models that require substantial computational resources both in cloud and edge computing scenarios. This growth has been further catalyzed by supportive government policies promoting technical research and industrial development, alongside the maturation of domestic semiconductor supply chains and successful commercialization of AI applications creating sustainable revenue streams.

In recent years, a series of supportive government policies have been implemented in China to promote the development of its GPGPU industry. For example, the “Implementation Opinions of Seven Departments Including the Ministry of Industry and Information Technology on Promoting the Innovative Development of Industries of the Future” 《工業和信息化部等七部門關於推動未來產業創新發展的實施意見》 issued in January 2024 promotes domestic GPGPU adoption in AI computing scenarios, while the “Implementation Plan for Pilot Project of New Industry Standardization (2023–2035)” 《新產業標準化領航工程實施方案（2023–2035年）》 issued in August 2023 focused on establishing independent AI chip standards and ecosystem development. The “Action Plan for Stabilizing Growth in the Electronic Information Manufacturing Industry (2023–2024)” 《電子信息製造業2023–2024年穩增長行動方案》 issued in August 2023 emphasized improving production capacity of domestic GPGPU companies support through providing them with supply chain reinforcement and favorable tax treatment. These policies collectively drive industry growth by creating a comprehensive framework supporting technological advancement, standardization, and production capacity enhancement.

## INDUSTRY OVERVIEW

In 2024, the revenue of China AI chips reached approximately RMB217.5 billion, with a CAGR of 80.3% from 2022 to 2024, and is expected to reach RMB898.1 billion in 2029, with a CAGR of 29.1% from 2025 to 2029.

**China AI Chips Market Size, by revenue**



Source: Annual Report of Related Public Companies, Frost & Sullivan

Notes: Given that FPGAs currently account for a relatively small share (< 3%, in 2024) of the overall AI chip market, they are not displayed as a separate segment in this chart for the sake of clarity and focus.

## OVERVIEW OF CHINA’S GPGPU MARKET

### Overview

GPGPUs have emerged as the fundamental computing backbone of AI applications, capitalizing on their massive parallel processing capabilities, optimized memory architectures, and proven scalability across diverse AI workloads. Originally designed for graphics rendering, these processors have evolved to become the preferred choice for AI computing due to their ability to efficiently handle the complex matrix calculations and parallel operations that characterize AI algorithms.

The GPGPU industry is dominated by NVIDIA’s CUDA (Computing Unified Device Architecture) platform, a global mainstream GPGPU programming ecosystem and platform that has become the most widely adopted platform for accelerated computing. The platform acts like the “operating system” for GPGPUs — it provides software tools that allow developers to efficiently utilize GPGPU computing power. Since its introduction in 2006, developers worldwide have relied on it to program and train AI models, creating a vast technical ecosystem. Even when new GPGPU products emerge, supporting this platform compatibility remains critical for widespread adoption. Today, over 80% of AI scenarios depend on this

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## INDUSTRY OVERVIEW

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platform to conduct R&D. As AI applications expand, alignment with such global mainstream GPGPU programming ecosystems and platforms will continue to be critical for GPGPU companies seeking to attract developer communities and ensure seamless integration.

In China, the booming AI market has directly fueled unprecedented growth in the GPGPU sector, with demand surging across various industries and applications. The market's expansion has been particularly driven by the rapid adoption of AI technologies in both enterprise and consumer applications. For example, AI technologies are being deployed in financial services to transform service modes and enhance risk-control systems with data-driven intelligence; in healthcare to enable intelligent disease diagnosis, treatment planning and medical resource allocation; in retail to establish full-stack intelligent systems from demand forecasting to personalized services; and in education to facilitate precise matching of educational demands with flexible resource allocation. Chinese GPGPU companies have responded by developing chips with enhanced computing cores, support for high-precision calculations, and optimized memory bandwidth, positioning themselves to meet the growing domestic demand for efficient AI computing infrastructure.

### Classification of GPGPU Chips

The GPGPU market has naturally segmented into two categories to address different phases of the AI computing lifecycle: training and inference. This segmentation reflects the varying computational requirements and deployment scenarios across AI applications. Training GPGPUs are designed for the intensive computational demands of model development, while inference GPGPUs are optimized for efficient model deployment and execution. This market differentiation has enabled GPGPU companies to develop specialized products that effectively address specific performance requirements and use cases, as detailed below:

Features	Training	Inference
Primary Function	Model training, learning from large datasets	Real-time prediction and model deployment
Key Requirements	— Large memory bandwidth — Parallel processing capability	— Low latency — Energy efficiency
Typical Applications	— Large language model training — Complex model development	— Cloud inference services — Edge computing

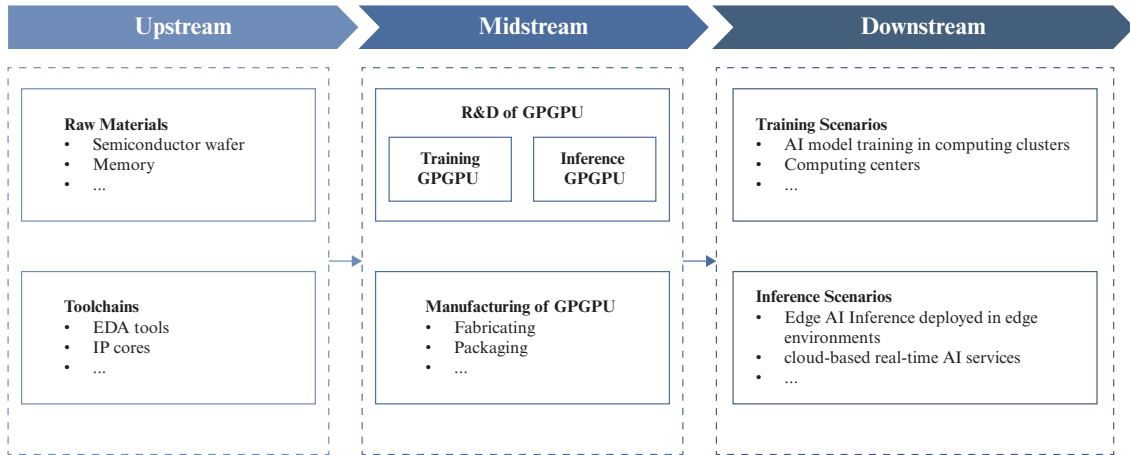
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## INDUSTRY OVERVIEW

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### Supply Chain

GPGPUs, with their parallel computing power and high energy efficiency, have become a fundamental computing backbone for AI. To meet the explosive computational demands of AI, the GPGPU industry has developed a value chain spanning upstream wafer production and equipment, midstream GPGPU design and manufacturing, and downstream deployment in specialized AI scenarios — from model training to edge-device inference — enabling efficient parallel processing across the AI workflow.



Source: Frost & Sullivan report

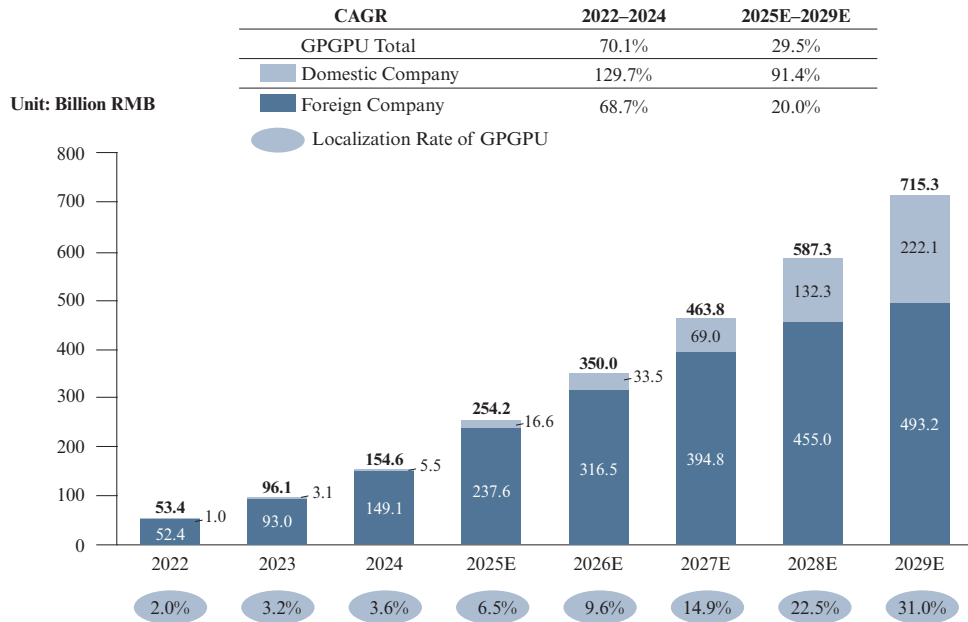
### Market Size

Driven by explosive growth in AI applications (particularly large language models), rapid expansion of cloud computing infrastructure, and significant advances by domestic chip manufacturers, the GPGPU market in China reached RMB154.6 billion in revenue in 2024, representing a remarkable CAGR of 70.1% from 2022 to 2024. The market is projected to maintain strong growth momentum, with revenue expected to reach RMB715.3 billion by 2029, representing a CAGR of 29.5% from 2025 to 2029. Meanwhile, domestic GPGPU companies' revenue growth significantly outpaces foreign competitors. The localization rate refers to the proportion of domestic GPGPU companies' revenue in China GPGPU market's revenue. China's GPGPU market localization rate continues to rise. From 2022 to 2024, the localization rate increased from 2.0% to 3.6%, with projections indicating it will reach 31.0% by 2029.



## INDUSTRY OVERVIEW

### China GPGPU Market Size, by Revenue



Source: Frost & Sullivan Report

The increasing localization rate of China's GPGPU market stems from technological advancements, robust market demand, and strong policy support. Specifically, continuous innovation in process nodes and architectures, coupled with improved ecosystem compatibility, has enabled domestic GPGPU companies to narrow the performance gap with global leaders. The improving performance-to-cost ratio has accelerated their market acceptance. In addition, rapid growth of AI applications has substantially expanded China's GPGPU market. More Chinese enterprises are exploring and adopting locally produced GPGPUs as part of their procurement strategy, responding to both technological maturity and the evolving global semiconductor trade environment. This market-driven transition has contributed to increased demand and a more diverse and localized supply chain landscape. The supportive policy environment also drives the increase in localization rate. National strategies actively promote GPGPU self-sufficiency, exemplified by China's goal to achieve 70% chip self-sufficiency by 2025. In January 2024, seven ministries, including the Ministry of Industry and Information Technology (MIIT), jointly issued the "Implementation Opinions on Promoting Future Industry Innovation" 《關於推動未來產業創新發展的實施意見》, explicitly calling for breakthroughs in GPU technologies to meet large-model training and inference demands. Local governments have further bolstered this effort through subsidies and incentives for regional GPGPU companies.

### Market Drivers and Future Trends

- **The Rise of AI Model Complexity and Deployment:** The rapid advancement of AI technology, particularly the emergence of large-scale foundation models and industry-specific vertical models (e.g., medical diagnostics, fintech), has created unprecedented computing demands. The growing complexity and expanding parameters of these models require massive computing resources for training, while their widespread deployment across industries drives increasing inference needs. This evolution is shifting market dynamics, with the inference GPGPU segment projected to grow faster than the training segment.
- **Diverse Computing Requirements Drive GPGPU Adoption:** The variety of AI workloads — from training large foundation models to running specialized vertical applications — demands flexible, performance-optimized computing solutions. GPGPUs have emerged as the preferred solution for these diverse AI workloads due to their unique combination of parallel processing capabilities, architectural flexibility, and mature software systems. Their ability to efficiently handle both training of large foundation models and inference across various vertical applications, coupled with continuous performance improvements and extensive developer tools, has established GPGPUs as the dominant hardware accelerator for AI workloads.
- **Centralized Computing Infrastructure Development:** The exponential growth of AI model parameters has rendered traditional single-GPGPU or small-scale computing clusters inadequate for efficient training and inference. China's AI infrastructure is rapidly transitioning to hyperscale GPGPU clusters to support trillion-parameter model training, driving demand for products optimized for massively parallel computing and ultra-high bandwidth, and system-level stability.
- **Acceleration of Edge Computing and Inference Demands:** As AI technologies mature and scale across industries, edge computing is poised for explosive growth, fueled by the need for localized processing power. This surge directly accelerates demand for inference GPGPUs, which enable critical capabilities such as real-time decision-making, autonomous task execution, and dynamic adaptation to complex environments. Therefore, inference GPGPU is projected to grow faster than training GPGPU, capturing 67% of China GPGPU market by 2029. This trend presents significant opportunities for domestic GPGPU companies amid accelerating local substitution efforts.
- **Technological Advancements by Domestic GPGPU Companies:** Through continuous breakthroughs in architecture design and manufacturing processes, domestic GPGPU companies are rapidly enhancing their technological capabilities. This progress, accelerated by large-scale deployments in the domestic market, has enabled local players to significantly narrow the gap with global leaders. Bolstered by policy support and growing market competence, these technological improvements are driving robust expansion of China GPGPU market with accelerating domestic substitution.

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## INDUSTRY OVERVIEW

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- **Growing Market Localization:** With continuous technological advancements in domestic GPGPUs, domestic GPGPU companies are gaining stronger market competitiveness and steadily expanding their market share. In 2024, the localization rate of GPGPUs exceeded 3.6%. As technology matures and market recognition improves, domestic GPGPU companies are expected to further increase their market presence. It is projected that by 2029, the localization rate of GPGPUs will surpass 50%, fostering a more diversified competitive landscape in China GPGPU market and enhancing China's influence in the global GPGPU market.

### Entry Barriers

- **Technical Complexity:** As a core component of performance-optimized computing infrastructure, GPGPU development demands sophisticated capabilities in architecture design, manufacturing process integration, and algorithm optimization. Success requires mastery across multiple technical domains including chip design, software stack development, and AI computing optimization. This multi-dimensional technical complexity, combined with years of required R&D investment, makes it highly challenging for new entrants to achieve competitive product performance.
- **Capital-Intensive Requirements:** The GPGPU market demands substantial ongoing capital investment throughout the product lifecycle. Companies must maintain significant expenditure on essential design tools such as EDA licenses, sophisticated R&D infrastructure, and high tape-out costs for each product iteration. The need for continuous investment in both development and production, combined with the frequent product iterations required to remain competitive, creates a substantial financial barrier that few new entrants can sustain.
- **Manufacturing Scale Requirements:** The GPGPU market requires either establishing advanced manufacturing capabilities or securing strong foundry partnerships for access to leading-edge processes. New entrants pursuing integrated manufacturing face massive facility investments and technical expertise requirements, while those choosing a fabless model must overcome challenges in foundry qualification, capacity allocation, and supply chain management. These requirements, along with minimum scale commitments and complex technical integration needs, create significant barriers for potential competitors attempting to enter the market.
- **R&D Talent and Capabilities:** The GPGPU market is characterized by rapid technological iteration requiring exceptional research capabilities. The scarcity of experienced R&D personnel with expertise across chip architecture, software development, and AI computing creates a significant barrier. Established players benefit from stable, collaborative teams with accumulated expertise and efficient development processes, making it difficult for new entrants to build and retain competitive R&D capabilities.

## INDUSTRY OVERVIEW

- First-Mover Advantages and Market Trust:** Given the vital nature of AI computing infrastructure, GPGPU customers impose stringent requirements for reliability and performance validation. First movers benefit from established customer relationships, proven deployment track records, and accumulated industry expertise. This creates a self-reinforcing cycle where successful deployments lead to deeper customer trust and loyalty, forming barriers that new entrants cannot readily overcome.

### Competitive Landscape of China GPGPU market

Foreign companies' GPGPUs currently account for the majority of the China GPGPU market in terms of revenue, but domestic companies are expected to gain increasing market share. In 2024, in terms of revenue, three domestic companies, including our Company, were among the top five participants in China GPGPU market. The 2024 ranking of participants in China GPGPU market by revenue is illustrated in the figure below.

<u>Ranking<sup>(6)(7)</sup></u>	<u>Company</u>	<u>Domestic Company</u>	<u>China GPGPU Market Share, 2024</u>	<u>Domestic GPGPU Market Share<sup>(1)</sup>, 2024</u>
1	Company A <sup>(2)</sup>	×	91.9%	—
2	Company B <sup>(3)</sup>	×	4.5%	—
3	Company C <sup>(4)</sup>	√	0.8%	23.3%
4	Company D <sup>(5)</sup>	√	0.5%	13.5%
<b>5</b>	<b>Our Company</b>	√	<b>0.3%</b>	<b>9.8%</b>

*Source: Frost & Sullivan report*

#### Notes:

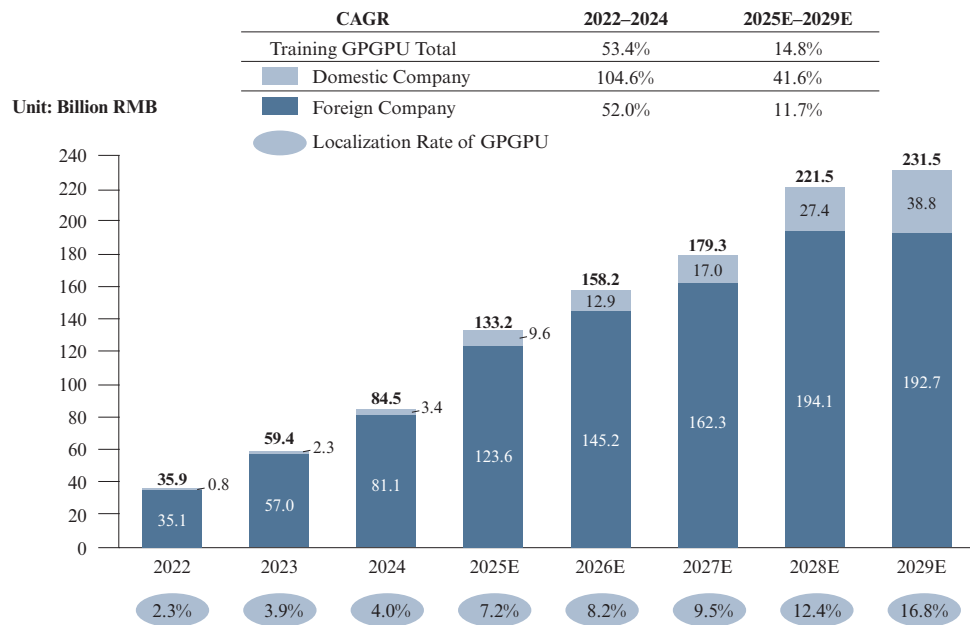
- Domestic GPGPU Market Share refers to the market share held by domestic companies in the revenue of domestically produced GPGPUs within China GPGPU market.
- Company A is a technology company specializing in the development of GPUs and AI computing platforms, founded in 1993 and headquartered in the U.S., and listed on NASDAQ.
- Company B is a semiconductor company specializing in the design of microprocessors, GPUs, and AI computing solutions, founded in 1969 and headquartered in the U.S., and listed on NASDAQ.
- Company C is a technology company specializing in the development and sales of performance-optimized processors, founded in 2014 and headquartered in China, and listed on the SSE Market.
- Company D is a GPU design company specializing in the development of GPGPUs and AI computing solutions, founded in 2020 and headquartered in China, and is contemplating to be listed on SSE Market.
- The revenue data of Company A to D is based on estimation calculated by unit sales and other available public information, cross-checked with industry participants and experts on best effort, thus may be different from the audited data from the above players.
- Available public information includes financial reports of listed companies and publicly available industry reports, etc.

## INDUSTRY OVERVIEW

### Market Size of China Training GPGPU

During the initial AI development phase from 2022 to 2024, massive demand for AI model training drove training GPGPUs to dominate China GPGPU market. In 2024, China training GPGPU market reached RMB84.5 billion in revenue, with a remarkable 53.4% CAGR from 2022 to 2024. Looking ahead, China training GPGPU revenue is projected to grow at a 14.8% CAGR from 2025 to 2029, reaching RMB231.5 billion by 2029. Concurrently, the localization rate of training GPGPUs is expected to surge from 4.0% in 2024 to 16.8% by 2029.

#### China Training GPGPU Market Size, by Revenue



Source: Frost & Sullivan report

## INDUSTRY OVERVIEW

### Competitive Landscape of China Training GPGPU market

While foreign companies currently dominate China training GPGPU market, domestic companies are projected to significantly increase their market share in the coming years. In China training GPGPU market, four of top five participants are domestic companies in 2024. The 2024 ranking of participants in China training GPGPU market by revenue is illustrated in the figure below.

<b>Ranking<sup>(3)(4)</sup></b>	<b>Company</b>	<b>Domestic Company</b>	<b>China GPGPU Market Share, 2024</b>	<b>Domestic GPGPU Market Share<sup>(1)</sup>, 2024</b>
1	Company A	×	96.0%	—
2	Company C	√	1.1%	26.3%
3	Company D	√	0.7%	17.4%
<b>4</b>	<b>Our Company</b>	√	<b>0.4%</b>	<b>10.5%</b>
5	Company E <sup>(2)</sup>	√	0.3%	7.9%

*Source: Frost & Sullivan report*

#### Notes:

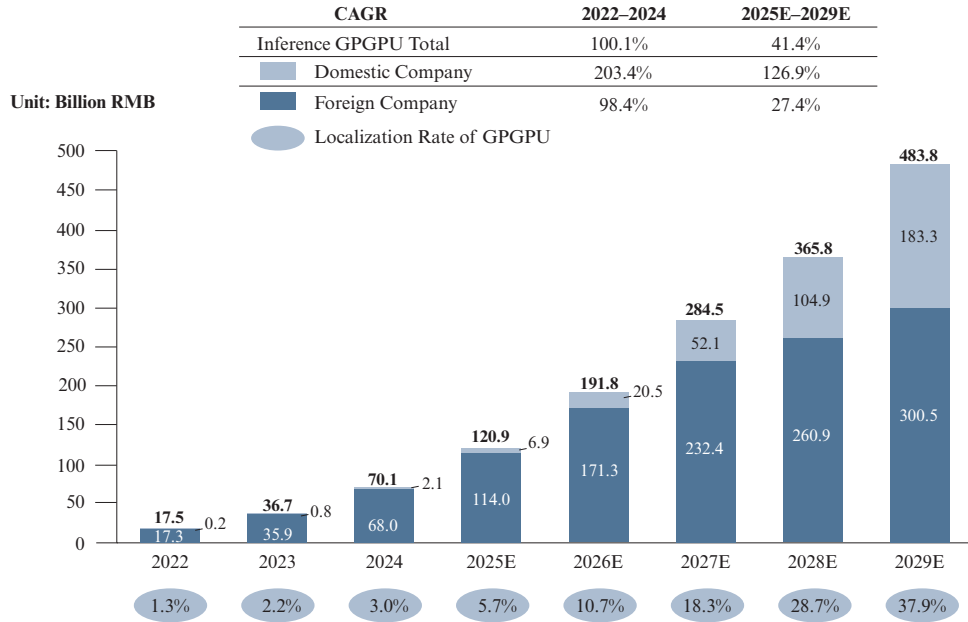
- (1) Domestic Training GPGPU Market Share refers to the market share held by domestic companies in the revenue of domestically produced training GPGPUs within China GPGPU market.
- (2) Company E is an AI computing solution provider concentrating in the design of GPGPUs and AI computing solutions, founded in 2019 and headquartered in China.
- (3) The revenue data of Company A to E is based on estimation calculated by unit sales and other available public information, cross-checked with industry participants and experts on best effort, thus may be different from the audited data from the above players.
- (4) Available public information includes financial reports of listed companies and publicly available industry reports, etc.

### Market Size of China Inference GPGPU

In 2024, China inference GPGPU market reached RMB70.1 billion in revenue, with a remarkable 100.1% from 2022 to 2024. Looking ahead, as AI applications achieve broader industrial deployment, the inference GPGPU segment is expected to gain increasing market share and dominate the market, reflecting the technology's maturation and commercialization progress. China inference GPGPU revenue is projected to grow at a 41.4% CAGR from 2025 to 2029, reaching RMB483.8 billion by 2029. Concurrently, the localization rate of inference GPGPUs is expected to surge from 3.0% in 2024 to 37.9% by 2029.

## INDUSTRY OVERVIEW

### China Inference GPGPU Market Size, by Revenue



Source: Public Information, Expert Interviews, Frost & Sullivan

### Competitive Landscape of China Inference GPGPU market

Although foreign companies currently dominate China inference GPGPU market, domestic companies are poised to gain substantial market influence as the inference GPGPU segment rapidly expands and their technological competitiveness strengthens. In the coming years, domestic companies are expected to capture significantly greater market share. The 2024 ranking of participants in China inference GPGPU market by shipment volume is illustrated in the figure below.

Ranking <sup>(2)(3)</sup>	Company	Domestic Company	China GPGPU Market Share, 2024	Domestic GPGPU Market Share <sup>(1)</sup> , 2024
1	Company A	×	87.0%	—
2	Company B	×	10.0%	—
3	Company C	√	0.5%	18.5%
4	<b>Our Company</b>	√	<b>0.3%</b>	<b>8.6%</b>
5	Company D	√	0.2%	7.0%

Source: Frost & Sullivan report



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## INDUSTRY OVERVIEW

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*Notes:*

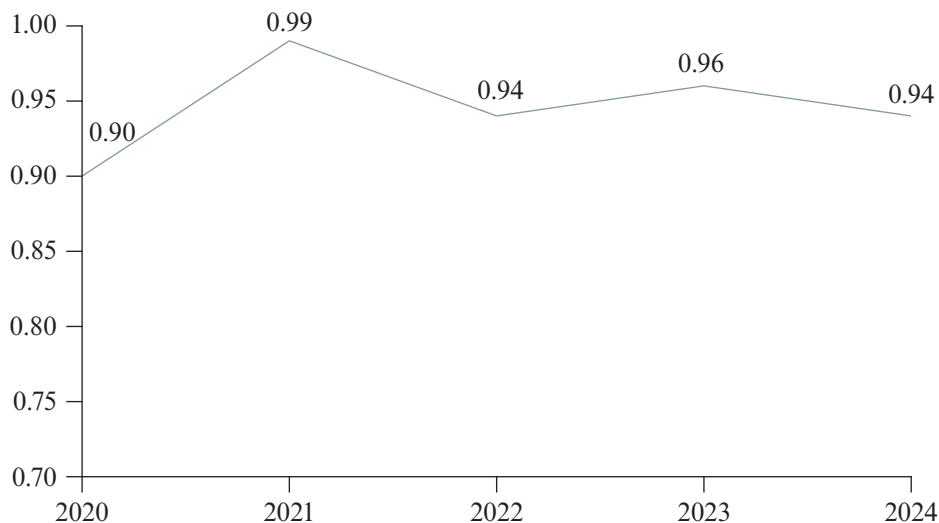
- (1) Domestic Inference GPGPU Market Share refers to the market share held by domestic companies in the revenue of domestically produced inference GPGPUs within China GPGPU market.
- (2) The revenue data of Company A to D is based on estimation calculated by unit sales and other available public information, cross-checked with industry participants and experts on best effort, thus may be different from the audited data from the above players.
- (3) Available public information includes financial reports of listed companies and publicly available industry reports, etc.

### Historical price of semiconductor silicon wafers

Semiconductor silicon wafers are one of the materials of GPGPUs. In 2020, the global increasing demand of semiconductor chips elevated the price of semiconductor silicon wafers from USD0.9 per square inch to USD0.99 per square inch. From 2021, the price of semiconductor silicon wafers has shown a descending trend with the expansion of production capacity. Considering the sufficiency of global production capacity, the price of semiconductor silicon wafers is predicted to maintain stability in the long-term perspective.

#### Price of semiconductor silicon wafers

Unit: USD per Square Inch



Source: Semiconductor Equipment and Materials International (SEMI), Frost & Sullivan report

### SOURCE OF INFORMATION

In connection with the Global Offering, we engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare the Frost & Sullivan Report about, the AI and GPGPU markets globally and in China. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. In connection with the market research services provided, we have paid a fee of RMB600,000 to Frost & Sullivan, which we believe to be consistent with market rates.

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In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan conducted (i) primary research includes interviewing industry participants, competitors, downstream customers and recognized third-party industry associations; and (ii) secondary research includes reviewing corporate annual reports, databases of relevant official authorities, as well as the exclusive database established by Frost & Sullivan over the past decades. The market projections in the Frost & Sullivan Report are based on the following key assumptions during the forecast period: (i) the social, economic and political conditions in global and China markets discussed will remain stable during the forecast period, (ii) government policies on global and China markets will remain consistent during the forecast period, and (iii) global and China markets will be driven by the factors which are stated in the Frost & Sullivan Report.

Except as otherwise noted, all the data and forecasts contained in this section are derived from the Frost & Sullivan Report. The commissioned report has been prepared by Frost & Sullivan independently without the influence from the Company or other interested parties. Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries, there is no material and adverse change in the market information since the date of the Frost & Sullivan Report, which may qualify, contradict or have an impact on the information in this section.

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## REGULATORY OVERVIEW

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### THE PRC LAWS, REGULATIONS AND POLICIES

Information disclosed in this section is relevant PRC laws, regulations and regulatory documents in effect which have a significant impact on our operations in the PRC as of the date of this Document (hereinafter referred to as “**PRC Laws**”), which are subject to change in the future, but it does not include a detailed analysis of PRC Laws related to our business activities and operations in the PRC, or serve as all PRC Laws applicable to our operations in the PRC.

### POLICIES AND REGULATIONS RELATING TO THE INTEGRATED CIRCUIT INDUSTRY

From 2010 to 2021, the State Council of the PRC (the “**State Council**”) has issued a series of regulations aimed at promoting the development of the integrated circuit industry, which includes the Decision of the State Council on Accelerating the Fostering and Development of Strategic Emerging Industries (國務院關於加快培育和發展戰略性新興產業的決定), the Notice of the State Council on Promulgation of Several Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知), 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), Made in China (2025) (中國製造(2025)), the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知).

On June 24, 2014, the State Council promulgated the Outline for Promoting the Development of the National Integrated Circuit Industry (國家集成電路產業發展推進綱要), which stated that the development goal of the integrated circuit industry is to reach an advanced international standard in the major links of the integrated circuit industry chain by 2030, with a number of enterprises entering the international first tier and achieving leapfrog development. The main tasks and development priorities are to focus on the development of integrated circuit design industry, centering on key areas of the industry chain, strengthening integrated circuit design, software development, system integration, content and service collaborative innovation, and driving the development of the manufacturing industry with the rapid growth of the design sector.

On November 29, 2016, the State Council promulgated the “State Council’s Notice on the Issuance of the Development Plan for the Nation’s Strategic Emerging Industries under the ‘13th Five-Year’ Plan” (國務院關於印發“十三五”國家戰略性新興產業發展規劃的通知), with a view to initiate the major productivity layout and planning project for integrated circuits, and implement a series of high-impact projects to drive rapid leaps in industrial capabilities, as well as accelerate the construction of production lines for advanced manufacturing processes, storage devices and specialty technologies, enhance the design and development capability and application level of key products such as safe and reliable CPUs, digital-to-analog/analog-to-digital converter chips and digital signal processing chips, and promote the rapid development of industries such as packaging and testing, key equipment and materials, support the improvement of service level of foundries and third-party IP core companies, support collaborative innovation between design enterprises and manufacturing enterprises, and promote key segments to increase industrial concentration and collaborative innovation in the semiconductor display industry chain.

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## REGULATORY OVERVIEW

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On January 25, 2017, the National Development and Reform Commission (the “**NDRC**”) promulgated Strategic Emerging Industries Key Products and Services Guidance Catalog (戰略性新興產業重點產品和服務指導目錄) (the “**Catalog**”), which includes integrated circuit chip design and services as a key product and service in the strategic emerging industries. The Catalog also 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 are: integrated circuit chip products, integrated circuit materials, electric and electronic power devices and semiconductor materials.

On March 28, 2018, the Ministry of Finance (the “**MOF**”), the State Taxation Administration (the “**STA**”), the NDRC and the Ministry of Industry and Information Technology (the “**MIIT**”) jointly promulgated the Notice on Issues Concerning Corporate Income Tax Policies for Integrated Circuit Manufacturers (關於集成電路生產企業有關企業所得稅政策問題的通知), which grants income tax exemptions or reductions to some integrated circuit manufacturing companies. The next year, the MOF and the STA jointly promulgated the Announcement on Income Tax Policies for Integrated Circuit Design and Software Enterprises (關於集成電路設計和軟件產業企業所得稅政策的公告). Pursuant to the foregoing provisions, integrated circuit design enterprises and software enterprises satisfying the criteria shall enjoy an incentive period with effect from their profit-making year(s) prior to December 31, 2018, and be exempted from enterprise income tax for the first year to the second year, and pay enterprise income tax based on 50% off the statutory 25% tax rate from the third year to the fifth year, until the incentive period expires.

On July 27, 2020, the State Council announced the Notice of on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知), in order to further optimize the development environment of the integrated circuit industry and software sectors, deepen international cooperation in the industry, and enhance the industrial innovation capability and development quality, launch a series of supporting fiscal and taxation, investment and financing, research and development, import and export, talents, intellectual property rights, market application and international cooperation policies.

On July 27, 2020, the Notice by the MOF, the NDRC, the MIIT and Other Departments of the Measures for the Administration of Import Tax Policies for Supporting the Development of the Integrated Circuit Industry and the Software Industry (財政部、國家發展改革委、工業和信息化部等關於支持集成電路產業和軟件產業發展進口稅收政策管理辦法的通知) became effective. On the same day, the Notice by the MOF, the General Administration of Customs and the STA of Import Tax Policies for Supporting the Development of the Integrated Circuit Industry and the Software Industry (財政部、海關總署、稅務總局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) took effect. The above notices relating to importing tax for the integrated circuit industry have made some installment tax payment policies and import tariff exemption policies.

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On March 11, 2021, the National People's Congress of the PRC (the “NPC”) approved the Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and Long-Range Objectives for 2035 (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要), which clarifies that the PRC should foster advanced manufacturing clusters and promote the innovation and development of industries such as integrated circuits, aerospace equipment, high-tech ships and ocean engineering equipment, robots, advanced railway equipment, advanced power equipment, engineering machinery, high-end CNC machine tools, medicine and medical equipment.

On December 12, 2021, the State Council promulgated the Notice by the State Council of Issuing the Plan for Development of the Digital Economy During the “14<sup>th</sup> Five-Year” Period (國務院關於印發“十四五”數字經濟發展規劃的通知), which states that during the 14<sup>th</sup> Five-Year Plan period, the innovation capabilities of key technologies should be strengthened, aiming at strategic forward-looking fields such as sensors, quantum information, network communications, integrated circuits, key software, big data, artificial intelligence, block chain, new materials, etc., and giving full play to the strengths of China's socialist system, new-type national mobilization system, and super-sized market to enhance foundational R&D capabilities in digital technologies. It also states that key technical shortcomings should be made up, the organizational methods such as “selecting the best candidates via open competition mechanism” should be optimized and innovated, 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.

On December 11, 2020, the MOF, the General Administration of Taxation, the NDRC, and the MIIT jointly released the “Announcement on Enterprise Income Tax Policy for Promoting High Quality Development of Integrated Circuit Industry and Software Industry” (關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告). Pursuant to the aforesaid regulations, key integrated circuit design enterprises and software enterprises encouraged by the state are exempted from enterprise income tax for the first to fifth years starting from the profit-making year, and are subject to a reduced enterprise income tax rate of 10% in the succeeding years.

On March 16, 2021, in accordance with the Notice on Supporting Import Tax Policy for the Development of Integrated Circuit Industry and Software Industry (財政部海關總署稅務總局關於支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, import behaviors that conform to the circumstances listed in this regulation are exempted from import duties, which is effective from 27 July 2020 to 31 December 2030.

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In May, 2022, the STA issued the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises (軟件企業和集成電路企業稅費優惠政策指引). In order to facilitate timely understanding of the applicable tax incentives, the above guidelines specify the contents of the incentives, eligibility criteria and policy basis for integrated circuit enterprises. For example, enterprises engaged in integrated circuit design, equipment, materials, packaging and testing encouraged by the state are entitled to periodic reduced enterprise income tax; key integrated circuit design enterprises encouraged by the state are entitled to periodic reduced enterprise income tax; and employee training fees of enterprises engaged in integrated circuit design are deductible before tax according to the actual amount incurred.

On March 5, 2023, the first session of the 14th NPC reviewed and approved the Report on the Implementation of the Central and Local Budgets for 2022 and Draft Central and Local Budgets for 2023 (關於2022年中央和地方預算執行情況與2023年中央和地方預算草案的報告), and the Draft Central and Local Budgets for 2023 (2023年中央和地方預算草案) (the “**Draft Budgets**”). The Draft Budgets pointed out that the main revenue and expenditure policies for 2023 include promoting the optimization and upgrading of the industrial structure, insisting on building industrial development on the basis of scientific and technological support, and promoting the improvement of the industrial technological innovation system. In March 2024, the 14th NPC issued the Report on the Implementation of the 2023 Central and Local Budget and on the Draft 2024 Central and Local Budget (關於2023年中央和地方預算執行情況與2024年中央和地方預算草案的報告), which points out that the special funds for industrial foundation reconstruction and high-quality development of manufacturing industry will be RMB10.4 billion to support faster breakthroughs in basic products and core technologies and enhance the resilience and competitiveness of the industry chain supply chain.

On April 20, 2023, the MOF and the STA jointly promulgated the Notice of the MOF and the STA on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (財政部、稅務總局關於集成電路企業增值稅加計抵減政策的通知), which states that from 1 January 2023 to 31 December 2027, enterprises engaged in the design, production, closed beta test, equipment and materials of integrated circuits are allowed to deduct extra 15% of the deductible input tax in the current period from the value-added tax payable.

## LAWS AND REGULATIONS ON FOREIGN INVESTMENT

The establishment, operation and governance of corporate entities in the PRC is governed by the Company Law of PRC (中華人民共和國公司法) (the “**PRC Company Law**”), which was issued by the Standing Committee of the NPC (the “**SCNPC**”) on 29 December 1993, last revised on 29 December 2023 and became effective on 1 July 2024. Limited liability companies and stock limited companies established in the PRC shall be subject to the PRC Company Law. A foreign-invested company is also subject to the PRC Company Law unless otherwise provided by the foreign investment laws.



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On October 28, 2015, the Ministry of Commerce of People's Republic of China (the “MOFCOM”) promulgated Interim Provisions on Investment Inside China by Foreign Investment Enterprises (關於外商投資企業境內投資的暫行規定). According to the foregoing provisions, where a foreign investment enterprise purchases share ownership from investors of the target company, and the business scope of the target company falls within the field of Encouraged or Permitted Categories of Investment, the target company shall submit to the original company registration organ all the materials prescribed by Article 6, and shall, in accordance with relevant provisions of the “Rules on Company Registration”, apply to the original company registration organ for alteration of registration.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法), which was promulgated by the NPC on 15 March 2019 and came into effect on 1 January 2020, specifies that the state shall implement the management system of pre-entry national treatment and the Negative List for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favourable than the treatment accorded to domestic investors and their investments; Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the state. The state provides national treatment to foreign investments outside the Negative List. In addition, the Regulations on Implementing the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) (“**Implementation Regulations**”), which were promulgated by the State Council on 26 December 2019 and came into effect on 1 January 2020, further stipulate that the state shall, in accordance with the needs of the national economy and social development, formulate a catalog of industries for encouraging foreign investment, setting out the specific industries, fields and regions in which foreign investors will be encouraged and induced to invest.

The NDRC and the MOFCOM jointly revised and promulgated the “the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 Version)” (外商投資准入特別管理措施(負面清單(2024年版)) (the “**Negative List**”) on 6 September 2024, which came into effect on 1 November 2024, replacing the previous Negative List, pursuant to which, domestic enterprises engaged in business sectors prohibited under the Negative List that seek to issue shares and list overseas shall be subject to review and approval by the relevant national competent authorities, and foreign investors are not allowed to participate in the operation and management of the enterprise and their shareholding ratios shall be implemented with reference to the relevant regulations on the management of domestic securities investment by foreign investors.

According to the Measures for the Reporting of Foreign Investment Information (外商投資信息報告辦法), which were promulgated by the MOFCOM and the State Administration for Market Regulation (the “SAMR”) on December 30, 2019, and came into effect on January 1, 2020, foreign investors or foreign-invested enterprises shall submit investment information in a timely manner, follow the principles of truthfulness, accuracy and completeness, and shall not make false or misleading reports or material omissions. Where a foreign-invested enterprise invests (including multi-level investment) to establish an enterprise in the PRC, the relevant information shall be forwarded by the market supervision department to the competent department in charge of commerce after the registration and filing with the market supervision department and the submission of the annual report information.



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According to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) (the “**Measures**”) promulgated by NDRC and MOFCOM on 19 December 2020 and effective from 18 January 2021, foreign investments that have an actual or potential impact on national security are subject to security review in accordance with the provisions of the Measures. Foreign investors or relevant domestic parties who intend to invest in the following areas should proactively apply to the mechanism’s office for a security review prior to implementation of the investment: (1) investment in defense, defense support and related sectors that have a bearing on national defense security, as well as investment in areas surrounding military and defense facilities; (2) investment in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies, and other important sectors related to national security, while obtaining actual control over the invested enterprise.

### **LAWS AND REGULATIONS RELATING TO NETWORK SECURITY AND DATA SECURITY**

In recent years, PRC government authorities have enacted laws and regulations on cybersecurity and data protection. We collect and store business data and transaction data generated during or in connection with our business operations, and use information technology systems and network in the course of our business and are therefore subject to such laws and regulations. The Decisions on Protection of Internet Security enacted by the SCNPC (全國人民代表大會常務委員會關於維護互聯網安全的決定) in 2000, as amended on August 27, 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime according to PRC laws, are subject to criminal punishment: (i) intrusion into a strategically significant computer or system; (ii) intentionally inventing and disseminating destructive programs, such as computer viruses, to attack the computer system and the communications network, thereby damaging the computer system and the communications networks; (iii) violating national regulations, suspending the computer networks or the communication services without authorization, causing the computer network or communication system to fail to operate normally; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through internet.

On May 28, 2020, the NPC approved the Civil Code of the PRC (中華人民共和國民法典) (the “**Civil Code**”), which has come into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that need to obtain personal information of others shall obtain such information legally and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public personal information of others.

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On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate jointly released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋) (the “**Interpretations**”), which came into effect on June 1, 2017. It clarifies several concepts regarding the crime of “infringement of citizens' personal information” stipulated by Article 253A of the Criminal Law of the PRC (中華人民共和國刑法), including the “provision of citizens' personal information” and “illegally obtaining any citizen's personal information by other methods”. In addition, the Interpretations specify the standards for determining “serious circumstances” and “particularly serious circumstances” of this crime.

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

According to the Cybersecurity Law of the PRC (中華人民共和國網絡安全法) promulgated by the SCNPC on 7 November 2016 and effective from 1 June 2017, those who build, operate or provide services through networks shall take technical measures and other necessary measures according to laws, administrative regulations and compulsory national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

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

On July 30, 2021, the State Council promulgated the Regulations on the Security Protection of Critical Information Infrastructure (關鍵信息基礎設施安全保護條例), or the CII Regulations, which became effective on September 1, 2021. Pursuant to the CII Regulations, critical information infrastructure refers to any important network facilities or information systems of an important industry or field such as public communication and information service, energy, transport, water conservation, finance, public services, e-government affairs, science and technology industry for national defense and other industries and sectors that may seriously endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, relevant administration departments of each critical industry and sector are responsible for formulating eligibility criteria and determining the

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critical information infrastructure in the respective industry or sector. The operators will be informed about the final determination as to whether they are categorized as critical information infrastructure operators, or CIIOs. Furthermore, the exact scope of CIIOs under the current regulatory regime remains unclear, and the PRC governmental authorities may have discretion in the interpretation and enforcement of these laws and regulations.

On August 20, 2021, the SCNPC issued the PRC Personal Information Protection Law (中華人民共和國個人信息保護法) (the “**PIPL**”), which integrates the scattered rules with respect to personal information rights and privacy protection. The PIPL aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. Personal information, as defined in the PIPL, refers to information related to identified or identifiable natural persons and recorded by electronic or other means, but excluding the anonymized information. The PIPL provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation.

On November 14, 2021, the Cyberspace Administration of China (the “**CAC**”) promulgated the Network Data Security Management Regulations (the “**Draft Regulations**”) (網絡數據安全管理條例(徵求意見稿)), which further expands the scope of the application for security review, establishes the data classification and protection system, and defines the relevant rules for cross-border data management. The Draft Regulations provide that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or spin-off of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) listing abroad of data processors processing over one million users’ personal information; (iii) activities which affects or may affect national security; (iv) other data processing activities that affect or may affect national security. As of the Latest Practicable Date, the Draft Regulations had not been formally enacted or taken effect. On September 30, 2024, the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the “**Regulation on Cyber Data Security**”) is published, which will come into effect on January 1, 2025. The Regulation on Cyber Data Security reiterate the general regulations for cyber data processing activities, rules of personal information protection, important data security protection, network data cross-border transfer management, and the responsibilities of internet platform service providers.

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On December 28, 2021, the CAC, together with certain other PRC governmental authorities, promulgated the Cybersecurity Review Measures (網絡安全審查辦法) that replaced the previous version and took effect from February 15, 2022. Pursuant to these measures, the purchase of network products and services by a critical information infrastructure operator or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security.

Furthermore, on July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (數據出境安全評估辦法), which became effective on September 1, 2022. Such data export measures requires that any data processor which processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information abroad. The security assessment requirement also applies to any transfer of important data outside of China. Furthermore, on August 31, 2022, the CAC promulgated the Guidelines for filing the Outbound Data Transfer Security Assessment (Version 1) (數據出境安全評估申報指南(第一版)), which provides that acts of outbound data transfer include (i) overseas transmission and storage by data processors of data generated during Chinese Mainland domestic operations; (ii) the access to, use, download or export of the data collected and generated by data processors and stored in Chinese Mainland by overseas institutions, organizations or individuals; and (iii) other acts as specified by the CAC.

On December 13, 2022, the MIIT issued the Administrative Measures for Data Security in the Industrial and Information Technology Field (Trial Implementation) (工業和信息化領域數據安全管理辦法(試行)) (the “**MIIT Data Security Measures**”), which came into effect on January 1, 2023. The MIIT Data Security Measures is applicable to the processing activities carried out in the territory of the PRC of data in the field of industry and information technology, which include, among other things, the data collected and generated in the course of research, development and design, production and manufacturing, operation and management, operating and maintenance and platform operation in the field of industry. Our processing activities in the PRC of such data, for example, the data collected and generated during our research and development, design and manufacturing of our products therefore shall comply with the MIIT Data Security Measures. The MIIT Data Security Measures provides that industrial and telecommunication data processors shall implement data classification and grading, and further imposes data security obligations and responsibilities on data processors in the field of industry and information technology, which include, among others, taking protective measures based on the corresponding grading of data, establishing management system covering the whole data lifecycle, and staffing data security management personnel as needed to be in charge of the security supervision and management of data processing activities as a whole and assisting with the industrial administrative authorities in carrying out the relevant work.

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On March 22, 2024, the CAC issued Provisions on Facilitating and Regulating Cross-border Data Flows (促進和規範數據跨境流動規定). In accordance with these provisions, data handlers who provide data abroad, and meet any of the following conditions, are required to declare the security assessment of cross-border data transfer to the national cyberspace administration authority through the provincial-level cyberspace administration authority where the data handlers are located: (i) critical information infrastructure operators providing personal information or important data abroad; (ii) data handlers other than critical information infrastructure operator providing important data abroad or cumulatively providing abroad personal information (without any sensitive personal information) of more than one million individuals, or sensitive personal information of more than 10,000 individuals since January 1 of the current year.

In order to guide and assist data processors in submitting data export security assessments in a standardized and orderly manner, the CAC prepared the Guidelines for Data Export Security Assessment Application (Version 2.0) (數據出境安全評估申報指南(第二版)) in March 2024, which provide specific requirements for the method, process, and materials required for submitting a data export security assessment application and simplify the materials required to be submitted by the data processors.

On December 8, 2022, the MIIT promulgated the Notice on Promulgation of the Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation) (工業和信息化部關於印發《工業和信息化領域數據安全管理辦法(試行)》的通知). Pursuant to the foregoing notice, the data handlers in the field of industry and information technology shall regularly sort out data, identify important data and core data in accordance with the relevant standards and specifications, and form the specific catalogs for their respective entities.

### LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) (the “**Environmental Protection Law**”) promulgated by the SCNPC on December 26, 1989, and last amended on April 24, 2014 and came into effect on January 1, 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. The State implements a pollutant discharge permit management system in accordance with the law.

### LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

#### Patents

Pursuant to the Patent Law of the PRC (the “**Patent Law**”) promulgated by the SCNPC on 12 March 1984, last revised on 17 October 2020 and effective from 1 June 2021, and the Implementation Rules of the Patent Law of the PRC promulgated by the State Council on 15 June 2001, last revised on 11 December 2023 and effective from 20 January 2024, there are three types of patents, namely invention, utility model and design. Invention patents are valid for 20 years, while utility model patents are valid for 10 years and design patents are valid for 15 years,



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all starting from the date of application. After the granting of a patent for an invention or utility model, unless otherwise provided for in the Patent Law, no entity or individual may exploit the patent without the permission of the patentee; after the granting of a design patent, no entity or individual shall, without permission of the patentee, exploit the patent, that is, they shall not make, promise to sell, sell, or import the product incorporating its or his patented design, for production and business purposes.

### Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by the SCNPC on 23 August 1982, last revised on 23 April 2019 and effective on 1 November 2019, and the Regulation on the Implementation of the Trademark Law of the PRC (中華人民共和國商標法實施條例) promulgated by the State Council on 3 August 2002, last revised on 29 April 2014 and effective on 1 May 2014, trademarks approved and registered by the Trademark Office are registered trademarks, and the trademark registrant shall have the exclusive right to use the trademark, which is protected by law. The validity period of a registered trademark is 10 years, counting from the date of approval of registration.

The Trademark Office of China National Intellectual Property Administration is responsible for trademark registration and administration in China. The period of validity of a registered trademark shall be ten years. If a registrant needs to continue to use the registered trademark after the period of validity, an application for renewal of registration shall be made every ten years. Application for renewal of registration shall be submitted within 12 months prior to the expiry date. The first to file principle is adopted in the registration of trademarks in China. Where 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 registration of a trademark shall not prejudice the existing right first obtained by others, nor could 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 identical or similar to the registered trademark on the same or similar commodities without the permission of the trademark registrant constitutes an infringement on the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial measures, and compensate for losses.

### Copyrights

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

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According to the Regulations on the Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on 20 December 2001, last revised on 30 January 2013 and effective on 1 March 2013, and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration of the PRC on 20 February 2002, computer software refers to computer programs and their associated documentation. Chinese citizens, legal persons or other units shall enjoy the copyright for software they develop, regardless of whether it has been published. Software copyright arises from the date of completion of software development. The protection period of the software copyright of legal persons or other units shall be 50 years, ending on 31 December of the fiftieth year after the first publication of the software. Software which has not been published for 50 years since the date of completion of software development shall not be under protection.

The Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks (信息網絡傳播權保護條例), which was last amended on January 30, 2013 and became effective on March 1, 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and Internet service providers.

### Design of Integrated Circuit Layouts

Pursuant to the Regulations on the Protection of Layout-Designs of Integrated Circuits (集成電路佈圖設計保護條例) (the “**Regulations on the Protection**”) issued by the State Council on 2 April 2001, and effective from 1 October 2001, natural persons, legal persons or other organizations in China who create layout-designs shall have exclusive rights to their designs in accordance with the Regulations on the Protection. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is 10 years, starting from the date of application for registration of the design or from the date of putting it into commercial exploitation somewhere in the world for the first time, whichever is earlier. However, whether or not the design is registered or commercially used, it is no longer protected by the Regulations on the Protection 15 years after the date of completion of the design.

### Domain Names

According to the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on 24 August 2017, which came into effect on 1 November 2017, and China ccTLD Dispute Resolution Policy (國家頂級域名爭議解決辦法), promulgated on June 18, 2019 and came into effect on the same date, the MIIT is responsible for the supervision and management of China’s domain name services, and the establishment of domain name root servers and domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the territory of the PRC shall obtain permission from the MIIT or the communications administration department of the province, autonomous region or municipality directly under the central government. Domain name disputes shall be submitted to an organization authorized by China Internet Network Information Center for resolution. No organization or individual shall impede the safe and stable operation of the Internet domain name system. The



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Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (工業和信息化部關於規範互聯網信息服務使用域名的通知), which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, stipulates the obligations of Internet information service providers and other entities to combat terrorism and maintain network security.

### Trade Secret

According to the PRC Anti-Unfair Competition Law (中華人民共和國反不正當競爭法), promulgated by the SCNPC in September 1993, as amended on November 4, 2017 and April 23, 2019 respectively, the term “trade secrets” refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others’ trade secrets by: (i) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (ii) disclosing, using or permitting others to use the trade secrets obtained illegally under item above; (iii) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; or (iv) instigate, induce or assist others to violate confidentiality obligation or to violate a rights holder’s requirements on keeping confidentiality of commercial secrets, so as to disclose, use or allow others to use the commercial secrets of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others’ trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

### LAWS AND REGULATIONS RELATING TO HOUSE LEASING

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

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

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people's government of a municipality directly under the central government, city or county. If any individual fails to do so, a fine of less than RMB1,000 will be imposed, while if any entity fails to do so, a fine of more than RMB1,000 but less than RMB10,000 will be imposed.

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

### LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Pursuant to the Product Quality Law of the PRC (中華人民共和國產品質量法) promulgated by the SCNPC on 22 February 1993 and last revised on 29 December 2018, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. The counterfeiting or imitation of quality marks such as certification marks, falsifying the place of origin of products, and falsifying or imitating the name or address of another factory or adulteration of, or mixing of improper elements with products, passing off the sham as the genuine or passing off the inferior as the superior is prohibited.

### LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT TRADE

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

According to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) promulgated by the SCNPC on 12 May 1994 and last revised on 30 December 2022, and the Regulation of the People's Republic of China on the Administration of the Import and Export of Goods (中華人民共和國貨物進出口管理條例) promulgated by the State Council on 10 December 2001, last revised on 10 March 2024 and became effective on 1 May 2024, unless it is clearly provided in laws or administrative regulations to forbid or restrict the import or export of goods, no entity or individual may establish or maintain prohibitive or restrictive measures over the import or export of goods.

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In accordance with the Export Control Law of the People's Republic of China (中華人民共和國出口管制法), promulgated by the Standing Committee of the National People's Congress on 17 October 2020, and which came into effect on 1 December 2020, China controls the export of dual-use items, military goods, nuclear and other goods, technologies, services and other items that are relevant to safeguarding the security and interests of China and fulfilling its international obligations in the area of non-proliferation. In accordance with the provisions of the Export Control Law and relevant laws and administrative regulations, and in accordance with export control policies, export control authorities, in conjunction with the relevant departments and in accordance with prescribed procedures, formulate and adjust the export control lists of controlled items, and make them public in a timely manner. In accordance with the need to safeguard national security and interests and to fulfil international obligations such as non-proliferation, and with the approval of the State Council, or with the approval of the State Council or the Central Military Commission, the export control authorities may impose temporary controls on goods, technologies and services not included in the export control lists, and make public announcements thereof.

On July 3, 2023, the MOFCOM and the General Administration of Customs issued the Announcement of the MOFCOM and the General Administration of Customs on Export Control of Gallium and Germanium-Related Items (Announcement No. 23 [2023] of the MOFCOM and the General Administration of Customs (商務部、海關總署關於對鎵、鎢相關物項實施出口管制的公告)) (the “**Announcement No. 23**”), which became effective on August 1, 2023. The Announcement No. 23 lists certain gallium and germanium-related items which are subject to export control, and provides certain characteristics and reference HS Codes for such items. Pursuant to the Announcement No.23, an export business operator shall, for the export of such controlled items, apply to the MOFCOM through the competent provincial commerce department for an export licence of dual-use items and technologies and complete the customs formalities in accordance with the Customs Law, with such an export licence presented to the customs office.

On December 1, 2024, the Regulations of the PRC on the Export Control of Dual-use Items (中華人民共和國兩用物項出口管制條例) (the “**Regulation on the Export Control of Dual-use Items**”) issued by the State Council came into effect. The Export Control List of Dual-use Items of the PRC (中華人民共和國兩用物項出口管制清單) (the “**Dual-use Item List**”) jointly announced by the MOFCOM, the MIIT, the General Administration of Customs and the State Cryptography Administration (by MOFCOM Announcement 2024 No. 51) came into effect on the same date, with the Announcement No. 23 abolished at the same time. According to the Regulation on the Export Control of Dual-use Items, the commerce department of the State Council shall, pursuant to the provisions of the Export Control Law and the Regulation on the Export Control of Dual-use Items, as well as the policies for the export control of dual-use items, formulate and adjust the export control list of dual-use items, together with other related departments under the prescribed procedures, and promptly release the same. If needed for maintaining national security and interest and fulfilling international obligations such as nonproliferation, with the approval of the State Council or both the State Council and the Central Military Commission, the commerce department of the State Council may impose temporary control over the export of goods, technologies, and services not included in such export control list of dual-use items, and make announcements thereof. For the export of dual-use items specified in such export control list of dual-use items or subject to the abovementioned temporary control, exporters shall apply to the commerce department of the State Council for licenses. The formulating of the abovementioned Dual-use Item List

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announced by MOFCOM Announcement 2024 No. 51, was to systematically integrate the dual-use items that were already under control and establish a complete system and rules for the list, without adjustment to the specific control scope.

On December 3, 2024, the MOFCOM issued the Announcement on Strengthening Export Control of Relevant dual-use Items to the United States (關於加強相關兩用物項對美國出口管制的公告) (the “**Announcement No. 46**”), which became effective on the same date. Announcement No. 46 strengthens the control over export in relation to the U.S. of dual-use items and provides that, among others, the export of dual-use items relevant to gallium, germanium, antimony, and ultra-hard materials to the United States in principle will not be licensed. Any organization or individual of any country or region which transfers or provides dual-use items originating from the PRC to any U.S. organization or individual in violation of the rules under Announcement No. 46 will be held legally accountable in accordance with relevant laws.

Pursuant to the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (中華人民共和國海關報關單位備案管理規定) promulgated by the General Administration of Customs on 19 November 2021 and became effective on 1 January 2022, consignees, consignors or customs declaration enterprises of imported or exported goods only need to file with the Customs, and no longer need to register with the General Administration of Customs. The filing information will be publicized through the credit publicity platform of import and export business of Customs of the PRC.

According to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) promulgated by the SCNPC on 12 May 1994 and last revised on 30 December 2022, the requirement that foreign trade operators engaging in the import and export of goods or technology must register with the competent department for foreign trade of the State Council or its authorized agencies is cancelled.

### LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL INSURANCE

#### Labor Law and Labor Contract Law

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法) last revised by the SCNPC on 29 December 2018, the Labor Contract Law of the PRC (中華人民共和國勞動合同法) last revised by the SCNPC on 28 December 2012 and came into effect on 1 July 2013, and the Implementation Regulations for the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例) (promulgated and became effective on September 18, 2008), a labor contract shall be concluded when a labor relationship is established. Employers shall establish and improve labor rules and systems in accordance with the law to safeguard employees' labor rights and fulfillment of labor obligations. A labor contract shall include the following clauses: term of labor contract; working hours and rest periods and off days; labor remuneration; social security; labor protection, working conditions and occupational hazard prevention and protection; and any other matters to be included in a labor contract as stipulated by the laws and regulations.

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### Social Insurance and Housing Provident Fund

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

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

In addition, under the PRC Social Insurance Law (中華人民共和國社會保險法), the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), the Unemployment Insurance Regulations (失業保險條例) effective in 1999, the Regulations on Work-related Injury Insurance (工傷保險條例) (last amended on December 20, 2010 and became effective on January 1, 2011), and the Regulations on the Administration of Housing Funds (住房公積金管理條例), the state shall establish social security systems such as basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, family planning insurance, and more, to protect the rights of citizens for obtaining material assistance from the state and the society pursuant to the law in the circumstances of old age, illness, work injury, unemployment, family planning, and more. Chinese employers shall register with local social insurance agencies and register with applicable housing fund management centers and establish a special housing fund account in an entrusted bank. Employers that do not open the social insurance account may be ordered by the social security administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, employers may be subject to a fine ranging from one to three times the amount of the social security premiums payable, and the direct liable administrative staff of such employers may be subject to a fine ranging from RMB500 to RMB3,000. Employers that do not register the housing fund may be ordered by the housing fund management center to complete the housing fund payment registration within a prescribed time limit, failing to do so may cause such employers to be subjected to a fine from RMB10,000 to RMB50,000.

### LAWS AND REGULATIONS ON STOCK INCENTIVE PLANS

In February 2012, the State Administration of Foreign Exchange (the “SAFE”) promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Stock Incentive Plans of Offshore Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知), replacing the previous rules issued by the SAFE in March 2007. Under this notice and other relevant rules, PRC residents who participate in a stock incentive plan in an overseas listed company are required to register with the SAFE or its local branches and complete certain other procedures, subject to certain exceptions.



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Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas listed company or another qualified entity selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests, and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent, or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to the SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in China opened by the PRC agent before distribution to such PRC residents. In addition, the SAFE Circular 37 provides that PRC residents who participate in a stock incentive plan of an overseas unlisted special purpose company may register with the SAFE or its local branches before exercising rights.

### **LAWS AND REGULATIONS RELATING TO TAXATION**

#### **Enterprise Income Tax (“EIT”)**

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) promulgated by the SCNPC and last revised and took effect on 29 December 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) promulgated by the State Council on 6 December 2024 and revised and took effect on 20 January 2025, a uniform enterprise income tax rate of 25% is imposed to both foreign invested enterprises and domestic enterprises, but tax incentives are granted to special industries and projects. A non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place of business in the PRC but the income has no actual connection with such establishment or place of business, shall pay EIT on its income derived from the PRC at an enterprise income tax rate of 10%. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The Chinese government provides key support to high-tech enterprises, which are subject to a reduced enterprise income tax rate of 15%.

#### **Value-added Tax (“VAT”)**

Pursuant to the Provisional Regulations of the PRC on Value-Added Tax (中華人民共和國增值稅暫行條例), which was promulgated by the State Council, and last revised and became effective on 19 November 2017, and the Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則), which was promulgated by the MOF, and last revised on 28 October 2011 and effective on 1 November 2011, all entities and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC are taxpayers of VAT, and shall pay VAT. Unless stated otherwise, for payers who sell or import goods, and provide processing, repairs and replacement services in the PRC, the tax rate shall be 17%, and be, in certain specified circumstances, 11%, 6% and 0%.

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According to the Notice of the MOF and the STA on the Adjustment to VAT Rates (財政部、稅務總局關於調整增值稅稅率的通知) which was promulgated on 4 April 2018 and came into effect on 1 May 2018, the original rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告), which was promulgated by the MOF, the STA and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the original rates of 16% or 10% applicable to the general VAT payers' sales activities or imports goods that are subject to VAT are adjusted to 13% or 9%, respectively.

On 25 December 2024, the SCNPC promulgated the Value-added Tax Law of the PRC ("VAT Law"), which will come into effect on 1 January 2026, and the Provisional Regulations of the PRC on Value-Added Tax will be repealed concurrently. Pursuant to the VAT Law, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.

### **Taxation on dividends**

Pursuant to the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法), which was last amended on August 31, 2018 by the SCNPC and came into effect on January 1, 2019, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法實施條例), which were last amended on December 18, 2018 by the State Council and came into effect on January 1, 2019, dividends paid by PRC enterprises are subject to an individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to an individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty. In accordance with the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (關於個人所得稅若干政策問題的通知(財稅字[1994]020號)) promulgated by MOF and the STA on May 13, 1994 and effective from the same day, overseas individuals are, as an interim measure, exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises. According to the Notice of the State Council on Approving and Relaying the Several Opinions of the NDRC and Other Departments on Deepening Reform of the Income Distribution System (國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知) issued by the State Council on February 3, 2013, overseas individuals are no longer exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises, which is, however, not specified in the subsequent Individual Income Tax Law of the PRC and relevant tax regulations.



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According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the “**EIT Law**”), which was issued on March 16, 2007 and latest amended by the SCNPC and implemented on December 29, 2018, and the Implementation Rule for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) enacted on December 6, 2007 by the State Council and became effective on January 1, 2008, and last amended on December 6, 2024, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong (China)), if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise on each payment or when it is payable on due date. The withholding tax may be reduced pursuant to applicable treaties or agreements on avoidance of double taxation.

The Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-Share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知(國稅函[2008]897號)), which was issued and implemented by the STA on November 6, 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (Guo Shui Han [2009] No. 394) (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(國稅函[2009]394號)), which was issued by the STA and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC has entered into with a relevant jurisdiction, where applicable.

Pursuant to an Arrangement Between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (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) (the “**Double Tax Avoidance Arrangement**”), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (國家稅務總局關於執行稅收協定股息條款有關問題的通知), or STA Circular 81, issued on February 20, 2009 by the STA, if the relevant PRC tax authorities determine, in their discretions, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Circular on Several Questions regarding the “Beneficial Owner” in Tax Treaties (國家稅務總局關於稅收協定中“受益所有人”有關問題的公告), which was issued on February 3, 2018 by the STA and effective on April 1, 2018, when determining the applicant’s status of the “beneficial owner” regarding tax treatments in

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connection with dividends, interests or royalties in the tax treaties, several factors apply, including without limitation: (i) whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in third country or region, (ii) whether the business operated by the applicant constitutes the actual business activities, and (iii) whether the counterparty country or region to the tax treaties levies any tax or grant tax exemption on relevant incomes or levies tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that relevant information proving the status of “beneficial owner” shall be retained in the case of entitlement to dividends, interest and treaty benefits of royalty clause according to the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers (國家稅務總局關於發佈《非居民納稅人享受協定待遇管理辦法》的公告), which was promulgated by the STA on October 14, 2019 and became effective on January 1, 2020.

### LAWS AND REGULATIONS RELATING TO FOREIGN CURRENCY EXCHANGE

The legal currency of the PRC is Renminbi, which is currently subject to foreign exchange regulation and cannot be freely converted into foreign currency. The SAFE, with the authorization of the People’s Bank of China (the “PBOC”), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

The Foreign Exchange Control Regulations of the PRC (中華人民共和國外匯管理條例) last revised by the State Council on August 5, 2008, are applicable to all activities related to the foreign exchange receipts and disbursements and transactions of domestic corporations and individuals and to the said activities of overseas corporations and individuals within the territory of the PRC.

On June 20, 1996, the PBOC promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (Yin Fa [1996] No. 210) (結匯、售匯及付匯管理規定), which abolished the then-remaining restrictions on convertibility of foreign exchange under current items, while retaining the existing restrictions on foreign exchange transactions under capital items.

According to the Announcement on Improving the Reform of the Renminbi (the PBOC Announcement [2005] No. 16) (中國人民銀行關於完善人民幣匯率形成機制改革的公告), issued by the PBOC on July 21, 2005 and became effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. As a result, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following days.

According to the relevant laws and regulations in the PRC, PRC enterprises which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at designated banks that carry foreign exchange business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of

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profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, after paying taxes in accordance to the law, on the strength of resolutions of the board of directors or resolutions of shareholders on the distribution of profits, effect payment from foreign exchange accounts opened at designated banks that carry foreign exchange business, or effect exchange and payment at designated banks.

According to the Circular of the SAFE on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (國家外匯管理局關於境外上市外匯管理有關問題的通知) announced by the SAFE on December 26, 2014, the SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas listing. Domestic company shall, within 15 working days upon the end of its public offering overseas, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials.

According to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) which was promulgated by the SAFE on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions' actual requirements for business operation. Where the current regulations contain any restrictive provisions on the foreign exchange settlement of foreign exchange receipts under capital accounts of domestic institutions, such provisions shall prevail.

According to the Circular of the SAFE on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) issued by the SAFE on 10 April 2020, enterprises meeting the prescribed requirements are allowed to use income under the capital accounts as capital funds, external debts and overseas listings for domestic payment without providing banks with authenticity certification materials in detail in advance, to the extent that funds are used for true and law-compliant purposes and such enterprises comply with the in-force administrative provisions on the use of income under the capital accounts.

According to the Notice on Further Deepening Reforms to Promote the Convenience of Cross-border 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) (hereinafter referred to as the “**Circular 28**”), issued by the SAFE on December 4, 2023, which provides that qualified high-tech, “professional, sophisticated, unique and new” and technology-based small and medium-sized enterprises in Anhui and certain other areas can borrow foreign debt on their own within an amount not exceeding the equivalent of US\$10 million. Circular 28 abolished the restriction that the cumulative remittance amount of up-front expenses of overseas direct investment by a domestic enterprise shall not exceed the equivalent of US\$3 million, provided that the cumulative remittance amount shall not exceed 15% of the total proposed investment amount by the PRC entity. Additionally, Circular 28 restructured the asset realization account of capital accounts to the settlement account of capital accounts. 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

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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. The equity transfer consideration funds received by a domestic equity transferor from Foreign-Invested Enterprises which are paid with RMB funds derived from the settlement of foreign exchange (i.e. RMB funds derived from direct settlement of foreign exchange or from settlement account for pending payment) may be transferred directly to the RMB account of the domestic equity transferor.

Pursuant to the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) promulgated by the SAFE on November 19, 2012, effective on December 17, 2012, and last amended on December 30, 2019, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of Renminbi proceeds by foreign investors in China, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the same entity may be opened in different provinces.

In 2013, the SAFE promulgated the Circular on Promulgation of the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors and Supporting Documents (國家外匯管理局關於印發《外國投資者境內直接投資外匯管理規定》及配套文件的通知), which was last amended on December 30, 2019, which specified that the administration by the SAFE or its local branches on direct investment by foreign investors in China must be conducted by way of registration and banks must process foreign exchange business relating to direct investment in China based on the registration information provided by the SAFE and its local branches.

On July 4, 2014, the Circular of the SAFE on Foreign Exchange Administration of Overseas Investments and Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) came into effect. Pursuant to such circular, domestic residents shall apply to the SAFE to register foreign exchange for overseas investments before contributing money to special purpose vehicles using legitimate domestic and overseas assets or rights and interests. In the event of any alteration in the basic information, such as shareholders, name and operating duration of the individual domestic residents, or key information, such as increases or decreases in capital, or equity transfers, swaps, consolidations, or splits, the registered overseas special purpose vehicles shall timely submit a change in the registration of the foreign exchange for overseas investments with the foreign exchange bureaus.

The Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (關於取消和調整一批行政審批項目等事項的決定(國發[2014]50號)) promulgated by the State Council and came into effect on October 23, 2014, provide to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into renminbi domestic accounts.

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Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (關於境外上市外匯管理有關問題的通知(匯發[2014]54號)) issued by the SAFE and became effective on December 26, 2014, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the branch office of the SAFE located at its registered address; the proceeds from an overseas listing of a domestic company may be repatriated to China or deposited overseas, provided that the intended use of the proceeds shall be consistent with the content of the prospectus document or other public disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a dedicated foreign exchange account at a domestic bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Hui Fa [2015] No. 13) (關於進一步簡化和改進直接投資外匯管理政策的通知(匯發[2015]13號)) promulgated by the SAFE on February 13, 2015 and became effective on June 1, 2015, and partially repealed on December 30, 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. The SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice on Policies for Reforming and Regulating the Administration of Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (關於改革和規範資本項目結匯管理政策的通知(匯發[2016]16號)), promulgated by the SAFE and became effective June 9, 2016, which was last amended on December 4, 2023, the settlement of foreign exchange proceeds under the capital account (including foreign exchange capital funds, foreign debt funds, funds transferred back from overseas listings, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency proceeds in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

The SAFE promulgated the Notice of the SAFE on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-Invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “**SAFE Circular 19**”) on March 30, 2015, which was last amended and effective on March 23, 2023. Pursuant to the SAFE Circular 19, foreign-invested enterprises are allowed, within the scope of business, to settle their foreign exchange capital in their capital accounts, for which the relevant foreign exchange authority has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the accounts), on a discretionary basis according to the actual needs of their business operations.



### LAWS AND REGULATIONS RELATING TO FOREIGN DEBTS

A loan made by foreign investors as shareholders in a foreign-invested enterprise is considered to be foreign debt in China and is regulated by various laws and regulations, including the Foreign Exchange Administrative Regulation (中華人民共和國外匯管理條例 (2008 修訂)), the Interim Provisions on the Management of Foreign Debts (外債管理暫行辦法) took effect on March 1, 2003, and was last amended on September 1, 2022 and the Administrative Measures for Registration of Foreign Debts (外債登記管理辦法) promulgated by the SAFE on April 28, 2013 and amended by the Notice of the SAFE on Abolishing and Amending the Normative Documents Related to the Reform of the Registered Capital Registration System (國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知) on May 4, 2015. Under these rules, a shareholder loan in the form of foreign debt made to a Chinese entity does not require the prior approval of the SAFE. However, such foreign debt must be registered with and recorded by local banks. The SAFE Circular 28 provides that a non-financial enterprise in the pilot areas may register a permitted amount of foreign debts, which is as twice of the non-financial enterprise's net assets, at the local foreign exchange bureau. Such non-financial enterprise may borrow foreign debts within the permitted amount and directly handle the relevant procedures in banks without registration of each foreign debt. However, the non-financial enterprise shall report its international income and expenditure regularly.

### LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION AND ANTI-MONOPOLY

#### Anti-unfair Competition

According to the Anti-unfair Competition Law of the PRC (中華人民共和國反不當競爭法) promulgated by the SCNPC on September 2, 1993, which was last amended on April 23, 2019 and came into effect on the same day, 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 set forth therein in its production and operating activities. Operators shall abide by the principle of voluntariness, equality, impartiality, integrity, as well as laws and business ethics during production and operating activities.

#### Anti-Monopoly

According to the Anti-monopoly Law of the PRC (中華人民共和國反壟斷法) (the “**Anti-monopoly Law**”) promulgated by the SCNPC on August 30, 2007, which was last amended on June 24, 2022 and came into effect on August 1, 2022, the monopolistic practices include any monopoly agreement reached by any operators, abuse of market-dominating position by any operators and any concentration of operators which has eliminated or limited or may eliminate or limit the market competition. Specifically, competing business operators may not enter into monopoly agreements that eliminate or restrict competition, such as by boycotting transactions, 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, unless the agreement will satisfy the exemptions under the Anti-Monopoly Law, such as improving technologies, increasing the efficiency and competitiveness of small and medium-sized enterprises, or safeguarding legitimate interests in cross-border trade and economic cooperation with foreign counterparts.

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## REGULATORY OVERVIEW

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The Provisions on the Prohibition of Monopoly Agreements (禁止壟斷協議規定) issued by the SAMR on March 10, 2023, and effective on April 15, 2023, further provided for the prevention and prohibition of monopoly agreement-related matters, and replaced some of anti-monopoly rules and regulations previously issued by the SAMR.

The Provisions on Prohibition of Abuse of Dominant Market Position (禁止濫用市場支配地位行為規定) issued by the SAMR on March 10, 2023, and effective on April 15, 2023, further prevents and curbs abuse of dominant market position.

The Provisions on the Review of Concentrations of Undertakings (經營者集中審查規定) issued by the SAMR on March 10, 2023, and effective on April 15, 2023, further provides for matters such as the declaration threshold and review of the concentration of business operators and the investigation of the illegal implementation of the concentration of business operators.

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

#### **Securities Laws and Regulations**

The Securities Law of the People's Republic of China (the “**Securities Law**”), which was last revised by the SCNPC on 28 December 2019 and became effective on 1 March 2020, comprehensively regulates the activities of the securities market in the PRC, including the issuance and trading of securities, acquisitions of listed companies, disclosure of information, investor protection, stock exchanges, securities companies, securities registration and clearing institutions, securities service agencies, securities associations and securities regulatory authorities. The Securities Law further stipulates that domestic enterprises that directly or indirectly issue securities abroad or list their securities abroad shall comply with the relevant provisions of the State Council, and that the specific provisions for subscription and trading of shares of domestic companies in foreign currencies shall be separately stipulated by the State Council. The China Securities Regulatory Commission (the “**CSRC**”) is a securities regulatory body established by the State Council, which is responsible for supervising and managing the securities market in accordance with the law, maintaining market order and safeguarding the legal operation of the market.

#### **Overseas Listing**

On July 6, 2021, the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities (關於依法從嚴打擊證券違法活動的意見) was promulgated, among which, it emphasizes 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, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.



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## REGULATORY OVERVIEW

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On 17 February 2023, the CSRC promulgated 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) (the “**Trial Measures**”) and related guidelines, which came into effect on 31 March 2023. Pursuant to the Trial Measures, where a domestic enterprise in the PRC directly or indirectly issues or lists shares overseas, it shall file a report with the CSRC within 3 working days after submitting the application documents for issuance and listing overseas; overseas issuance and listing shall be prohibited under any of the following circumstances: where the issuance and listing is prohibited by laws, administrative regulations or the relevant provisions of the state; where the overseas issuance and listing is recognized by the relevant competent department of the State Council in accordance with the law may jeopardize national security; where domestic enterprises or their controlling shareholders or de facto controllers are involved in criminal offenses of corruption, bribery, misappropriation of property, embezzlement of property, or disruption of the socialist market economy order within the last three years; where domestic enterprises suspected of committing crimes or major violations of laws and regulations are being investigated by the law, and has not yet come to a definitive conclusion of the opinion; where there are significant ownership disputes over the shareholdings held by controlling shareholders or shareholders directed by controlling shareholders or de facto controllers.

The Overseas Listing Trial Measures also require subsequent reports to be filed with the CSRC upon the occurrence of any of the material events after an issuer has offered and listed securities in an overseas market, such as (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of listing status or transfer of listing segment; and (iv) voluntary or mandatory delisting. Where an issuer’s main business undergoes material changes after overseas offering and listing and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within three business days after occurrence of the changes.

Failure to fulfill filing procedures or offering and listing securities in an overseas market in violation of the foregoing prohibitive provisions may subject PRC domestic companies to order rectification, warnings and a fine of RMB1 million to RMB10 million. Controlling shareholders and actual controllers of the domestic company that organize or instruct the aforementioned violations shall be imposed a fine of RMB1 million to RMB10 million. Directly liable persons-in-charge and other directly liable persons shall be each imposed a fine of RMB0.5 million to RMB5 million.

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the “**Provisions on Confidentiality**”), which was jointly issued by the CSRC together with other relevant authorities on 24 February 2023 and became effective on 31 March 2023, for the activities of overseas issuance and listing of domestic enterprises, the domestic enterprises as well as securities companies and securities service agencies providing corresponding services shall strictly comply with the relevant laws and regulations of the PRC and the requirements of the Provisions on Confidentiality, enhance their legal awareness of the need to protect state secrets and enhance archive management, and establish a sound system for confidentiality and archive management. Necessary measures shall be taken to fulfill the responsibility of confidentiality and archive management, and state secrets and the working secrets of state organs shall not be disclosed, or the state and public interests shall not be jeopardized. Where any domestic

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## REGULATORY OVERVIEW

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enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listed subjects documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals including securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. Where a domestic enterprise provides or publicly discloses to relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listed subjects' documents or materials the disclosure of which would adversely affect national security or public interests, it shall strictly fulfill the corresponding procedures in accordance with the relevant provisions of the state.

### H SHARE FULL CIRCULATION

According to the Overseas Listing Trial Measures and their related guidelines, “Full circulation” represents the shareholders of domestic unlisted shares of domestic companies, which directly offer and list securities in overseas markets, converting its domestic unlisted shares into shares listed and traded on an overseas trading venue. The term “domestic unlisted shares” refers to shares offered by a domestic company but not listed or quoted for trading on any domestic trading venues. “Full circulation” shall comply with relevant regulations of the CSRC and the shareholders of domestic unlisted shares shall entrust the domestic company to report the “Full circulation” with the CSRC by filing materials on certain key issues, including whether the “Full circulation” has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorizations, and whether the “Full circulation” involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

Full circulation means listing and circulation on the Stock Exchange of the domestic Unlisted Shares (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and Unlisted Shares held by foreign shareholders) of H-share companies. On November 14, 2019, the CSRC issued the Guidelines for the Full Circulation Program for Domestic Unlisted Shares of H-share Companies (H股公司境內未上市股份申請全流通業務指引), which was amended on August 10, 2023, allowing certain qualified H-share companies and H-share companies intended for listing to apply to the CSRC for full circulation. According to the Guidelines for the Full Circulation Program for Domestic Unlisted Shares of H-share Companies, shareholders of domestic Unlisted Shares may determine by themselves through consultation the amount and proportion of shares, with filing to the CSRC by an H-share company commissioned for this purpose. After the application for full circulation has been filed by the CSRC, an H-share company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the China Securities Depository and Clearing Corporation Limited (hereinafter referred to as the “CSDC”) of the shares related to the application has been completed.

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## REGULATORY OVERVIEW

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

In order to fully promote the reform of H Shares full circulation and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, the Shenzhen branch of the CSDC has promulgated China Securities Depository and Clearing Company Limited Shenzhen Branch’s Guide to the Program for Full Circulation of H Shares (中國證券登記結算有限責任公司深圳分公司H股全流通業務指南) on September 20, 2024, effective from September 23, 2024, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. In February 2020, the CSDC (Hong Kong) issued the China Securities Depository and Clearing (Hong Kong) Company Limited’s Guide to the Program for Full Circulation of H Shares (中國證券登記結算(香港)有限公司H股全流通業務指南), last amended on September 20, 2024 and effective from September 23, 2024, to specify the relevant escrow, custody, agent service of the CSDC (Hong Kong), arrangement for settlement and delivery, and other relevant matters.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### OVERVIEW

Our history can be traced back to 2015 when our Company was established. After years of development along with several rounds of Pre-IPO Investments since 2016, we have formed strategic partnerships with global industry players, and offer GPGPU products and AI computing solutions across diverse industries.

### BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

<u>Year</u>	<u>Milestone</u>
2015	Our Company was founded in China.
2018	Officially launched the design of GPGPU.  Completed Series A Investment.
2019	Completed Series B Investment and raised over RMB350 million with a pre-money valuation of over RMB2 billion, and introduced investors including Centurium Capital (大鉦資本) and Princeville Capital.
2021	Launched China's first GPGPU product, the first generation of our training series TG Gen 1, and achieved mass production and delivery.  Completed Series C Investment and raised RMB820 million with a pre-money valuation of RMB2.5 billion to RMB3.5 billion, and introduced investors including Cedarlake Capital (运柏資本).  Won the first prize award in the 2021 China Integrated Circuit Innovation and Entrepreneurship Competition (中國集成電路創新創業大賽).  Recognized as a Chinese unicorn enterprise (2021年中國獨角獸企業) by Greatwall Strategy Consultants (長城戰略諮詢).
2022	Launched the first and second generations of inference series ZK Gen 1 and ZK Gen 1X.  Completed Series C+ and Series C++ Investments and raised over RMB900 million with a pre-money valuation of RMB5 billion and RMB7 billion respectively.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2023	Launched the second generation of training series TG Gen 2, and achieved mass production.
2024	Launched the third generation of training series TG Gen 3.  Recognized as a Shanghai Unicorn (Potential) Enterprise to Receive Prioritized Service for 2024 (2024年上海市重點服務獨角獸(潛力)企業) by Shanghai Small and Medium-Sized Enterprises Development Service Centre (上海市中小企業發展服務中心) and Greatwall Strategy Consultants (長城戰略諮詢).
2025	Completed Series D Investment and raised over RMB1.4 billion with a pre-money valuation of RMB10 billion, and introduced investors including HongShan (紅杉中國) and Yuanhe Funds (元禾基金).  Completed Series D+ Investment and raised approximately RMB2.05 billion with a pre-money valuation of RMB12 billion, and introduced investors including Focustar Capital and Quzhou Intelligent Manufacturing (衢州智造).

### OUR MAJOR SUBSIDIARIES

The following table sets out the principal business activities, place of establishment and date of establishment of our subsidiaries that made a material contribution to our results of operations during the Track Record Period.

Name of subsidiary	Place of establishment	Date of establishment	Equity interest attributable to our Group	Principal business activities
Iluvatar Shanghai	PRC	January 2, 2018	100%	Sale and development of GPGPU products
Shanghai Iluvatar Suanli	PRC	June 9, 2021	100%	Sale and development of GPGPU products
Beijing Iluvatar	PRC	September 8, 2021	100%	Sale and development of GPGPU products and the provision of AI computing solutions

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### ESTABLISHMENT AND SHAREHOLDING CHANGES OF OUR COMPANY

#### 1. Establishment of our Company

On December 29, 2015, our Company was established by Mr. Li Yunpeng (李雲鵬) (the “Initial Shareholder”), Ms. Hu Rong (胡蓉) and Ms. Li Yaping (李亞平), who are Independent Third Parties as of the Latest Practicable Date, as a limited liability company under the laws of the PRC, with an initial registered capital of RMB5 million. Upon our establishment, our Company was owned by the Initial Shareholder, Ms. Hu Rong (胡蓉) and Ms. Li Yaping (李亞平) as to 60%, 20% and 20% equity interest in our Company, respectively.

#### 2. Equity Transfers in 2016

On September 20, 2016, Ms. Hu Rong and Ms. Li Yaping transferred 20% and 5% equity interest in our Company to the Initial Shareholder at the consideration of RMB1 million and RMB0.25 million respectively.

On October 18, 2016, (i) Ms. Li Yaping transferred her remaining 15% equity interest in our Company to Shanghai Huiyue Business Consulting Partnership (Limited Partnership) (上海卉岳商務諮詢合夥企業(有限合夥)) (“Shanghai Huiyue”), a company majority owned by Ms. Li Yaping at the relevant time, at the consideration of RMB0.75 million, (ii) the Initial Shareholder transferred his 24.6% equity interest in our Company to Shanghai Qiongyu, a company majority owned by the Initial Shareholder at the relevant time, at the consideration of RMB1.23 million, and (iii) the Initial Shareholder transferred his 25% equity interest in our Company to Shanghai Sushi and 10% equity interest in our Company to Shanghai Nashi, both of which were established as our employee shareholding platforms, at the aggregated consideration of RMB1.75 million.

Upon the completion of the above equity transfers, the shareholding of our Company was as follows:

<u>Shareholder</u>	<u>Registered capital</u> (RMB)	<u>Equity interest</u> (%)
Shanghai Sushi	1,250,000	25.00
Shanghai Qiongyu	1,230,000	24.60
Shanghai Nashi	500,000	10.00
The Initial Shareholder	1,270,000	25.40
Shanghai Huiyue	750,000	15.00
<b>Total</b>	<b>5,000,000</b>	<b>100.00</b>



### 3. Series A Investment, equity transfers and capital increases

#### *(i) Series A1 Investment and increase of registered capital through capitalization of capital reserve*

On December 12, 2016, Xinyu Jianhui Consulting Partnership (Limited Partnership) (新余建輝諮詢合夥企業(有限合夥)) (“**Xinyu Jianhui**”) subscribed for the increased registered capital of RMB882,353 at the consideration of RMB12 million.

On March 13, 2017, our Company further increased our registered capital through capitalization of our capital reserve from RMB5,882,353 to RMB10 million pursuant to which then Shareholders subscribed the increased registered capital on a pro rata basis.

#### *(ii) Series A2 Investment and increase of registered capital through capitalization of capital reserve*

On May 4, 2017, (i) Xinyu Jianhui further subscribed for the increased registered capital of RMB0.85 million at the consideration of RMB17 million, and (ii) Shenzhen Dongsheng Asset Management Partnership (Limited Partnership) (深圳市東晟資產管理合夥企業(有限合夥)) (“**Shenzhen Dongsheng**”) subscribed for the increased registered capital of RMB0.9 million at the consideration of RMB18 million.

On May 26, 2017, our Company further increased our registered capital through capitalization of our capital reserve from RMB11.75 million to RMB50 million pursuant to which then Shareholders subscribed the increased registered capital on a pro rata basis.

#### *(iii) Series A3 Investment, subscription by employee shareholding platforms and equity transfer*

On July 10, 2018, Xinyu Jianhui transferred 20% equity interest in our Company to Rizhao Tianxin Information Technology Partnership (Limited Partnership) (日照天芯信息技術合夥企業(有限合夥)) (“**Rizhao Tianxin**”) at the consideration of RMB47 million.

On July 19, 2018, (i) the Initial Shareholder, Shanghai Yishi, Shanghai Yueshi, Shanghai Yuanshi, which were established as employee shareholding platforms, subscribed for the increased registered capital of RMB405,449, RMB13,340,003, RMB2,826,815 and RMB1,616,132 at the consideration of RMB405,449, RMB13,340,003, RMB2,826,815 and RMB1,616,132 respectively based on the registered capital subscribed, and (ii) Yuyao Bijiang Shengxing Management Consulting Partnership (Limited Partnership) (余姚碧江盛興管理諮詢合夥企業(有限合夥)) (“**Yuyao Bijiang**”), and Rizhao Peiqin Information Technology Partnership (Limited Partnership) (日照培勤信息技術合夥企業(有限合夥)) (“**Rizhao Peiqin**”), subscribed for the increased registered capital of RMB6,775,509 and RMB8,341,657 at the consideration of RMB65 million and RMB78 million respectively.

#### *(iv) Series A4 Investment*

On November 30, 2018, Rizhao Peiqin further subscribed for the increased registered capital of RMB3,917,718 at the consideration of RMB39 million.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon the completion of the Series A Investment, equity transfers and capital increases as set out above, the shareholding of our Company was as follows:

<u>Shareholder</u>	<u>Registered capital</u> (RMB)	<u>Equity interest</u> (%)
Shanghai Yishi	13,340,003	15.2941
Shanghai Sushi	9,045,000	10.3699
Shanghai Qiongyu	8,900,000	10.2037
Shanghai Nashi	3,615,000	4.1445
Shanghai Yueshi	2,826,815	3.2409
Shanghai Yuanshi	1,616,132	1.8529
Rizhao Peiqin	12,259,375	14.0552
Rizhao Tianxin	10,000,000	11.4648
The Initial Shareholder	9,590,449	10.9953
Yuyao Bijiang	6,775,509	7.7680
Shanghai Huiyue	5,425,000	6.2197
Shenzhen Dongsheng	<u>3,830,000</u>	<u>4.3910</u>
<b>Total</b>	<b><u>87,223,283</u></b>	<b><u>100.0000</u></b>

#### 4. Series B Investment

On January 23, 2019, Princeville Global Processing IC Investments (Hong Kong) Limited (“PVG”) subscribed for the increased registered capital of RMB2,907,443 at the consideration of US\$10 million.

On May 22, 2019, Fujian Centurium Phase I Investment Partnership (Limited Partnership) (福建大鉦一期投資合夥企業(有限合夥)) (“**Centurium Phase I Investment Fund**”), subscribed for the increased registered capital of RMB8,678,934 at the consideration of RMB200 million.

On August 20, 2019, PVG further subscribed for the increased registered capital of RMB2,166,045 at the consideration of US\$7.45 million.

On September 17, 2019, Suzhou Bangsheng Yingxin Venture Capital Enterprise (Limited Partnership) (蘇州邦盛贏新創業投資企業(有限合夥)) (“**Suzhou Bangsheng**”), Jiangsu Jiequan New Engineering Bangsheng Venture Capital Fund Partnership (Limited Partnership) (江蘇捷泉新工邦盛創業投資基金合夥企業(有限合夥)) (“**Jiangsu Bangsheng**”), Nanjing Bangsheng Juyuan Venture Capital Partnership (Limited Partnership) (南京邦盛聚源創業投資合夥企業(有限合夥)) (“**Nanjing Bangsheng**”) subscribed for the increased registered capital of RMB860,000, RMB1,299,000 and RMB11,000 at the consideration of RMB19,814,400, RMB29,928,960 and RMB253,440, respectively.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon the completion of Series B Investment, the shareholding of our Company was as follows:

<u>Shareholder</u>	<u>Registered capital</u> (RMB)	<u>Equity interest</u> (%)
Shanghai Yishi	13,340,003	12.9332
Shanghai Sushi	9,045,000	8.7691
Shanghai Qiongyu	8,900,000	8.6286
Shanghai Nashi	3,615,000	3.5048
Shanghai Yueshi	2,826,815	2.7406
Shanghai Yuanshi	1,616,132	1.5668
Rizhao Peiqin	12,259,375	11.8855
Rizhao Tianxin	10,000,000	9.6950
The Initial Shareholder	9,590,449	9.2980
Centurium Phase I Investment Fund	8,678,934	8.4142
Yuyao Bijiang	6,775,509	6.5689
Shanghai Huiyue	5,425,000	5.2595
PVG	5,073,488	4.9188
Shenzhen Dongsheng	3,830,000	3.7132
Jiangsu Bangsheng	1,299,000	1.2594
Suzhou Bangsheng	860,000	0.8338
Nanjing Bangsheng	11,000	0.0106
<b>Total</b>	<b><u>103,145,705</u></b>	<b><u>100.0000</u></b>

### 5. Series C Investment and equity transfer

On July 17, 2020, the Initial Shareholder transferred his 9.2980% equity interest in our Company to Centurium Phase I Investment Fund at the consideration of RMB4,111,211, and he ceased to be a member of the management team of our Group.

On October 26, 2020, (i) Tianjin Haihe Yunbai Industrial Investment Fund Partnership (Limited Partnership) (天津海河云柏產業投資基金合夥企業(有限合夥)) (“**Haihe Yunbai**”) subscribed for the increased registered capital of RMB3,418,543 at the consideration of RMB100 million, and (ii) Nanjing Youxu Equity Investment Partnership (Limited Partnership) (南京優煦股權投資合夥企業(有限合夥)) (“**Nanjing Youxu**”), subscribed for the increased registered capital of RMB16,503,313 at the consideration of RMB400 million.

On January 27, 2021, Zhuhai Yueteng Ruiwen Equity Investment Partnership (Limited Partnership) (珠海悅騰睿文股權投資合夥企業(有限合夥)) (“**Zhuhai Yueteng**”) subscribed for the increased registered capital of RMB3,418,543 at the consideration of RMB100 million.

On March 3, 2021, each of Wuhu Kuangyun Artificial Intelligence Industry Investment Fund (Limited Partnership) (蕪湖曠云人工智能產業投資基金(有限合夥)) (“**Wuhu Kuangyun**”) and Guangzhou Yuying Planning Consulting Co., Ltd. (廣州宇盈策劃諮詢有限公司) (“**Guangzhou Yuying**”) subscribed for the increased registered capital of RMB1,709,272 at the consideration of RMB50 million.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On June 21, 2021, Shanghai Yunzhixin Enterprise Management Consulting Partnership (Limited Partnership) (上海云知芯企业管理咨询合伙企业(有限合伙)) (“**Shanghai Yunzhixin**”) subscribed for the increased registered capital of RMB3,076,689 at the consideration of RMB90 million.

On December 9, 2021, Lianchuang Innovation (Chengdu) Equity Investment Fund Partnership (Limited Partnership) (聯創創新(成都)股權投資基金合夥企業(有限合伙)) (“**Lianchuang Innovation**”) subscribed for the increased registered capital of RMB1,025,563 at the consideration of RMB30 million.

Upon the completion of the Series C Investment and above equity transfer, the shareholding of our Company was as follows:

<b>Shareholder</b>	<b>Registered capital</b> (RMB)	<b>Equity interest</b> (%)
Shanghai Yishi	13,340,003	9.9547
Shanghai Sushi	9,045,000	6.7496
Shanghai Qiongyu	8,900,000	6.6414
Shanghai Nashi	3,615,000	2.6976
Shanghai Yueshi	2,826,815	2.1095
Shanghai Yuanshi	1,616,132	1.2060
Centurium Phase I Investment Fund	18,269,383	13.6332
Nanjing Youxu	16,503,313	12.3153
Rizhao Peiqin	12,259,375	9.1483
Rizhao Tianxin	10,000,000	7.4623
Yuyao Bijiang	6,775,509	5.0561
Other Shareholders holding less than 5% interest	30,856,370	23.0260
<b>Total</b>	<b>134,006,900</b>	<b>100.0000</b>

### 6. Subscription by employee shareholding platforms in December 2021

On December 16, 2021, Shanghai Xishi, an employee shareholding platform, subscribed for the increased registered capital of RMB14,889,656 at the consideration of RMB14,889,656 based on the registered capital being subscribed.

### 7. Series C+ Investment and equity transfer

On May 9, 2022, Beijing Ruifeng Equity Investment Fund (Limited Partnership) (北京瑞豐股權投資基金(有限合伙)) (“**Beijing Ruifeng**”) and Xicheng Zhiyuan Digital Power Selection (Beijing) Investment Center (Limited Partnership) (熙誠致遠數字動力精選(北京)投資中心(有限合伙)) (“**Xicheng Zhiyuan PE Fund**”) subscribed for the increased registered capital of RMB5,955,862 and RMB1,488,966 at the consideration of RMB200 million and RMB50 million respectively.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On June 6, 2022, Rizhao Peiqin transferred its 0.5579% equity interest in our Company to Shanghai Sushi at nil consideration to recognize the contribution of our senior management and employees.

Upon the completion of the Series C+ Investment and above equity transfer, the shareholding of our Company was as follows:

<b>Shareholder</b>	<b>Registered capital (RMB)</b>	<b>Equity interest (%)</b>
Shanghai Xishi	14,889,656	9.5238
Shanghai Yishi	13,340,003	8.5326
Shanghai Sushi	9,917,233	6.3433
Shanghai Qiongyu	8,900,000	5.6927
Shanghai Nashi	3,615,000	2.3122
Shanghai Yueshi	2,826,815	1.8081
Shanghai Yuanshi	1,616,132	1.0337
Centurium Phase I Investment Fund	18,269,383	11.6856
Nanjing Youxu	16,503,313	10.5559
Rizhao Peiqin	11,387,142	7.2835
Rizhao Tianxin	10,000,000	6.3963
Other Shareholders holding less than 5% interest	45,076,707	28.8323
<b>Total</b>	<b><u>156,341,384</u></b>	<b><u>100.0000</u></b>

### 8. Series C + + Investment and equity transfer

On June 16, 2022, Jupiter Technology Link Investment Company Ltd (“**Jupiter Technology**”), Shanghai Shengyong State-owned Enterprise Reform New Potential Private Equity Investment Fund Partnership (Limited Partnership) (上海盛雍國企改革新勢能私募投資基金合夥企業(有限合夥)) (“**Shanghai Shengyong**”), Sichuan Dingxiang Equity Investment Fund Co., Ltd. (四川鼎祥股權投資基金有限公司) (“**Sichuan Dingxiang**”), Ningbo Dingyinxin Equity Investment Partnership (Limited Partnership) (寧波鼎寅芯股權投資合夥企業(有限合夥)) (“**Ningbo Dingyinxin**”), Zaozhuang Xinsheng Equity Investment Partnership (Limited Partnership) (棗莊新晟股權投資合夥企業(有限合夥)) (“**Zaozhuang Xinsheng**”) and Wuhan Jiangxia Xintuo Equity Investment Fund Management Partnership (Limited Partnership) (武漢江夏新拓股權投資基金管理合夥企業(有限合夥)) (“**Jiangxia Xintuo**”) subscribed for the increased registered capital of RMB7,166,801, RMB2,903,483, RMB1,116,724, RMB915,714, RMB670,034 and RMB446,690 at the consideration of RMB320.885 million, RMB130 million, RMB50 million, RMB41 million, RMB30 million and RMB20 million, respectively.

On March 30, 2023, Rizhao Tianxin transferred its 0.5050% equity interest in our Company and Rizhao Peiqin transferred its 1.9679% equity interest in our Company to Beijing Zhongguancun Science City Technology Growth Investment Partnership (Limited Partnership) (北京中關村科學城科技成長投資合夥企業(有限合夥)) (“**Beijing Zhongguancun**”) at the consideration of RMB24,746,145.2 and RMB96,433,028.7 respectively.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On April 3, 2023, Beijing Zhongguancun further subscribed for the increased registered capital of RMB1,753,257 at the consideration of RMB78.5 million.

Upon the completion of the Series C++ Investment and above equity transfer, the shareholding of our Company was as follows:

<u>Shareholder</u>	<u>Registered capital</u> (RMB)	<u>Equity interest</u> (%)
Shanghai Xishi	14,889,656	8.6914
Shanghai Yishi	13,340,003	7.7869
Shanghai Sushi	9,917,233	5.7889
Shanghai Qiongyu	8,900,000	5.1951
Shanghai Nashi	3,615,000	2.1102
Shanghai Yueshi	2,826,815	1.6501
Shanghai Yuanshi	1,616,132	0.9434
Centurium Phase I Investment Fund	18,269,383	10.6643
Nanjing Youxu	16,503,313	9.6334
Rizhao Tianxin	9,143,732	5.3374
Rizhao Peiqin	8,050,359	4.6992
Other Shareholders holding less than 5% interest	<u>64,242,641</u>	<u>37.4997</u>
<b>Total</b>	<b><u>171,314,087</u></b>	<b><u>100.0000</u></b>

### 9. Series D Investment and equity transfers

On October 11, 2023, Xiamen Zhengmei Enterprise Management Partnership (Limited Partnership) (廈門鉦美企業管理合夥企業(有限合夥)) (“**Xiamen Zhengmei**”), Zibo Kaishu Equity Investment Partnership (Limited Partnership) (淄博凱數股權投資合夥企業(有限合夥)) (“**Zibo Kaishu**”), Hangzhou Yuanqiao Zhishu Equity Investment Partnership (Limited Partnership) (杭州遠橋智數股權投資合夥企業(有限合夥)) (“**Hangzhou Yuanqiao**”), Guangzhou Tianmu Artificial Intelligence Industry Investment Fund Partnership (Limited Partnership) (廣州天目人工智能產業投資基金合夥企業(有限合夥)) (“**Guangzhou Tianmu**”), Nanjing Lianchuang Digital Equity Investment Partnership (Limited Partnership) (南京聯創數字股權投資合夥企業(有限合夥)) (“**Nanjing Lianchuang**”), Ningbo Dingmaoxin Equity Investment Partnership (Limited Partnership) (寧波鼎卯芯股權投資合夥企業(有限合夥)) (“**Ningbo Dingmaoxin**”), Hina Growth Opportunities Fund, L.P. (“**Hina Fund**”), Gongqingcheng Baochuang Gongying Venture Capital Fund Partnership (Limited Partnership) (共青城寶創共贏創業投資基金合夥企業(有限合夥)) (“**Gongqingcheng Baochuang**”) and Beijing Paradigm Artificial Intelligence Equity Investment Fund (Limited Partnership) (北京範式人工智能股權投資基金(有限合夥)) (“**Paradigm Fund**”) subscribed for the increased registered capital of RMB5,139,423, RMB1,836,487, RMB1,713,141, RMB633,862, RMB342,628, RMB685,256 RMB611,052, RMB856,570 and RMB513,942 at the consideration of RMB300 million (of which RMB50 million was settled through the conversion of convertible notes in the amount of RMB50 million at the agreed pre-money valuation of our Group which was issued to Xiamen Zhengmei in May 2023), RMB107.2 million, RMB100 million, RMB37 million, RMB20 million, RMB40 million, RMB35.6685 million, RMB50 million and RMB30 million, respectively.



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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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On December 28, 2023, Xiamen Hongshan Yaheng Equity Investment Partnership (Limited Partnership) (廈門紅杉雅恒股權投資合夥企業(有限合夥)) (currently known as Xiamen Yaheng Venture Capital Fund Partnership (Limited Partnership) (廈門雅恒創業投資基金合夥企業(有限合夥))) (“**Xiamen Hongshan**”) and Cuihu Tianshu (Zibo) Equity Investment Partnership (Limited Partnership) (翠湖天數(淄博)股權投資合夥企業(有限合夥)) (“**Cuihu Tianshu**”) subscribed for the increased registered capital of RMB2,569,712 and RMB745,216 at the consideration of RMB150 million and RMB43.5 million respectively.

On April 15, 2024, (i) Lianchuang Innovation transferred its 0.1820% equity interest in our Company and its 0.3665% equity interest in our Company to Guangzhou Tianmu and Nanjing Lianchuang at the consideration of approximately RMB14.8984 million and RMB29.9999 million respectively, (ii) Guangzhou Yuying transferred its 0.9142% equity interest in our Company to Shanghai Kuanqing Management Consulting Partnership (Limited Partnership) (上海寬青管理諮詢合夥企業(有限合夥)) (“**Shanghai Kuanqing**”) at the consideration of RMB70 million, and (iii) Nanjing Bangsheng transferred its 0.0059% equity interest in our Company to Ningbo Dingzhixin Equity Investment Partnership (Limited Partnership) (寧波鼎智芯股權投資合夥企業(有限合夥)) (“**Ningbo Dingzhixin**”) at the consideration of RMB642,095.3.

On May 11, 2024, Shanghai Xishi transferred its 0.5727% equity interest (representing RMB1,070,714 registered capital) in our Company to Ningbo Dingzhixin at the consideration of approximately RMB49.9999 million.

On May 22, 2024, Shanghai Linke Zhixin Private Equity Investment Fund Partnership (Limited Partnership) (上海臨科智芯私募投資基金合夥企業(有限合夥)) (“**Linke Zhixin**”) subscribed for the increased registered capital of RMB5,139,423 at the consideration of RMB300 million.

On October 21, 2024, Suzhou Industrial Park Yuanhe Dingsheng Equity Investment Partnership (Limited Partnership) (蘇州工業園區元禾鼎盛股權投資合夥企業(有限合夥)) (“**Suzhou Yuanhe**”) and Chengdu Tianfu Yuanhe Jingu Venture Capital Center (Limited Partnership) (成都天府元禾金谷創業投資中心(有限合夥)) (“**Chengdu Yuanhe**”) subscribed for the increased registered capital of RMB1,113,542 and RMB599,599 at the consideration of RMB65 million and RMB35 million respectively.

Pursuant to a transfer agreement dated November 28, 2024, Zibo Kaishu transferred its 0.9476% equity interest in our Company to Haihe Yunbai at the consideration of approximately RMB2 million and assuming Zibo Kaishu’s obligation to pay up the outstanding subscription consideration of RMB105.2 million.

On March 14, 2025, Hunan Xiangjiang New District Guiding No. 5 Equity Investment Partnership (Limited Partnership) (湖南湘江新區引導五號股權投資合夥企業(有限合夥)) (“**Xiangjiang Equity Investment**”) subscribed for the increased registered capital of RMB1,627,484 at the consideration of RMB95 million.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon the completion of the Series D Investment and above equity transfers, the shareholding of our Company was as follows:

<u>Shareholder</u>	<u>Registered capital</u> (RMB)	<u>Equity interest</u> (%)
Shanghai Xishi	13,818,942	7.0706
Shanghai Yishi	13,340,003	6.8256
Shanghai Sushi	9,917,233	5.0743
Shanghai Qiongyu	8,900,000	4.5538
Shanghai Nashi	3,615,000	1.8497
Shanghai Yueshi	2,826,815	1.4464
Shanghai Yuanshi	1,616,132	0.8269
Centurium Phase I Investment Fund	18,269,383	9.3478
Nanjing Youxu	16,503,313	8.4441
Rizhao Tianxin	9,143,732	4.6785
Rizhao Peiqin	8,050,359	4.1191
Xiamen Zhengmei	5,139,423	2.6296
Xiangjiang Equity Investment <i>(Note)</i>	1,627,484	0.8327
Other Shareholders holding less than 5% interest	<u>82,673,605</u>	<u>42.3009</u>
<b>Total</b>	<b><u>195,441,424</u></b>	<b><u>100.0000</u></b>

*Note:* The subscription of increased registered capital by Xiangjiang Equity Investment was not completed as of the date of conversion of our Company into a joint stock company, and accordingly, as of the date of conversion of our Company, the registered capital of our Company was RMB193,813,940. Such subscription was settled on January 22, 2025, and the relevant industrial and commercial registration modification formalities was completed on March 14, 2025.

### 10. Conversion into a joint stock company

Pursuant to the promoters' agreement dated December 27, 2024 entered into by all the then Shareholders and the shareholders' resolutions dated January 13, 2025, all promoters (being all the then Shareholders) agreed to convert our Company from a limited liability company into a joint stock limited company. Upon completion of the conversion, the share capital of our Company was RMB193,813,940 divided into 193,813,940 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion. Our Company obtained a new business license on February 17, 2025 and was renamed as Shanghai Iluvatar CoreX Semiconductor Co., Ltd. (上海天數智芯半導體股份有限公司).

### 11. Share transfers in February 2025

On February 18, 2025, Shanghai Kuanqing transferred 575,126 Shares in our Company to Zhejiang Biyi Electric Appliance Co., Ltd. (浙江比依電器股份有限公司) ("Zhejiang Biyi") at the consideration of RMB23.5 million.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On February 26, 2025, Beijing Ruifeng transferred 947,556 Shares to Yancheng Yingwan Kexin Linghang Equity Investment Partnership (Limited Partnership) (鹽城瀛灣科新領航股權投資合夥企業(有限合夥)) (“**Yancheng Yingwan**”) at the consideration of RMB44 million.

### 12. Series D+ Investment and share transfers

On April 27, 2025, Masterwork Holdings Limited (“**Masterwork Holdings**”) subscribed for 11,726,485 Shares at the consideration of RMB720 million.

Pursuant to a transfer agreement dated May 1, 2025, Xicheng Zhiyuan PE Fund transferred 1,191,716 Shares to Hainan Kunjun Investment Partnership (Limited Partnership) (海南昆峻投資合夥企業(有限合夥)) (“**Hainan Kunjun**”) at the consideration of RMB50 million.

Pursuant to a transfer agreement dated May 9, 2025, Shanghai Kuanqing transferred 170,731 Shares to Suqian Lingrui Business Consulting Service Partnership Enterprise (Limited Partnership) (宿遷凌睿商務諮詢服務合夥企業(有限合夥)) (“**Suqian Lingrui**”) at the consideration of RMB10 million.

On May 21, 2025, FOCUSTAR CAPITAL INVESTMENT FUND L.P. (“**Focustar Fund**”) and XN Speed International Limited (“**XN Speed**”) subscribed for 2,346,698 Shares and 1,771,757 Shares at the consideration of RMB144.086 million and RMB108,784,930 respectively.

On May 23, 2025, Interplanetary Pte. Ltd. (“**Interplanetary**”) subscribed for 492,807 Shares at the consideration of RMB30,258,060.

On May 29, 2025, in order to reallocate the Shares held by the Shareholding Platforms, Shanghai Xishi, Shanghai Yishi and Shanghai Sushi transferred 100,771 Shares, 1,000,000 Shares and 2,798,347 Shares to Shanghai Yuanshi at nil-consideration.

On June 11, 2025, the following investors subscribed for new Shares at the corresponding consideration as set out below:

<u>Investors</u>	<u>Shares</u>	<u>Consideration</u> <i>(Approximate million RMB)</i>
Xiamen Zhengmei	814,339	50.0
Sichuan Culture Industry Investment Fund Partnership (Limited Partnership) (四川文化產業投資基金合夥企業(有限合夥)) (“ <b>Sichuan Culture Industry Fund</b> ”)	407,170	25.0
Sichuan Regional Collaborative Development Investment Guidance Fund Partnership (Limited Partnership) (四川區域協同發展投資引導基金合夥企業(有限合夥)) (“ <b>Sichuan Regional Collaborative Fund</b> ”)	488,604	30.0
Mianyang Gaochuang Equity Investment Fund Partnership (Limited Partnership) (綿陽高創股權投資基金合夥企業(有限合夥)) (“ <b>Mianyang Gaochuang</b> ”)	732,905	45.0

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Investors	Shares	Consideration (Approximate million RMB)
Ningbo Ruihe Yingfu Venture Capital Partnership (Limited Partnership) (寧波銳合盈孚創業投資合夥企業(有限合夥)) ("Ningbo Ruihe")	244,302	15.0
Ningbo Yingshi Venture Capital Partnership (Limited Partnership) (寧波盈石創業投資合夥企業(有限合夥)) ("Ningbo Yingshi")	244,302	15.0
Nanjing Lanpu High Quality Equity Investment Fund (Limited Partnership) (南京蘭璞高質股權投資基金(有限合夥)) ("Nanjing Lanpu")	781,766	48.0
Nanjing Railway Investment Jushi Hub Economic Industry Investment Fund Partnership (Limited Partnership) (南京鐵投巨石樞紐經濟產業投資基金合夥企業(有限合夥)) ("Nanjing Railway Investment")	651,471	40.0
China Insurance Investment Trust Quality (Jiaxing) Equity Investment Partnership (Limited Partnership) (中保投信質力(嘉興)股權投資合夥企業(有限合夥)) ("China Insurance Investment Fund")	488,604	30.0
Hunan Bofu Selected Equity Investment Partnership (Limited Partnership) (湖南泊富精選股權投資合夥企業(有限合夥)) ("Hunan Bofu")	394,140	24.2
Xiamen Hongshan	368,836	22.6
Shenzhen Digital Future Private Equity Investment Fund Partnership (Limited Partnership) (深圳市數字未來私募股權投資基金合夥企業(有限合夥)) ("Shenzhen Digital Future")	1,628,679	100.0
Quzhou Intelligent Manufacturing Anhe Equity Investment Partnership (Limited Partnership) (衢州智造安合股權投資合夥企業(有限合夥)) ("Quzhou Intelligent Manufacturing")	3,257,357	200.0
Nanjing Xingna Heyuan Venture Capital Partnership (Limited Partnership) (南京星納赫源創業投資合夥企業(有限合夥)) ("Nanjing Xingna Heyuan")	2,931,621	180.0
Nanjing Xingnafeng Enterprise Management Partnership (Limited Partnership) (南京星納峰企業管理合夥企業(有限合夥)) ("Nanjing Xingnafeng")	415,313	25.5
Hubei Lihe Jiacheng Investment Co., Ltd. (湖北利禾佳誠投資有限責任公司) ("Hubei Lihe")	814,339	50.0
Hainan Zhihua Investment Partnership (Limited Partnership) (海南至華投資合夥企業(有限合夥)) ("Hainan Zhihua")	814,339	50.0
Shanghai Dalinghao Bay Ceyuan No.2 Venture Capital Partnership (Limited Partnership) (上海大零號灣策源二號創業投資合夥企業(有限合夥)) ("Shanghai Dalinghao Bay Ceyuan")	814,339	50.0
Xi'an Xigaotou Zhiyuan Investment Fund Partnership (Limited Partnership) (西安西高投致遠投資基金合夥企業(有限合夥)) ("Zhiyuan Fund")	814,339	50.0
<b>Total</b>	<b>17,106,765</b>	<b>1,050.3</b>

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon the completion of the Series D+ Investment and above share transfers, the shareholding of our Company was as follows:

<u>Shareholder</u>	<u>Shares</u>	<u>Interest</u> (%)
Shanghai Xishi	13,718,171	5.9935
Shanghai Yishi	12,340,003	5.3913
Shanghai Qiongyu	8,900,000	3.8884
Shanghai Sushi	7,118,886	3.1102
Shanghai Yuanshi	5,515,250	2.4096
Shanghai Nashi	3,615,000	1.5794
Shanghai Yueshi	2,826,815	1.2350
Centurium Phase I Investment Fund	18,269,383	7.9819
Nanjing Youxu	16,503,313	7.2103
Masterwork Holdings	11,726,485	5.1233
Rizhao Tianxin	9,143,732	3.9949
Rizhao Peiqin	8,050,359	3.5172
Xiamen Zhengmei	5,953,762	2.6012
Other Shareholders holding less than 5% interest	<u>105,204,777</u>	<u>45.9638</u>
<b>Total</b>	<b><u>228,885,936</u></b>	<b><u>100.0000</u></b>

### SINGLE LARGEST GROUP OF SHAREHOLDERS

Unlike a typical founder-led company, since the beginning of the Track Record Period, our Company's ownership has been held by our employees through several special purpose vehicles, as well as a diversified base of passive financial investors. The overall management of our Group has been entrusted to a management committee comprising our executive Directors and senior management members (the "**Management Committee**"), which is responsible for overseeing and managing the day-to-day operations of our Group. The Management Committee currently consists of twelve members, being our four executive Directors and eight senior management members as further described in "Directors and Senior Management — Senior Management." Employee who holds position equivalent to vice president or above will become members of the Management Committee, and the recruitment or promotion of an employee to a position equivalent to vice president or above requires to be approved by a majority of the Directors (including investor-appointed non-executive Directors) at the relevant Board meetings. For biographical details of the members of the Management Committee, see "Directors and Senior Management". Pursuant to the meeting rules of the Management Committee adopted on November 2, 2020, decisions of the Management Committee are determined by a simple majority vote of the members present at a meeting, with each member entitled to one vote. No single member holds a veto right or casting vote.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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Shanghai Shuqi is the general partner of each of Shanghai Xishi, Shanghai Yishi, Shanghai Sushi, Shanghai Nashi, Shanghai Yueshi, Shanghai Yuanshi and Shanghai Qiongyu (the **“Shareholding Platforms”**). Shanghai Shuqi is responsible for exercising the voting rights of the Shareholding Platforms in our Company and is required to act in accordance with the decisions of the Management Committee. During the Track Record Period, the Shareholding Platforms, together with Shanghai Shuqi, have constituted the single largest group of shareholders of our Company. At the material time during the Track Record Period, Shanghai Sushi, Shanghai Nashi, Shanghai Yishi, Shanghai Yueshi, Shanghai Yuanshi, Shanghai Xishi had the right to nominate half of the Board. Pursuant to the Supplemental Agreements (as defined below), such nomination right granted under the shareholders’ agreement shall be terminated upon Listing. As of the Latest Practicable Date, they collectively held 54,034,125 Shares, representing approximately 23.61% of our total issued share capital. Immediately upon completion of the Global Offering, they will collectively hold approximately 21.25% of our total issued share capital.

From January 1, 2022 and up to May 21, 2025, Mr. Diao Shijing (**“Mr. Diao”**), our former vice chairman of the Board and a former Director, was the sole shareholder and sole director of Shanghai Shuqi. Although Shanghai Shuqi was wholly owned by Mr. Diao during this period, the exercise of voting rights of the Shareholding Platforms by Shanghai Shuqi as their respective general partner was required to act in accordance with the decisions of the Management Committee pursuant to a confirmation dated December 16, 2021 executed by Shanghai Shuqi and Mr. Diao. Following Mr. Diao’s retirement in May 2025, he transferred all of his equity interest in Shanghai Shuqi to Mr. Gai Lujiang (**“Mr. Gai”**), our chairman of the Board, executive Director and chief executive officer, and ceased to serve as its sole director. Mr. Gai subsequently became the sole shareholder and sole director of Shanghai Shuqi on May 21, 2025. Notwithstanding the change from Mr. Diao to Mr. Gai, Shanghai Shuqi continues to exercise the voting rights of each of the Shareholding Platforms in accordance with the decisions of the Management Committee pursuant to a confirmation dated May 21, 2025 executed by Shanghai Shuqi and Mr. Gai.

During the Track Record Period, Mr. Diao was beneficially interested in less than 2.02% interest in the Company through his interest in the Direct Employee Shareholding Platforms (as defined below). Immediately prior to the transfer of Mr. Diao’s interest in the Company on June 16, 2025, Mr. Diao held his interest in the Company through a limited partnership which in turn held 70.7% interest in Shanghai Yuanshi. On June 16, 2025, Mr. Diao transferred his entire interest in such limited partnership to Li Lei (李妮) (an Independent Third Party). The consideration of such transfer was irrevocably settled on August 1, 2025.

### **Shanghai Sushi, Shanghai Yishi and Shanghai Xishi**

In recognition of the contributions of our key employees and to incentivize them to further promote our development, Shanghai Sushi, Shanghai Yishi and Shanghai Xishi (collectively, the **“Direct Employee Shareholding Platforms”**) were established as our direct employee shareholding platforms. The participants of our employee incentive plan shall become the direct/indirect partners of the Direct Employee Shareholding Platforms upon the grant of awards and the execution of the grant documents.



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

All management powers of the Direct Employee Shareholding Platforms shall irrevocably reside with the respective general partner, namely Shanghai Shuqi. In effect, the participants of our employee incentive plan do not have any voting rights in our Company, but they are beneficially interested in the economic interests of our Shares through their partnership interests in the Direct Employee Shareholding Platforms and the voting power of the Shares held by the Direct Employee Shareholding Platforms in our Company is exercisable by Shanghai Shuqi. None of the participants of our employee incentive plan holds 30% or more economic interest in each of the Direct Employee Shareholding Platforms.

Set out below the economic interest in each of the Direct Employee Shareholding Platforms held by the individuals who are/were members of the Management Committee during the Track Record Period and up to the Latest Practicable Date:

Name	Position	Direct Employee Shareholding Platform	Percentage of economic interest in the relevant Direct Employee Shareholding Platform as of the Latest Practicable Date	
Mr. Gai Lujiang (蓋魯江)	Executive Director, chief executive officer and chairman of the Board	Shanghai Xishi		21.87%
		Shanghai Yishi		17.51%
Mr. Sun Yile (孫怡樂)	Executive Director and vice president	Shanghai Sushi		12.73%
Mr. Liu Zheng (劉崢)	Executive Director, chief operating officer	Shanghai Xishi		10.96%
		Shanghai Yishi		1.30%
Mr. Yang Lei (楊磊)	Executive Director, chief financial officer, Board secretary, employee representative Director	Shanghai Xishi		0.42%
		Shanghai Yishi		0.26%
Dr. Lu Chien-Ping (呂堅平)	Vice president	Shanghai Sushi		14.05%
Mr. Liu Yuan (劉圓)	Vice president	Shanghai Sushi		7.56%
		Shanghai Yishi		1.62%
Mr. Shi Jiasheng (石加聖)	Vice president	Shanghai Xishi		0.07%
		Shanghai Sushi		2.09%
		Shanghai Yishi		4.70%
		Shanghai Xishi		4.48%
Mr. Zou Xuan (鄒翹)	Vice president	Shanghai Xishi		4.48%
		Shanghai Yishi		1.23%
Mr. Guo Wei (郭為)	Vice president	Shanghai Xishi		3.24%
Mr. Song Yu (宋煜)	Vice president	Shanghai Xishi		1.20%
		Shanghai Yishi		0.32%
Mr. Liang Bin (梁斌)	Vice president	Shanghai Sushi		0.32%

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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Name	Position	Percentage of economic interest in the relevant Direct Employee Shareholding Platform as of the Latest Practicable Date	
		Direct Employee Shareholding Platform	Platform as of the Latest Practicable Date
Ms. Ding Na (丁娜)	Vice president	Shanghai Sushi	4.33%
		Shanghai Yishi	0.79%
Mr. Cai Quangen (蔡全根)	Former Director and former vice chairman of the Board	Shanghai Yishi	7.02%
Mr. Zheng Jinshan (鄭金山)	Former Director and former senior vice president	Shanghai Yishi	16.38%

For more details, see “— Employee Incentive Plan” and “Appendix VI — Statutory and General Information — Employee Incentive Plan”.

### Shanghai Nashi, Shanghai Yueshi and Shanghai Yuanshi

Each of Shanghai Nashi, Shanghai Yueshi and Shanghai Yuanshi was first established as our employee shareholding platform with the general partner of each of Shanghai Nashi, Shanghai Yueshi and Shanghai Yuanshi being Shanghai Shuqi. Upon the transfer of limited partnership interest in each of Shanghai Nashi, Shanghai Yueshi and Shanghai Yuanshi to third parties, each of Shanghai Nashi, Shanghai Yueshi and Shanghai Yuanshi became an investment holding platform.

The general partner of each of Shanghai Nashi, Shanghai Yueshi and Shanghai Yuanshi remains to be Shanghai Shuqi. Pursuant to the partnership agreement of each of Shanghai Nashi, Shanghai Yueshi and Shanghai Yuanshi, the general partner has the exclusive authority to conduct partnership affairs and manage all the operations of the limited partnership. No single limited partner has the right to change the general partner of each of Shanghai Nashi, Shanghai Yueshi and Shanghai Yuanshi.

Shanghai Nashi has six limited partners, of which Mr. Yuan Chengjie (袁成杰) (an Independent Third Party) holds 32.5% interest and Ms. Li Yaping holds 22.1% interest, and none of the other four limited partners, who are Independent Third Parties, holds 30% or more interest in Shanghai Nashi.

Shanghai Yueshi has three limited partners, of which an entity controlled by the Initial Shareholder, Mr. Zhang Ye (張曄) and Ms. Li Yaping holds 54.0%, 45.8% and 0.1% respectively. Mr. Zhang Ye is a former employee of our Group.

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Shanghai Yuanshi has five limited partners, of which an entity beneficially owned by Ms. Li Lei (李妮) (an Independent Third Party) holds 70.7% interest, Rizhao Peiqin holds 16.3% interest, Shanghai Shugai Yousi Enterprise Management Consulting Partnership (Limited Partnership) (上海數垓又肆企業管理諮詢合夥企業(有限合夥)) (“**Shanghai Shugai Yousi**”) (our indirect employee shareholding platform which Mr. Yang Lei (楊磊) holds 99.9% economic interest) holds 10.0% interest, Ms. Li Yaping holds 0.03% interest and the remaining limited partner (an Independent Third Party) holds 2.9% interest.

### **Shanghai Qiongyu**

Shanghai Qiongyu was initially a platform controlled by the Initial Shareholder, with the general partner of Shanghai Qiongyu being Shanghai Shuqi. As the Group was not performing as planned under the leadership of the Initial Shareholder, the Initial Shareholder decided to divest his interest in Shanghai Qiongyu to restructure ownership in alignment with the Company’s revised strategic direction and financing needs. The Initial Shareholder transferred 71.45% limited partnership interest to Centurium Phase I Investment Fund on July 23, 2020.

As of the Latest Practicable Date, the general partner of Shanghai Qiongyu remains to be Shanghai Shuqi. Pursuant to the partnership agreement of Shanghai Qiongyu, the general partner has the exclusive authority to conduct partnership affairs and manage all the operations of the limited partnership. Shanghai Qiongyu has four limited partners, of which Centurium Phase I Investment Fund holds 71.45% limited partnership interest and none of the other three limited partners holds 30% or more interest in Shanghai Qiongyu. No single limited partner has the right to change the general partner of Shanghai Qiongyu.

### **EMPLOYEE INCENTIVE PLAN**

We have approved and adopted an employee incentive plan for the purpose of motivating, retaining and rewarding talents for their contribution to the development of our Group and linking the interests of the participants under the employee incentive plan with those of our Company and our Shareholders. As of the Latest Practicable Date, all Direct Employee Shareholding Platforms and Shanghai Shugai Yousi (collectively, the “**Employee Shareholding Platforms**”) being direct limited partner of Shanghai Yuanshi, were our employee shareholding platforms.

The participants of our employee incentive plan (the “**Grantees**”) shall become direct/indirect partners of the Direct Employee Shareholding Platforms or direct partners of Shanghai Shugai Yousi, upon the grant of awards and execution of the grant documents. The Grantees may be required to pay a nominal capital contribution for the acceptance of the awards and for registering them as a partner of the Employee Shareholding Platforms, and the Grantees are entitled to receive the economic interest based on the equivalent units of Shares as stipulated in their respective award letter, rather than their respective registered partnership interest in the Employee Shareholding Platforms. The capital contribution made by the Grantees to the Employee Shareholding Platforms shall be sourced from their own funds.

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As of the Latest Practicable Date, there were in aggregate 512 Grantees holding partnership interest in direct or indirect level of the Employee Shareholding Platforms. For more details, see “Appendix VI — Statutory and General Information — Employee Incentive Plan”.

### MATERIAL ACQUISITIONS AND DISPOSALS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

### PRE-IPO INVESTMENTS

#### Overview

Since 2016, our Company obtained multiple rounds of investments from the Pre-IPO Investors through subscriptions for increased registered capital of our Company. For further details, see the “— Establishment and shareholding changes of our Company” in this section.

#### Principal terms of the Pre-IPO Investments

The table below summarizes the principal terms of the Pre-IPO Investments:

Series	Date of investment agreements	Date of full settlement	Pre-money valuation	Approximate amount raised for our Group	Approximate cost per Share paid <sup>(1)</sup>	Discount to the Offer Price <sup>(2)</sup>
Series A1	November 22, 2016	November 28, 2016	RMB68 million	RMB12 million	RMB1.88 <sup>(3)</sup> (equivalent to HK\$2.07)	98.6%
Series A2	March 31, 2017	April 19, 2017	RMB200 million	RMB35 million	RMB4.70 <sup>(3)</sup> (equivalent to HK\$5.18)	96.4%
Series A3	July 16, 2018	July 13, 2018	RMB470 million	RMB143 million <sup>(4)</sup>	RMB9.46 (equivalent to HK\$10.43)	92.8%
Series A4	November 23, 2018	October 24, 2018	RMB830 million	RMB39 million	RMB9.95 (equivalent to HK\$10.98)	92.4%
Series B	January 22, 2019, May 21, 2019, August 14, 2019, September 3, 2019	September 23, 2019	RMB2,010 million	RMB250 million and US\$17.45 million	RMB23.04 (equivalent to HK\$25.41)	82.4%
Series C	April 14, 2020, April 24, 2020, October 19, 2020, January 22, 2021, February 8, 2021, April 30, 2021, November 20, 2021	May 25, 2021	RMB2,500 million to RMB3,500 million <sup>(5)</sup>	RMB820 million	RMB24.24 (equivalent to HK\$26.73) to RMB29.25 (equivalent to HK\$32.26) <sup>(5)</sup>	77.7% to 81.5%

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Series	Date of investment agreements	Date of full settlement	Pre-money valuation	Approximate amount raised for our Group	Approximate cost per Share paid <sup>(1)</sup>	Discount to the Offer Price <sup>(2)</sup>
Series C +	January 28, 2022, February 22, 2022	February 25, 2022	RMB5,000 million	RMB250 million	RMB33.58 (equivalent to HK\$37.03)	74.4%
Series C + +	April 26, 2022, August 2, 2022	August 30, 2022	RMB7,000 million	RMB670 million	RMB44.77 (equivalent to HK\$49.38)	65.9%
Series D	July 14, 2023, October 31, 2023, December 29, 2023, July 23, 2024, August 19, 2024	January 22, 2025	RMB10,000 million	RMB1,410 million	RMB58.37 (equivalent to HK\$64.38)	55.5%
Series D +	April 27, 2025, May 8, 2025 and May 14, 2025	June 4, 2025	RMB12,000 million	RMB2,050 million	RMB61.40 (equivalent to HK\$67.71)	53.2%

*Notes:*

- (1) The equivalent cost per Share paid in HK dollars is for reference only and is calculated based on the currency exchange rate as set out in “Information about this Prospectus and the Global Offering”.
- (2) The discount to the Offer Price is calculated based on the Offer Price of HK\$144.60 per H Share.
- (3) The cost per share paid is calculated based on the registered capital subscribed by the relevant Pre-IPO Investor(s) after taking into effect of the increase in registered capital through the capitalization of capital reserve took place on March 13, 2017 and May 26, 2017.
- (4) The amount raised excluded the funds contributed by the Initial Shareholder and the employee shareholding platforms on July 19, 2018, which is not pre-IPO investment and the consideration was based on the amount of the registered capital being subscribed.
- (5) Nanjing Youxu subscribed for the increased registered capital of our Company in the amount of RMB16,503,313 at the consideration of RMB400 million at an agreed pre-money valuation of RMB2,500 million taking into consideration Nanjing Youxu advanced a loan to the Group in April 2020 which was later settled in October 2020. The cost per Share paid by Nanjing Youxu was approximately RMB24.24 per Share. Other Series C Pre-IPO Investors subscribed for the increased registered capital of our Company at the agreed pre-money valuation of RMB3,500 million after taking into consideration of the capital increase of Nanjing Youxu. The cost per Share paid by such other Series C Pre-IPO Investors was RMB29.25 per Share.

### **Basis of consideration**

The basis of consideration of each tranche of the Pre-IPO Investments was determined by the relevant Pre-IPO Investors through arm’s length negotiations between the parties based on the valuation of our Group at the time of the investment, taking into account the timing of the investment, the then status of the businesses carried out by our Group, the business milestones achieved by our Group at the relevant time, the outlook/growth potential and financial performance of our Group, and the industry in which we operate in.

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<b>Use of proceeds from the Pre-IPO Investments</b>	We utilized the proceeds from the Pre-IPO Investments for the development and operations of our business, including but not limited to strategic investments, new business and product development, technology infrastructure, personnel recruitment and sales and marketing, as well as other general corporate purposes. As of the Latest Practicable Date, save for the funds raised from the Series D+ Investment, all other funds raised from the Pre-IPO Investments have been utilized.
<b>Lock-up</b>	Pursuant to the PRC Company Law, all the Pre-IPO Investors are subject to a 12-month lock-up period from the Listing Date.
<b>Strategic benefits of the Pre-IPO Investments</b>	<p>At the time of the Pre-IPO Investments, the Directors were of the view that our Company would benefit from the strategic or financial value that the Pre-IPO Investors would bring to our business, the additional capital provided by the Pre-IPO Investors' investments in our Company and their knowledge relevant to our business. Our Pre-IPO Investors include renowned professional investors, which can provide us with professional advice on our Group's development and improve our corporate governance, financial reporting and internal control.</p> <p>Moreover, our Directors were of the view that our Group could benefit from the Pre-IPO Investments as the Pre-IPO Investors' investments demonstrated their confidence in the operations of our Group and served as an endorsement of our Company's performance, strengths and prospects.</p>

### **Special rights of the Pre-IPO Investors**

Certain special rights were granted to our Pre-IPO Investors under the relevant agreements, such as anti-dilution rights, redemption rights, liquidation preferences rights, right to appoint directors or observers on the board, rights of first refusal, and information and inspection rights. No Pre-IPO Investors had exercised their redemption rights or liquidation preferences rights. For more details (including the financial impact of the special rights), please refer to note 30(b) to the Accountant's Report in Appendix I to this prospectus.

On 10 June 2025, in preparation of the Listing, the Company and the Pre-IPO Investors entered into supplemental agreements (the "**Supplemental Agreements**"), agreeing that (i) certain of the special rights granted to Pre-IPO Investors, being redemption rights and liquidation preferences rights, have been irrecoverably terminated and shall be void ab initio; and (ii) other special rights (including, among others, the right of first refusal, tag-along right, drag-along right, right to appoint directors and board observers and right to information) shall be terminated upon Listing (for clarity, all special rights, except for redemption rights and liquidation preferences rights, are not void ab initio pursuant to the Supplemental Agreements). Article 143 of the Civil Code of the People's Republic of China (中華人民共和國民法典) stipulates that a civil legal act is valid if it is conducted by parties with the requisite capacity for



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civil conduct, is based on genuine intent, and does not contravene mandatory provisions of laws, administrative regulations, or public order and morals. Adhering to the principle of autonomy of will, the Company and the Pre-IPO Investors explicitly agreed that the redemption rights and liquidation preference rights were irrevocably terminated and deemed void ab initio. Through the execution of the Supplemental Agreements, while the clauses concerning redemption rights and liquidation preference rights have never been exercised, and there were no warranties regarding the enforceability on such redemption rights and liquidation preference rights under the relevant investment agreements, both parties agreed to terminate these clauses and to treat them as having no legal effect from the time of their execution, thereby restoring the rights and obligations of both parties to the status quo ante as if such clauses had never been agreed upon. This arrangement does not violate any mandatory provisions of laws, administrative regulations, or public order and morals, and is thus legally valid. Based on the above, our PRC Legal Advisor is of the view that the redemption rights and liquidation preference rights agreed upon by the Company and the Pre-IPO Investors have been irrevocably terminated and shall be deemed void ab initio. Taking into account the legal and regulatory framework of our Company's jurisdiction and the governing law of the Supplemental Agreements, the Company is of the view that it is appropriate to present the Pre-IPO Investments as equity throughout the Track Record Period. Therefore, there is no divestment right as of the date of first filing of the listing application with the Stock Exchange, and in anticipation of the Global Offering, the special rights granted to the Pre-IPO Investors shall be terminated in compliance with Chapter 4.2 of the Guide. For clarity, certain special rights, such as right to appoint directors and right to information were exercised by relevant Pre-IPO Investors during the Track Record Period. However, as advised by the PRC Legal Advisors, as these rights were not void ab initio pursuant to the Supplemental Agreements, the exercise of these special rights by the Pre-IPO Investors have no implication on the conclusion drawn by the PRC Legal Advisors above.

In particular, in confirming that the redemption rights and liquidation preferences rights granted by the Company to the Pre-IPO Investors had been irrecoverably terminated and shall be void ab initio, the Sole Sponsor has conducted due diligence work including, among others: (i) reviewing the share subscription agreements and Shareholders' agreements entered into by our Company and the then Shareholders from November 22, 2016 to May 14, 2025, as well as the Supplemental Agreements, (ii) reviewing the legal opinion issued by the PRC Legal Advisors, and (iii) discussing with the PRC Legal Advisors and the Sole Sponsor' PRC legal advisors to understand the treatment of the redemption right and liquidation preferences rights granted by the Company in the Supplemental Agreements under PRC laws. Based on the due diligence work conducted, nothing has come to the Sole Sponsor's attention that would cause it to cast doubt on the Company's and the Company's PRC Legal Advisor's views above.

### **Compliance with the Pre-IPO Investment guidance**

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 120 clear days before the date of the Listing, and (ii) the special rights granted to the Pre-IPO Investors shall be terminated in compliance with Chapter 4.2 of the Guide, the Sole Sponsor has confirmed that the Pre-IPO Investments are in compliance with Chapter 4.2 under the Guide.

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### Information on the Pre-IPO Investors

Set forth below is a description of all of our Pre-IPO Investors. To the best knowledge of the Company, save for the Centurium Capital Entities (as defined below), which will hold in excess of 10% of the issued Shares and constitute core connected persons of our Company upon Listing, each of the Pre-IPO Investors, together with their respective ultimate beneficial owners, is an Independent Third Party. To the best knowledge, information and belief of the Company after due enquiry, the individuals as set out below are independent of each other.

### Centurium Capital

Centurium Phase I Investment Fund is one of the funds established by Centurium Capital, and Nanjing Youxu, Xiamen Zhengmei and Masterwork Holdings, serve as investment holding platforms under the funds established by Centurium Capital. Centurium Phase I Investment Fund, Nanjing Youxu, Xiamen Zhengmei and Masterwork Holdings are collectively referred to as the “**Centurium Capital Entities**”. Each of Centurium Phase I Investment Fund, Nanjing Youxu and Xiamen Zhengmei is a limited partnership established under the partnership laws of the PRC and Masterwork Holdings is a company incorporated in the Cayman islands with limited liability. Centurium Capital is a leading private equity investment firm and primarily focuses on investing into consumer, business services, healthcare and technology sectors, and is a passive financial investor of our Company.

The general partner of Centurium Phase I Investment Fund is Xiamen Centurium Equity Investment Partnership (Limited Partnership) (廈門大鉅投資合夥企業(有限合夥)), the general partner of which is indirectly controlled by Beijing Centurium Management Advisory Co., Ltd. (北京大鉅管理諮詢有限公司) (“**Beijing Centurium**”), which is indirectly wholly owned by Li Hui (黎輝). Centurium Phase I Investment Fund has six limited partners, of which ICBC Credit Suisse Investment Management Co., Ltd. (工銀瑞信投資管理有限公司) (“**ICBC Credit Suisse Investment**”) holds 46.1% interest and none of the other five limited partners holds 30% or more interest in Centurium Phase I Investment Fund. ICBC Credit Suisse Investment is ultimately controlled by Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司), a company listed on the Stock Exchange (stock code: 1398) and the Shanghai Stock Exchange (stock code: 601398).

The general partner of Nanjing Youxu is Beijing Zhenglang Business Service Co., Ltd. (北京鉅朗商務服務有限公司), which is indirectly controlled by Beijing Centurium. Centurium Phase I Investment Fund holds 99.998% interest in Nanjing Youxu as a limited partner.

The general partner of Xiamen Zhengmei is Beijing Zhengguan Business Service Co., Ltd. (北京鉅冠商務服務有限公司), which is indirectly controlled by Beijing Centurium. Xiamen Centurium Phase II Investment Fund Partnership (Limited Partnership) (廈門大鉅二期投資基金合夥企業(有限合夥)) (“**Centurium Phase II Investment Fund**”) is a limited partner of Xiamen Zhengmei holding 99.997% interest. Centurium Phase II Investment Fund has nine limited partners, of which Nanjing Jiangbei New Area Centurium Phase II Venture Capital Partnership (Limited Partnership) (南京江北新區大鉅二期創業投資合夥企業(有限合夥)) (“**Nanjing Centurium Phase II VC**”) holds 63.9% interest and none of the other eight limited partners holds 30% or more interest in Centurium Phase II Investment Fund. Nanjing Centurium Phase II VC has seven limited partners and none of which holds 30% or more interest in Nanjing Centurium Phase II VC, and the general partner of Nanjing Centurium Phase II VC is an entity

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indirectly controlled by Beijing Centurium. The general partner of Centurium Phase II Investment Fund is Xiamen Centurium Enterprise Management Partnership (Limited Partnership) (廈門大鉦企業管理合夥企業(有限合夥)), which is indirectly controlled by Beijing Centurium.

Masterwork Holdings is wholly owned by Centurium Capital Partners II, L.P., the general partner of which is indirectly wholly owned by Li Hui. None of the limited partners hold 30% or more interest in Centurium Capital Partners II, L.P..

### Hainan Shuxin

Each of Rizhao Tianxin and Rizhao Peiqin (collectively, the “**Hainan Shuxin Entities**”) is a limited partnership established under the partnership laws of the PRC.

The general partner of each of Rizhao Tianxin and Rizhao Peiqin is Hainan Shuxin Investment Partnership (Limited Partnership) (海南數芯投資合夥企業(有限合夥)) (“**Hainan Shuxin**”) which holds 99.8% and 81.6% interest in Rizhao Tianxin and Rizhao Peiqin respectively. Hainan Shuxin was owned as to 50% each by Zhu Xiangkai (朱祥凱) and Li Ronghui (李榮輝), with Li Ronghui as the general partner.

### Cedarlake Capital

Each of Haihe Yunbai, Wuhu Kuangyun and Shenzhen Digital Future (collectively, “**Cedarlake Capital Entities**”) is a limited partnership established under the partnership laws of the PRC and are funds managed by Zhuhai Youbai Private Equity Fund Management Co., Ltd. (珠海佑柏私募基金管理有限公司), a company ultimately controlled by Bao Yi (鮑毅).

The general partner of Haihe Yunbai is Tianjin Haihe Yunbai Investment Management Co., Ltd. (天津海河云柏投資管理有限公司), which is held as to 80% by Zhuhai Youbo Private Equity Fund Management Co., Ltd. (珠海佑柏私募基金管理有限公司), and which is in turn indirectly held as to 90% by Bao Yi (鮑毅). Save for Tianjin Haihe Industrial Fund Partnership (Limited Partnership) (天津市海河產業基金合夥企業(有限合夥)) (“**Tianjin Haihe Industrial Fund**”) holding 33.7% limited partnership interest, none of the other 10 limited partners holds 30% or more interest in Haihe Yunbai. The general partner of Tianjin Haihe Industrial Fund is Tianjin Haihe Industrial Fund Management Co., Ltd. (天津市海河產業基金管理有限公司), of which none of its shareholders hold 30% or more of its equity interests. The sole limited partner of Tianjin Haihe Industrial Fund is Tianjin Finance Bureau (天津市財政局), which holds 99.75% of the partnership interests in Tianjin Haihe Industrial Fund.

The general partner of Wuhu Kuangyun is Wuhu Kuangyun Investment Management Center (Limited Partnership) (蕪湖曠云投資管理中心(有限合夥)), which is ultimately controlled by Wang Chen (王晨). Wuhu Kuangyun has nine limited partners and none of them holds 30% or more interest in Wuhu Kuangyun.

The general partner of Shenzhen Digital Future is Shenzhen Chengyun Enterprise Management Co., Ltd. (深圳市乘云企業管理有限責任公司), which is indirectly owned as to 50% by each of (i) Firmiana Spring Co., Limited, a company wholly owned by Bao Yi (鮑毅), and (ii) Punnakkhetta Capital Limited, a company wholly owned by Chen Jia'en (陳家恩). Shenzhen Digital Future has seven limited partners, of which Wuxi Digital Future Private

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Investment Fund Partnership (Limited Partnership) (無錫數字未來私募投資基金合夥企業(有限合夥)) (“**Wuxi Digital Future**”) holds 41.23% interest and none of the other six limited partners holds 30% or more interest in Shenzhen Digital Future. Wuxi Digital Future is owned as to (i) 37.66% by Wuxi Shuzhi Future Equity Investment Partnership (Limited Partnership) (無錫數智未來股權投資合夥企業(有限合夥)), which is controlled by Digital Era Hong Kong Limited, a company owned as to 50% each by Lin Naihui (林乃慧) and Chen Jia'en (陳家恩), (ii) 32.18% by Suzhou Yimi New Material Technology Co., Ltd. (蘇州壹米新材料科技有限公司), a company indirectly controlled by Wu Yaofang (吳耀芳), and (iii) 30% by Wuxi Economic Development Zone Digital Future Equity Investment Partnership (Limited Partnership) (無錫經濟開發區數創未來股權投資合夥企業(有限合夥)), which is indirectly controlled by Jiangsu Wuxi Economic Development Zone Finance Bureau (Jiangsu Wuxi Economic Development Zone State-owned Assets Management Office) (江蘇無錫經濟開發區財政局(江蘇無錫經濟開發區國有資產管理辦公室)).

### **Focustar Capital**

Nanjing Xingna Heyuan, Nanjing Xingnafeng, Focustar Fund and XN Speed (collectively, “**Focustar Entities**”) are entities managed by Focustar Capital. Focustar Capital’s investments mainly focus on the PRC’s consumers and technology industries. Focustar Capital is controlled and managed by Wang Jianguo (汪建國).

Nanjing Xingna Heyuan is a fund registered in the PRC under the PRC laws. The general partner of Nanjing Xingna Heyuan is Nanjing Xinglun Venture Capital Management Co., Ltd. (南京星倫創業投資管理有限公司) (“**Nanjing Xinglun**”). None of the limited partners of Nanjing Xingna Heyuan hold 30% or more interests in Nanjing Xingna Heyuan. Nanjing Xinglun is held as to (i) 43% by Five Star Holdings Group Co., Ltd. (五星控股集團有限公司), which is in turn directly held as to approximately 39.40% by Wang Jianguo (汪建國) (with no other shareholders holding 30% or more equity interests); and (ii) 37% by Sujiu Group Jiangsu Wealth Management Co., Ltd. (蘇酒集團江蘇財富管理有限公司), which is wholly owned by Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. (江蘇洋河酒廠股份有限公司) (a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002304.SZ)). Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. is indirectly held as to approximately 34.18% by Suqian Municipal People’s Government (宿遷市人民政府).

Nanjing Xingnafeng is a limited partnership established under the partnership laws of the PRC for the purpose of investing in our Company. The general partner of Nanjing Xingnafeng is Nanjing Xinghequan Enterprise Management Co., Ltd. (南京星合泉企業管理有限公司) (“**Nanjing Xinghequan**”) which holds 58.82% of the partnership interests in Nanjing Xingnafeng. Nanjing Xinghequan is held as to 99% by Yin Jian (尹劍). None of the limited partners of Nanjing Xingnafeng hold 30% or more partnership interests in Nanjing Xingnafeng.

XN Speed is a company incorporated in the BVI with limited liability for the purpose of investing in our Company. It is held as to approximately 33.11% by Alphaone Private Ltd, and there are no other shareholders holding 30% or more issued shares. Alphaone Private Ltd is wholly-owned by Phang Yew Kiat.

Focustar Fund is a fund incorporated in the Cayman Islands. There are no entities holding 30% or more of interests in the fund.

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### **Jupiter Technology**

Jupiter Technology is a company incorporated in the BVI with limited liability and is wholly owned by Jupiter Technology Link Holding Company Ltd. Jupiter Technology Link Holding Company Limited primarily engages in investing in the technology sector. Jupiter Technology Link Investment Company Ltd is an investment holding company incorporated in the British Virgin Islands which is controlled by HOPU USD Master Fund III, L.P. (“HOPU”) through its wholly owned subsidiary Jupiter Technology Link Holding Company Ltd. HOPU is a Cayman Islands limited partnership registered on 25 August 2017 acting through its general partner, HOPU Investments Co. III Ltd., which is part of and managed by HOPU Investments (an independent third party), an Asian alternative asset manager.

### **Yuyao Bijiang**

Yuyao Bijiang is a limited partnership established under the partnership laws of the PRC. The general partner of Yuyao Bijiang is Yuyao Bijiang Enterprise Management Co., Ltd. (余姚市碧江企業管理有限公司), which is controlled by Ms. Li Yaping. Yuyao Bijiang has 16 limited partners and none of them holds 30% or more interest in Yuyao Bijiang.

### **Beijing Zhongguancun**

Beijing Zhongguancun is a limited partnership established under the partnership laws of the PRC. The general partner and the limited partner of Beijing Zhongguancun is Beijing Zhongguancun Science City Technology Investment Management Co., Ltd. (北京中關村科學城科技投資管理有限公司) and Beijing Haidian District State Owned Assets Investment Group Co., Ltd. (北京市海淀區國有資產投資集團有限公司) respectively, both of which is ultimately controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Haidian District of Beijing (北京市海淀區人民政府國有資產監督管理委員會) (“Haidian SASAC”).

### **Shanghai Huiyue**

Shanghai Huiyue is a limited partnership established under the partnership laws of the PRC. The general partner of Shanghai Huiyue is Li Ronghui holding 25.7% interest. Save for Xi Zixiang (奚自翔) who holds 31.0% limited partnership interest, none of the other limited partners holds 30% or more interest in Shanghai Huiyue.

### **Xicheng Zhiyuan**

Each of Beijing Ruifeng and Xicheng Zhiyuan PE Fund (collectively, the “Xicheng Zhiyuan Entities”) is a limited partnership established under the partnership laws of the PRC.

The general partner of Beijing Ruifeng is Xicheng Zhiyuan Private Equity Fund Management (Beijing) Co., Ltd. (熙誠致遠私募基金管理(北京)有限公司) (“Xicheng Zhiyuan”), which in turn is owned as to (i) 40% by Beijing Xicheng Jinchi Investment Management Co., Ltd. (北京熙誠金馳投資管理有限公司), which is indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Xicheng District of Beijing (北京市西城區人民政府國有資產監督管理委員會) (“Beijing Xicheng SASAC”), and (ii) 35% by Tianjin Qihang Chuangfu Enterprise Management Partnership (Limited Partnership) (天津啟航創富企業管理合夥企業(有限合夥)) (“Tianjin Qihang



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**Chuangfu**”). The general partner of Tianjin Qihang Chuangfu is an entity which is in turn wholly owned by Xu Junming (許峻銘), and the sole limited partner of Tianjin Qihang Chuangfu is Zhang Dongpei (張東培), which holds 99.9% of the partnership interests in Tianjin Qihang Chuangfu. The limited partner of Beijing Ruifeng is an entity wholly owned by Beijing Xicheng SASAC holding 99.9% interest.

The general partner of Xicheng Zhiyuan PE Fund is Xicheng Zhiyuan. Xicheng Zhiyuan PE Fund has seven limited partners, of which Beijing Xicheng Capital Holdings Co., Ltd. (北京熙誠資本控股有限公司) (“**Beijing Xicheng Capital**”) holds 39.9% interest and none of the other six limited partners holds 30% or more interest in Xicheng Zhiyuan PE Fund. Beijing Xicheng Capital is indirectly wholly owned by Beijing Xicheng SASAC.

### **Linke Zhixin**

Linke Zhixin is a limited partnership established under the partnership laws of the PRC. The general partner of Linke Zhixin is Shanghai Lingang Kechuang Investment Management Co., Ltd. (上海臨港科創投資管理有限公司), which in turn is owned as to (i) 40% by Shanghai Lingzhi Enterprise Management Center (Limited Partnership) (上海靈致企業管理中心(有限合夥)), which is controlled by Wu Wei (吳巍), (ii) 30% by Shanghai Linchuang Investment Management Co., Ltd. (上海臨創投資管理有限公司), which is indirectly held as to approximately 63.15% by State-owned Assets Supervision and Administration Commission of Shanghai (上海市國有資產監督管理委員會) (“**Shanghai SASAC**”) (with no other shareholders holding 30% or more equity interests), and (iii) 30% by Shenzhen Houwang Investment Management Co., Ltd. (深圳市厚望投資管理有限公司) (“**Shenzhen Houwang**”), which is held as to 99% by Zeng Zhijie (曾之傑). Linke Zhixin has three limited partners, with Shanghai Shengmin Yaixin Private Equity Investment Fund Partnership (Limited Partnership) (上海盛閔曜芯私募投資基金合夥企業(有限合夥)) (“**Shanghai Shengmin Yaixin**”) holding approximately 66.66% of partnership interests and none of the other two limited partners holding 30% or more partnership interests. The general partner of Shanghai Shengmin Yaixin is Shanghai Guosheng Assets Co., Ltd. (上海國盛資本管理有限公司) (“**Shanghai Guosheng**”), which is indirectly held as to approximately 34.95% by Shanghai SASAC (with no other shareholders holding 30% or more equity interests in Shanghai Guosheng). The two limited partners of Shanghai Shengmin Yaixin, each holding approximately 49.88% partnership interests in Shanghai Shengmin Yaixin, are indirectly wholly-owned by Minhang SASAC and Shanghai SASAC, respectively. The limited partners of Linke Zhixin are majority controlled by Shanghai SASAC or State-owned Assets Supervision and Administration Commission of Minhang District of Shanghai (上海市閔行區國有資產監督管理委員會) (“**Minhang SASAC**”).

### **PVG**

PVG is a company incorporated in Hong Kong with limited liability and is a special purpose vehicle established by Princeville Capital. Princeville Capital primarily invests in technology market leaders around the world.

PVG is wholly owned by Princeville Global Processing IC Investments Limited, a limited liability company incorporated in the BVI, which in turn is majority owned by Shanghai Electric Hongkong Co. Limited (上海電氣香港有限公司) (“**Shanghai Electric HK**”). Shanghai Electric HK is a wholly-owned subsidiary of Shanghai Electric Group Company Limited (上海電氣集團股份有限公司), a company listed on the Stock Exchange (stock code: 2727) and Shanghai Stock



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Exchange (stock code: 601727) and is ultimately controlled by Shanghai SASAC. Save for Shanghai SASAC, there are no other ultimate beneficial owners holding 30% or more interests in Princeville Global Processing IC Investments Limited.

### **Shenzhen Dongsheng**

Shenzhen Dongsheng is a limited partnership established under the partnership laws of the PRC. The general partner of Shenzhen Dongsheng is Shenzhen Fuchun Investment Management Co., Ltd. (深圳富春投資管理有限公司), which is ultimately controlled by Long Tao (龍滔). The limited partners of Shenzhen Dongsheng are (i) Shenzhen Xiaming Information Technology Investment and Development Partnership (Limited Partnership) (深圳市夏鳴信息技術投資發展合夥企業(有限合夥)) holding 54.4% interest, the general partner of which is an entity controlled by Dong Xiaoheng (董曉珩) and the limited partner of which is Jiang Huiping (蔣惠平) holding 98.4% interest, and (ii) Beijing Fuchun Investment Management Co., Ltd. (北京富春投資管理有限公司) holding 45.0% interest, which is controlled by Long Tao (龍滔).

### **Zhuhai Yueteng**

Zhuhai Yueteng is a limited partnership established under the partnership laws of the PRC. The general partner of Zhuhai Yueteng is Hainan Longtu Private Equity Fund Management Co., Ltd. (海南龍圖私募基金管理有限公司), which is owned as to 60% and 40% by Huang Yiming (黃一洺) and Bao Jialong (鮑嘉龍) respectively. The limited partner of Zhuhai Yueteng is Qingdao Yaoye Medical Technology Co., Ltd. (青島耀曄醫療科技有限公司) holding 99.9% interest, which is ultimately wholly owned by Qingdao Licang District Government Investment Project Performance Evaluation and State-owned Enterprise Service Center (青島市李滄區政府投資項目績效評價和國有企業服務中心).

### **Quzhou Intelligent Manufacturing**

Quzhou Intelligent Manufacturing is a limited partnership established under the partnership laws of the PRC. The general partner of Quzhou Intelligent Manufacturing is Quzhou Zhina Enterprise Management Co., Ltd. (衢州智納企業管理有限公司), which is ultimately wholly owned by State-owned Assets Supervision and Administration Commission of the People's Government of Quzhou (衢州市人民政府國有資產監督管理委員會) (“**Quzhou SASAC**”). Quzhou Intelligent Manufacturing is owned as to (i) 49.9% by Quzhou Zhisheng Industrial Investment Co., Ltd. (衢州智盛產業投資有限公司), which is ultimately wholly owned by Quzhou SASAC, and (ii) 49.9% by Quzhou Xin'an Zhonghe Equity Investment Fund Partnership (Limited Partnership) (衢州信安眾合股權投資基金合夥企業(有限合夥)) (“**Quzhou Xin'an Zhonghe Equity Investment Fund**”). The general partner of Quzhou Xin'an Zhonghe Equity Investment Fund is Quzhou State-owned Assets Xin'an Capital Management Co., Ltd. (衢州市國資信安資本管理有限公司), which is in turn ultimately held by Quzhou SASAC and Finance of Zhejiang Province (浙江省財政廳). None of the five limited partners holds 30% or more interest in Quzhou Xin'an Zhonghe Equity Investment Fund.

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### Shanghai Yunzhixin

Shanghai Yunzhixin is a limited partnership established under the partnership laws of the PRC. The general partner of Shanghai Yunzhixin is Shanghai Yundi Private Equity Fund Management Co., Ltd. (上海云砥私募基金管理有限公司), which is held as to 99% by Lin Naihui (林乃慧). Shanghai Yunzhixin has 10 limited partners and none of them holds 30% or more interest in Shanghai Yunzhixin.

### Xiamen Hongshan

Xiamen Hongshan is a limited partnership established under the partnership laws of the PRC. The general partner of Xiamen Hongshan is Xiamen Hongshan Kunteng Investment Partnership (Limited Partnership) (廈門紅杉坤騰投資合夥企業(有限合夥)) (“**Hongshan Kunteng**”), which is ultimately controlled by Zhou Kui (周逵). The limited partner of Xiamen Hongshan is Xiamen Hongshan Peiheng Investment Partnership (Limited Partnership) (廈門紅杉沛恆投資合夥企業(有限合夥)) (“**Xiamen Hongshan Peiheng**”) holding 99.99% limited partnership interests in Xiamen Hongshan. Hangzhou Hongshan Yuanheng Equity Investment Partnership (Limited Partnership) (杭州紅杉元恆股權投資合夥企業(有限合夥)) (“**Hangzhou Hongshan Yuanheng**”) and Hangzhou Hongshan Boheng Equity Investment Partnership (Limited Partnership) (杭州紅杉博恆股權投資合夥企業(有限合夥)) (“**Hangzhou Hongshan Boheng**”) hold 58.1% and 38.7% limited partnership interests in Xiamen Hongshan Peiheng as limited partners respectively. Hongshan Kunteng also holds 0.0065% partnership interests in Xiamen Hongshan Peiheng as the general partner. Hangzhou Hongshan Yuanheng and Hangzhou Hongshan Boheng are controlled by their general partner, Hangzhou Hongshan Kunpeng Management Consulting Partnership (Limited Partnership) (杭州紅杉坤騰管理諮詢合夥企業(有限合夥)), which is in turn ultimately controlled by Zhou Kui (周逵). None of the limited partners of Hangzhou Hongshan Yuanheng or Hangzhou Hongshan Boheng holds 30% or more limited partnership interests in Xiamen Hongshan.

### Shanghai Shengyong

Shanghai Shengyong is a limited partnership established under the partnership laws of the PRC. The general partners of Shanghai Shengyong are Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司) (“**Shanghai Guosheng Capital**”) and Shanghai Shengpu Enterprise Management Partnership (Limited Partnership) (上海盛浦企業管理合夥企業(有限合夥)) (“**Shanghai Shengpu**”), of which Shanghai Guosheng Capital serves as the manager and executive partner. Shanghai Guosheng Capital is owned as to 30% by Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司), which is in turn wholly owned by Shanghai SASAC, and there are no other shareholders holding 30% or more equity interests in Shanghai Guosheng Capital. The general partner of Shanghai Shengpu is Zhou Daohong (周道洪), and none of the limited partners hold 30% or more of the partnership interests in Shanghai Shengpu. The limited partner of Shanghai Shengyong is Qianhai Life Insurance Co., Ltd. (前海人壽保險股份有限公司) (“**Qianhai Life Insurance**”) holding 89.95% interest. Qianhai Life Insurance is held as to 51% by Shenzhen Jushenghua Company Limited (深圳市鉅盛華股份有限公司) (with no other shareholders holding 30% or more equity interests), which is in turn held as to (i) approximately 67.40% by Shenzhen Baoneng Investment Group Co., Ltd. (深圳市寶能投資集團有限公司) (“**Shenzhen Baoneng Investment Group**”), which is held as to 99.99% by Yao Zhenhua (姚振華); and (ii) 30% by Shenzhen Zheshang Baoneng Industrial Investment Partnership (Limited Partnership) (深圳市浙商寶能產業投資合夥企業(有限合夥))

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(“**Shenzhen Zheshang Baoneng**”). The general partner of Shenzhen Zheshang Baoneng is Shenzhen Zheshang Baoneng Capital Management Co., Ltd. (深圳市浙商寶能資本管理有限公司), which is in turn held as to 99.99% by Yao Zhenhua (姚振華). The limited partners of Shenzhen Zheshang Baoneng are Shenzhen Baoneng Investment Group and Huaifu Securities Co., Ltd. (華福證券有限責任公司) (“**Huaifu Securities**”), which hold 33.5% and 66.45% of the partnership interests in Shenzhen Zheshang Baoneng, respectively. Huaifu Securities is indirectly held as to approximately 46.72% by Fujian Provincial Department of Finance (福建省財政廳), with no other shareholders holding 30% or more equity interests.

### Dingli Funds

Each of Ningbo Dingzhixin, Ningbo Dingyinxin and Ningbo Dingmaoxin (collectively, the “**Dingli Funds Entities**”) is a limited partnership established under the partnership laws of the PRC.

The general partners of Ningbo Dingzhixin are (i) Dingli Private Equity Fund Management (Xuzhou) Co., Ltd. (鼎禮私募基金管理(徐州)有限公司) (“**Dingli Private Equity**”), which is controlled by Wang Er’man (王爾漫), and (ii) Beijing Changhe Investment Management Co., Ltd. (北京長赫投資管理有限公司), which is controlled by Lian Jinjun (廉金君). Ningbo Dingzhixin has eleven limited partners, of which Yuan Xiuru (袁秀茹) holds 34.7% interest and none of the other ten limited partners holds 30% or more interest in Ningbo Dingzhixin.

The general partner of Ningbo Dingyinxin is Dingli Private Equity. Ningbo Dingyinxin has nine limited partners, of which Hainan Fusenmei Investment Co., Ltd. (海南富森美投資有限責任公司) (“**Hainan Fusenmei**”) holds 47.7% interest and none of the other eight limited partners holds 30% or more interest in Ningbo Dingyinxin. Hainan Fusenmei is wholly owned by Chengdu Fusen Noble-House Industrial Co., Ltd. (成都富森美家居股份有限公司) (stock code: 002818), a company listed on the Shenzhen Stock Exchange and the controlling shareholder of which is Liu Bing (劉兵).

The general partner of Ningbo Dingmaoxin is Dingli Private Equity. Ningbo Dingmaoxin has thirteen limited partners, of which Yuan Xiuru (袁秀茹) holds 36.6% interest and none of the other twelve limited partners holds 30% or more interest in Ningbo Dingmaoxin.

### Bangsheng

Each of Jiangsu Bangsheng and Suzhou Bangsheng (collectively, the “**Bangsheng Entities**”) is a limited partnership established under the partnership laws of the PRC.

The general partner of Jiangsu Bangsheng is Nanjing Bangsheng Xingong Equity Investment Fund Management Co., Ltd. (南京邦盛新工股權投資基金管理有限公司) and the general partner of Suzhou Bangsheng is Nanjing Bangsheng Investment Management Partnership (Limited Partnership) (南京邦盛投資管理合夥企業(有限合夥)), both of which is controlled by Nanjing Bangsheng Juhong Venture Capital Co., Ltd. (南京邦盛聚鴻創業投資管理有限公司) (“**Bangsheng Investment Management**”), which in turn is owned as to 44.6%, 33.8% and 21.5% by Gao Chong (郜翀), Ling Mingsheng (凌明聖) and Guo Xiaopeng (郭小鵬) respectively.

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Jiangsu Bangsheng has three limited partners, which are (i) Nanjing Bangsheng Juxin Venture Capital Fund Partnership (Limited Partnership) (南京邦盛聚信創業投資基金合夥企業(有限合夥)) (“**Nanjing Bangsheng Juxin**”) holding 37.1% interest, and none of the 10 limited partners of Nanjing Bangsheng Juxin holds 30% or more interest in Nanjing Bangsheng Juxin, (ii) Nanjing New Industry Investment Group Co., Ltd. (南京新工投資集團有限責任公司) holding 37.1% interest, which is controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Nanjing (南京市人民政府國有資產監督管理委員會), and (iii) Jiangsu Provincial Government Investment Fund (Limited Partnership) (江蘇省政府投資基金(有限合夥)) holding 24.7% interest, which is controlled by Jiangsu Department of Finance (江蘇省財政廳).

Suzhou Bangsheng has three limited partners, of which Suzhou Bangsheng Chuangji Venture Capital Enterprise (Limited Partnership) (蘇州邦盛創驥創業投資企業(有限合夥)) (“**Suzhou Bangsheng Chuangji**”) holds 72.6% interest and none of the other two limited partners holds 30% or more interest in Suzhou Bangsheng. Suzhou Bangsheng Chuangji has 25 limited partners and none of them holds 30% or more interest in Suzhou Bangsheng Chuangji.

### **Yuanhe Funds**

Each of Suzhou Yuanhe and Chengdu Yuanhe (the “**Yuanhe Entities**”) is a limited partnership established under the partnership laws of the PRC.

Suzhou Yuanhe has more than 10 limited partners. The general partner of Suzhou Yuanhe is Suzhou Industrial Park Yuanhe Gengzi Venture Capital Partnership (Limited Partnership) (蘇州工業園區元禾耕籽創業投資合夥企業(有限合夥)), which is ultimately controlled by Xu Qing (徐清).

Chengdu Yuanhe has 20 limited partners. The general partner of Chengdu Yuanhe is Suzhou Industrial Park Chenkun Jingu Venture Capital Partnership (Limited Partnership) (蘇州工業園區辰坤金谷創業投資合夥企業(有限合夥)), which is ultimately controlled by Xu Qing (徐清).

### **Hangzhou Yuanqiao**

Hangzhou Yuanqiao is a limited partnership established under the partnership laws of the PRC. The general partner of Hangzhou Yuanqiao is Hangzhou Yuanqiao Zhengming Private Equity Fund Management Co., Ltd. (杭州遠橋正明私募基金管理有限公司), which is controlled by Zhou Xiaole (周曉樂). Hangzhou Yuanqiao has four limited partners of which Hangzhou Yuanqiao Zhixin Venture Capital Partnership (Limited Partnership) (杭州遠橋知芯創業投資合夥企業(有限合夥)) (“**Yuanqiao Zhixin**”) holds 56.4% interest and none of the other three limited partners holds 30% or more interest in Hangzhou Yuanqiao. Yuanqiao Zhixin has 15 limited partners and none of them holds 30% or more interest in Yuanqiao Zhixin.

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### **Xiangjiang Equity Investment**

Xiangjiang Equity Investment is a limited partnership established under the partnership laws of the PRC. The general partner of Xiangjiang Equity Investment is Hunan Guochuang Industrial Investment Co., Ltd. (湖南國創產業投資有限公司), which is ultimately held as to approximately 92.8% by State-owned Assets Supervision and Administration Commission of the People's Government of Changsha (長沙市人民政府國有資產監督管理委員會). Xiangjiang Equity Investment has two limited partners, of which Hunan Xiangjiang New District Guidance Fund Co., Ltd. (湖南湘江新區引導基金有限公司) holds 83.3% interest, which in turn is controlled by Hunan Xiangjiang New District Management Committee (湖南湘江新區管理委員會).

### **Sichuan Xingchuan**

Each of Sichuan Regional Collaborative Fund and Mianyang Gaochuang (collectively, “**Sichuan Xingchuan Entities**”) is a limited partnership established under the partnership laws of the PRC. The general partner of Sichuan Regional Collaborative Fund is Sichuan Xingchuan Key Project Equity Investment Fund Management Co., Ltd. (四川興川重點項目股權投資基金管理有限公司) (“**Sichuan Xingchuan**”), which is controlled by Sichuan Department of Finance (四川省財政廳). Sichuan Regional Collaborative Fund has 16 limited partners and none of which holds 30% or more interest in Sichuan Regional Collaborative Fund.

The general partner of Mianyang Gaochuang is Sichuan Xingchuan. The limited partner of Mianyang Gaochuang is Mianyang Yuancheng Integration Development Group Co., Ltd. (綿陽園城融合發展集團有限責任公司) holding 99.955% interest, which in turn is wholly owned by Youxian High-tech Industrial Park Management Committee (遊仙高新技術產業園區管理委員會).

### **Hainan Kunjun**

Hainan Kunjun is a limited partnership established under the partnership laws of the PRC. The general partner of Hainan Kunjun is Liu Xiaoyan (劉小燕), and the limited partner of Hainan Kunjun is Wu Liang (吳亮) holding 99.98% interest.

### **Sichuan Dingxiang**

Sichuan Dingxiang is a limited liability company established in the PRC, and is owned as to 80% and 20% by Song Jiajun (宋佳駿) and Song Binyang (宋玢陽) respectively.

### **Xinxing Fund**

Each of Jiangxia Xintuo and Zaozhuang Xinsheng (collectively, the “**Xinxing Fund Entities**”) is a limited partnership established under the partnership laws of the PRC.



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The general partner of Jiangxia Xintuo is Xinxing Private Equity Fund Management Co., Ltd. (新興私募基金管理有限公司) (“**Xinxing Fund**”), holding 1% of the interests therein with full discretion to exercise investment decisions in respect of assets managed by Jiangxia Xintuo. Xinxing Fund is wholly owned by China Xinxing Asset Management Co., Ltd (中國新興資產管理有限責任公司) (“**Xinxing Asset**”). Xinxing Asset is owned (i) as to 40% by General Technology Group Asset Management Co., Ltd. (通用技術集團資產管理有限公司), a subsidiary of China General Technology Group (中國通用技術集團), (ii) as to 38% by Qiandao Technology Group Co., Ltd (乾道科技集團有限公司), which is in turn owned as to 83.82% by Tianjin Chengze Xinghui Technology Co., Ltd. (天津承澤星輝科技有限公司), a company owned as to 99% by Liu Song (劉松), and (iii) as to 22% by Beijing Shihua Hengyi Technology Co., Ltd (北京世華恆熠科技有限公司), which is owned as to 90% by Beijing Fengyuan Tongtai Technology Co., Ltd. (北京丰元通泰科技有限公司), a company owned as to 99% by Xu Shichao (許世超). Jiangxia Xintuo has four limited partners with Qingdao Qiandao Yunian Investment Management Center (Limited Partnership) (青島乾道鈺年投資管理中心(有限合夥)) (“**Qiandao Yunian**”) being the largest one, holding 45% partnership interest in Jiangxia Xintuo, and none of the remaining three limited partners holding more than 24% partnership interest in Jiangxia Xintuo. Qiandao Yunian is managed by Qiandao Investment Fund Management (Beijing) Ltd. Co., (乾道投資基金管理有限公司) (“**Qiandao Investment**”) with 43 limited partners, and none of them holding more than 4.16% partnership interest in Qiandao Yunian. Qiandao Investment is a company indirectly owned as to 60.78% by Yan Zurong (鄺祖容).

The general partner of Zaozhuang Xinsheng is Xinxing Fund. The limited partner of Zaozhuang Xinsheng is Xiamen Qingda Qianlu Technology Investment Partnership (Limited Partnership) (廈門清大乾鷺科技投資合夥企業(有限合夥)) (“**Xiamen Qingda**”) holding 96.8% interest. Xiamen Qingda is managed by Qiandao Investment with nine limited partners, of which (i) Qingdao Qianyu Jinyun Investment Center (Limited Partnership) (青島乾予金運投資中心(有限合夥)) (“**Qianyu Jinyun**”) holds 34.1% interest, and (ii) Qingdao Qianyu Jinyuan Investment Center (Limited Partnership) (青島乾予金元投資中心(有限合夥)) (“**Qianyu Jinyuan**”) holds 33.0% interest, and none of the other seven limited partners holds more than 12.2% partnership interest in Xiamen Qingda. Qianyu Jinyun and Qianyu Jinyuan have 49 and 48 limited partners respectively, and none of them holds more than 5.8% partnership interest in Qianyu Jinyun or Qianyu Jinyuan.

### Nanjing Lianchuang

Nanjing Lianchuang is a limited partnership established under the partnership laws of the PRC. The general partner of Nanjing Lianchuang is Nanjing Lianchuang Shuchan Equity Investment Partnership (Limited Partnership) (南京聯創數產股權投資合夥企業(有限合夥)), the general partner of which is Lianchuang Innovation Private Equity Fund Management (Chengdu) Co., Ltd. (聯創創新私募基金管理(成都)有限公司) (currently known as Lianchuang Innovation Private Equity Fund Management (Beijing) Co., Ltd. (聯創創新私募基金管理(北京)有限公司)), which is owned as to 50% and 40% by Zheng Yanan (鄭亞南) and Unicom Innovation Venture Capital Co., Ltd. (聯通創新創業投資有限公司) (“**Unicom Innovation Venture Capital**”), respectively. Unicom Innovation Venture Capital is indirectly owned by China Unicom (Hong Kong) Limited (stock code: 762), a company listed on the Stock Exchange. Nanjing Lianchuang has four limited partners, of which Xinrong Zhihui Technology



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Development Co., Ltd. (新榮智匯科技發展有限公司) holds 64.4% interest, which is indirectly owned as to 60% and 40% by Wang Jing (王靖) and Xiong Zhihong (熊志紅), respectively. None of the other three limited partners holds 30% or more interest in Nanjing Lianchuang.

### **Guangzhou Tianmu**

Guangzhou Tianmu is a limited partnership established under the partnership laws of the PRC. The general partner of Guangzhou Tianmu is Beijing Tianmu Private Equity Fund Management Co., Ltd. (北京天穆私募基金管理有限公司), which is controlled by Wang Qian (王倩). Guangzhou Tianmu has nine limited partners, of which TRS Information Technology Co., Ltd. (stock code: 300229), a company listed on the Shenzhen Stock Exchange, holds 31.8% interest and none of the other eight limited partners holds 30% or more interest in Guangzhou Tianmu. None of the shareholders holds 30% or more interest in TRS Information Technology Co., Ltd.

### **Shanghai Kuanqing**

Shanghai Kuanqing is a limited partnership established under the partnership laws of the PRC. The general partner of Shanghai Kuanqing is Shanghai Kaishi Equity Investment Management Center (Limited Partnership) (上海凱石股權投資管理中心(有限合夥)) holding 75.4% interest, which is ultimately controlled by Chen Jiwu (陳繼武). The limited partner of Shanghai Kuanqing is Cheng Jie (程潔) holding 24.6% interest.

### **Yancheng Yingwan**

Yancheng Yingwan is a limited partnership established under the partnership laws of the PRC. The general partner of Yancheng Yingwan is Beijing Yingwan Private Equity Fund Management Co., Ltd. (北京瀛灣私募基金管理有限公司) holding 9% interest, which is ultimately controlled by Wang Chao (王超). Yancheng Yingwan has seven limited partners, of which Fujian Hengrong Venture Capital Co., Ltd. (福建恒榮創投有限公司) (“**Fujian Hengrong**”) holds 36% interest and none of the other six limited partners holds 30% or more interest in Yancheng Yingwan. Fujian Hengrong is ultimately controlled by Xu Xing (許星).

### **Gongqingcheng Baochuang**

Gongqingcheng Baochuang is a limited partnership established under the partnership laws of the PRC. The general partner of Gongqingcheng Baochuang is Baochuang Private Equity Investment Fund Management (Shenzhen) Co., Ltd. (寶創私募股權投資基金管理(深圳)有限公司), which is controlled by Chai Pengfei (柴鵬飛). Gongqingcheng Baochuang has 11 limited partners, of which Chai Pengfei holds 40.0% interest and none of the other 10 limited partners holds 30% or more interest in Gongqingcheng Baochuang.

### **Hubei Lihe**

Hubei Lihe is a limited company established in the PRC and is owned as to 95% and 5% by Huang Benli (黃本利) and Huang Sijia (黃思佳) respectively.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### Hainan Zhihua

Hainan Zhihua is a limited partnership established under the partnership laws of the PRC. The general partner of Hainan Zhihua is Hainan Zhihua Lianke Venture Capital Co., Ltd. (海南至華聯科創業投資有限公司), which is controlled by Zheng Jiewen (鄭捷文). The limited partner of Hainan Zhihua is Zheng Jiewen holding 95% interest.

### Shanghai Dalinghao Bay Ceyuan

Shanghai Dalinghao Bay Ceyuan is a limited partnership established under the partnership laws of the PRC. The general partner of Shanghai Dalinghao Bay Ceyuan is Shanghai Dalinghao Bay Private Equity Fund Management Co., Ltd. (上海大零號灣私募基金管理有限公司), which is ultimately wholly owned by Minhang SASAC. Shanghai Dalinghao Bay Ceyuan has 11 limited partners, of which Shanghai Minhang Financial Investment Development Co., Ltd. (上海閔行金融投資發展有限公司) (“**Shanghai Minhang Financial Investment**”) holds 66.4% interest and none of the other 10 limited partners holds 30% or more interest in Shanghai Dalinghao Bay Ceyuan. Shanghai Minhang Financial Investment is wholly owned by Minhang SASAC.

### Zhiyuan Fund

Zhiyuan Fund is a limited partnership established under the partnership laws of the PRC. The general partner of Zhiyuan Fund is Xi'an High-tech Industry Venture Capital Co., Ltd. (西安高新技術產業風險投資有限責任公司), which is controlled by Xi'an High-tech Industrial Development Zone Management Committee (西安高新技術產業開發區管理委員會) (“**Xi'an High-tech Management Committee**”). Zhiyuan Fund has three limited partners, of which (i) 49% is owned as to Xi'an Xigao Investment Foundation Investment Fund Partnership (Limited Partnership) (西安西高投基石投資基金合夥企業(有限合夥)), which is controlled by Xi'an High-tech Management Committee, and (ii) 30% is owned as to Xi'an Innovation Investment Fund Partnership (Limited Partnership) (西安市創新投資基金合夥企業(有限合夥)), which is ultimately controlled by Xi'an Finance Bureau (西安市財政局) and (iii) 20% is owned as to Xi'an High-tech Emerging Industry Investment Fund Partnership (Limited Partnership) (西安高新新興產業投資基金合夥企業(有限合夥)), which is controlled by Xi'an High-tech Management Committee.

### Nanjing Lanpu

Nanjing Lanpu is a limited partnership established under the partnership laws of the PRC. The two general partners of Nanjing Lanpu are (i) Nanjing Lanpu Capital Management Co., Ltd. (南京蘭璞資本管理有限公司), a company controlled by Beijing Lanpu Capital Management Co., Ltd. (北京蘭璞資本管理有限公司), which in turn is indirectly owned as to 50% by each of Zhou Ziyong (周子雍) and Song Yanjie (宋硯捷), and (ii) Nanjing Yangzi River Investment Fund Management Co., Ltd. (南京楊子江投資基金管理有限公司), which is ultimately wholly owned by Nanjing Jiangbei New Area Management Commission (Nanjing High-tech Industrial Development Zone Management Committee, China (Jiangsu) Free Trade Test Area Nanjing Area Management Committee) (南京市江北新區管理委員會(南京高新技術產業開發區管理委員會、中國(江蘇)自由貿易試驗區南京片區管理委員會)) (“**Nanjing Jiangbei Management Committee**”). Nanjing Lanpu has four limited partners, of which (i) Nanjing Jiangbei New Area High Quality Development Industrial Investment Fund (Limited Partnership) (南京江北新

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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區高質量發展產業投資基金(有限合夥)) holds 59.7% interest, which is ultimately controlled by Nanjing Jiangbei Management Committee, and (ii) Nanjing Yanchuang Investment Development Co., Ltd. (南京研創投資發展有限公司) holds 35% interest, which is ultimately controlled by Nanjing Jiangbei Management Committee, and none of the other two limited partners holds 30% or more interest in Nanjing Lanpu.

### **Cuihu Tianshu**

Cuihu Tianshu is a limited partnership established under the partnership laws of the PRC. The general partner of Cuihu Tianshu is Beijing Guoding Shichuang Investment Management Co., Ltd. (北京國鼎實創投資管理有限公司), which is ultimately controlled by Liu Zhong (劉鐘). Cuihu Tianshu has three limited partners, of which Beijing Cuihu Original Innovation No. 1 Venture Capital Fund (Limited Partnership) (北京翠湖原始創新一號創業投資基金(有限合夥)) holds 71.1% interest, which in turn is owned as to (i) 43.4% by Tianjin Huashenghetai Enterprise Management Co., Ltd. (天津華盛和泰企業管理有限責任公司), which is ultimately controlled by China Vered Financial Holding Corporation Limited (中薇金融控股有限公司) (stock code: 245), a company listed on the Stock Exchange and none of the shareholders holds 30% or more interest in China Vered Financial Holding Corporation Limited, and (ii) 32.5% by Beijing Shichuang Environmental Protection Development Co., Ltd. (北京實創環保發展有限公司), which is ultimately controlled by Haidian SASAC.

### **Nanjing Railway Investment**

Nanjing Railway Investment is a limited partnership established under the partnership laws of the PRC. The general partners of Nanjing Railway Investment are (i) Nanjing Jiaokong Private Equity Fund Management Co., Ltd. (南京交控私募基金管理有限公司), which is ultimately wholly owned by State-owned Assets Supervision and Administration Commission of Nanjing (南京市國有資產監督管理委員會) (“**Nanjing SASAC**”), and (ii) Nanjing Jushi Venture Capital Co., Ltd. (南京巨石創業投資有限公司) holding 20% interest, which is wholly owned by Nanjing Securities Co., Ltd. (南京證券股份有限公司) (stock code: 601990), a company listed on the Shanghai Stock Exchange and none of the shareholders holds 30% or more interest in Nanjing Securities Co., Ltd.. Nanjing Railway Investment has four limited partners, of which Nanjing Railway Construction Investment Co., Ltd. (南京鐵路建設投資有限責任公司), a company ultimately wholly owned by Nanjing SASAC, holds 50% interest, and none of the other three limited partners holds 30% or more interest in Nanjing Railway Investment.

### **Hina Fund**

Hina Fund is an exempted limited partnership registered in the Cayman Islands, whose general partner is The Hina Group Holdings, which in turn is controlled by Chen Hong (陳宏). There are seven limited partners of Hina Fund and none of which holds 30% or more interest in Hina Fund. Hina Fund is a private equity fund with a focus on investment in growth to late-stage new economy companies in Greater China.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### Zhejiang Biyi

Zhejiang Biyi (stock code: 603215) is a joint stock company established in the PRC and is listed on the Shanghai Stock Exchange. The controlling shareholder of which Zhejiang Biyi is Wen Jiwang (聞繼望).

### Paradigm Fund

Paradigm Fund is a limited partnership established under the partnership laws of the PRC. The general partner of Paradigm Fund is Beijing Paradigm Private Equity Investment Management Co., Ltd. (北京範式私募基金管理有限公司), which is owned as to 40.1%, 30.0% and 29.9% by Dai Yilun (戴逸倫), Xiong Fei (熊飛) and Dai Wenyuan (戴文淵). Paradigm Fund has six limited partners, of which Paradigm Pilot Technology (Shenzhen) Co., Ltd. (範式領航(深圳)技術有限公司) holds 39.4% interest and none of the other five limited partners holds 30% or more interest in Paradigm Fund. Paradigm Fund is ultimately controlled by Dai Yilun (戴逸倫).

### Interplanetary

Interplanetary is a company incorporated in the Singapore with limited liability and is controlled by Lim Jun Hong (林俊宏).

### China Insurance Investment Fund

China Insurance Investment Fund is a limited partnership established under the partnership laws of the PRC. The general partner of China Insurance Investment Fund is China Insurance Investment Co., Ltd. (中保投資有限責任公司), which has 46 shareholders comprising 28 insurance companies, 15 insurance asset management companies and three social capital foundation, none of which holds more than 4% interest. The limited partner of China Insurance Investment Fund is Hunan Shengli Investment Co., Ltd. (湖南盛力投資有限責任公司), which is ultimately wholly owned by Hunan People's Government (湖南省人民政府).

### Shanghai Ruihe

Each of Ningbo Ruihe and Ningbo Yingshi (collectively, the “**Shanghai Ruihe Entities**”) is a limited partnership established under the partnership laws of the PRC. The general partner of Ningbo Ruihe is Shanghai Ruihe Xinxin Venture Capital Management Co., Ltd. (上海銳合新信創業投資管理有限公司) (“**Shanghai Ruihe**”), which is controlled by Yu Yiming (俞以明). Ningbo Ruihe has 11 limited partners and none of the which holds 30% or more interest in Ningbo Ruihe.

The general partner of Ningbo Yingshi is Shanghai Ruihe. Ningbo Yingshi has three limited partners, which are Yu Yiming (俞以明), Wang Lin (王林) and Zhang Haitao (張海濤) each holding 32.7% interest.

### **Sichuan Culture Industry Fund**

Sichuan Culture Industry Fund is a limited partnership established under the partnership laws of the PRC. The general partner of Sichuan Culture Industry Fund is Sichuan Wentou Culture Industry Private Equity Fund Management Co., Ltd. (四川文投文化產業私募基金管理有限公司), which is ultimately controlled by Sichuan Culture Industry Investment Group Co., Ltd. (四川文化產業投資集團有限責任公司) (“**Sichuan Culture Industry Investment**”), which is owned as to 36.7% by Sichuan Department of Finance (四川省財政廳) and 63.3% by Sichuan Development Holdings Co., Ltd. (四川發展(控股)有限責任公司), which in turn is owned as to 90% by State-owned Assets Supervision and Administration Commission of Sichuan (四川省政府國有資產監督管理委員會) and 10% by Sichuan Department of Finance (四川省財政廳). Sichuan Culture Industry Fund has four limited partners, of which Sichuan Culture Industry Investment holds 39.96% interest and none of the other three limited partners holds 30% or more interest in Sichuan Culture Industry Fund.

### **Hunan Bofu**

Hunan Bofu is a limited partnership established under the partnership laws of the PRC. The general partner of Hunan Bofu is Hunan Bofu Fund Management Co., Ltd. (湖南泊富基金管理有限公司), which is wholly owned by Central South Publishing & Media Group Co., Ltd. (中南出版傳媒集團股份有限公司) (stock code: 601098) (“**Central South Media**”), which is listed on the Shanghai Stock Exchange and is ultimately controlled by Hunan People’s Government (湖南省人民政府). Hunan Bofu has three limited partners, of which (i) Zhang Yueqing (章月慶) holds 39.98% interest, (ii) Hunan Lianghu Culture Venture Capital Partnership (Limited Partnership) (湖南兩湖文化創業投資合夥企業(有限合夥)) holds 39.98% interest, which is ultimately owned as to 49.5% by each of Central South Media and Changjiang Publishing & Media Co., Ltd. (長江出版傳媒股份有限公司) (stock code: 600757), a company listed on the Shanghai Stock Exchange and is ultimately controlled by the Publicity Department of the Hubei Provincial Committee of the Communist Party of China (Information Office of the People’s Government of Hubei Province, Hubei Provincial Press and Publication Bureau (Hubei Provincial Copyright Bureau), Hubei Provincial Film Bureau, Office of the Guiding Committee for Spiritual Civilization Construction of Hubei Province) (中共湖北省委宣傳部(湖北省人民政府新聞辦公室、湖北省新聞出版局(湖北省版權局)、湖北省電影局、湖北省精神文明建設指導委員會辦公室)), and (iii) Li Xingming (李興明) holds 19.99% interest.

### **Suqian Lingrui**

Suqian Lingrui is a limited partnership established under the partnership laws of the PRC. The general partner of Suqian Lingrui is Du Beili (杜貝利) holding 60% interest. The limited partner of Suqian Lingrui is Xu Qing (徐氫) holding 40% interest.



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the date of this prospectus and the Listing Date:

Shareholders	Number of Shares as of the Latest Practicable Date	Shareholding percentage as of the Latest Practicable Date	Number of Unlisted Shares upon completion of the Global Offering	Number of H Shares upon completion of the Global Offering	Shareholding percentage of total issued Shares upon completion of the Global Offering
Shareholding Platforms	54,034,125	23.61%	—	54,034,125	21.25%
Centurium Capital Entities	52,452,943	22.92%	—	52,452,943	20.62%
Hainan Shuxin Entities	17,194,091	7.51%	—	17,194,091	6.76%
Cedarlake Capital Entities	8,592,981	3.75%	—	8,592,981	3.38%
Focustar Entities	7,465,389	3.26%	—	7,465,389	2.94%
Jupiter Technology	7,166,801	3.13%	—	7,166,801	2.82%
Yuyao Bijiang	6,775,509	2.96%	—	6,775,509	2.66%
Beijing Zhongguancun	5,946,308	2.60%	—	5,946,308	2.34%
Shanghai Huiyue	5,425,000	2.37%	—	5,425,000	2.13%
Xicheng Zhiyuan Entities	5,305,556	2.32%	2,504,153	2,801,403	2.09%
Linke Zhixin	5,139,423	2.25%	2,055,769	3,083,654	2.02%
PVG	5,073,488	2.22%	—	5,073,488	1.99%
Shenzhen Dongsheng	3,830,000	1.67%	—	3,830,000	1.51%
Zhuhai Yueteng	3,418,543	1.49%	3,418,543	—	1.34%
Quzhou Intelligent Manufacturing	3,257,357	1.42%	—	3,257,357	1.28%
Shanghai Yunzhixin	3,076,689	1.34%	—	3,076,689	1.21%
Xiamen Hongshan	2,938,548	1.28%	—	2,938,548	1.16%
Shanghai Shengyong	2,903,483	1.27%	—	2,903,483	1.14%
Dingli Funds Entities	2,682,684	1.17%	—	2,682,684	1.05%
Bangsheng Entities	2,159,000	0.94%	—	2,159,000	0.85%
Yuanhe Entities	1,713,141	0.75%	—	1,713,141	0.67%
Hangzhou Yuanqiao	1,713,141	0.75%	—	1,713,141	0.67%
Xiangjiang Equity Investment	1,627,484	0.71%	—	1,627,484	0.64%
Sichuan Xingchuan Entities	1,221,509	0.53%	1,221,509	—	0.48%
Hainan Kunjun	1,191,716	0.52%	—	1,191,716	0.47%
Sichuan Dingxiang	1,116,724	0.49%	—	1,116,724	0.44%
Xinxing Fund Entities	1,116,724	0.49%	—	1,116,724	0.44%
Nanjing Lianchuang	1,027,884	0.45%	—	1,027,884	0.40%
Guangzhou Tianmu	974,169	0.43%	—	974,169	0.38%
Shanghai Kuanqing	963,415	0.42%	15,797	947,618	0.38%
Yancheng Yingwan	947,556	0.41%	—	947,556	0.37%
Gongqingcheng Baochuang	856,570	0.37%	—	856,570	0.34%
Hubei Lihe	814,339	0.36%	—	814,339	0.32%
Hainan Zhihua	814,339	0.36%	—	814,339	0.32%
Shanghai Dalinghao Bay Ceyuan	814,339	0.36%	—	814,339	0.32%
Zhiyuan Fund	814,339	0.36%	—	814,339	0.32%



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholders	Number of Shares as of the Latest Practicable Date	Shareholding percentage as of the Latest Practicable Date	Number of Unlisted Shares upon completion of the Global Offering	Number of H Shares upon completion of the Global Offering	Shareholding percentage of total issued Shares upon completion of the Global Offering
Nanjing Lanpu	781,766	0.34%	—	781,766	0.31%
Cuihu Tianshu	745,216	0.33%	—	745,216	0.29%
Nanjing Railway Investment	651,471	0.28%	—	651,471	0.26%
Hina Fund	611,052	0.27%	—	611,052	0.24%
Zhejiang Biyi	575,126	0.25%	—	575,126	0.23%
Paradigm Fund	513,942	0.22%	—	513,942	0.20%
Interplanetary	492,807	0.22%	—	492,807	0.19%
China Insurance Investment Fund	488,604	0.21%	—	488,604	0.19%
Shanghai Ruihe Entities	488,604	0.21%	—	488,604	0.19%
Sichuan Culture Industry Fund	407,170	0.18%	—	407,170	0.16%
Hunan Bofu	394,140	0.17%	—	394,140	0.15%
Suqian Lingrui	170,731	0.07%	—	170,731	0.07%
Other public Shareholders	—	—	—	25,431,800	10.00%
<b>Total</b>	<b><u>228,885,936</u></b>	<b><u>100.00%</u></b>	<b><u>9,215,771</u></b>	<b><u>245,101,965</u></b>	<b><u>100.00%</u></b>

### PUBLIC FLOAT

As of the Latest Practicable Date, the 9,215,771 Unlisted Shares held by our Shareholders (comprising (i) the 2,504,153 Unlisted Shares held by Xicheng Zhiyuan Entities, representing approximately 1.09% of our total issued Shares as of the Latest Practicable Date or approximately 0.98% of our total issued Shares upon completion of the Global Offering; (ii) the 2,055,769 Unlisted Shares held by Linke Zhixin, representing approximately 0.90% of our total issued Shares as of the Latest Practicable Date or approximately 0.81% of our total issued Shares upon completion of the Global Offering; (iii) the 3,418,543 Unlisted Shares held by Zhuhai Yueteng, representing approximately 1.49% of our total issued Shares as of the Latest Practicable Date or approximately 1.34% of our total issued Shares upon completion of the Global Offering; (iv) the 1,221,509 Unlisted Shares held by Sichuan Xingchuan Entities, representing approximately 0.53% of our total issued Shares as of the Latest Practicable Date or approximately 0.48% of our total issued Shares upon completion of the Global Offering; and (v) the 15,797 Unlisted Shares held by Shanghai Kuanqing, representing approximately 0.01% of our total issued Shares as of the Latest Practicable Date or approximately 0.01% of our total issued Shares upon completion of the Global Offering), representing in aggregate approximately 4.03% of our total issued Shares, or approximately 3.62% of our total issued Shares upon completion of the Global Offering, will not be considered as part of the public float for the purpose of Rule 19A.13A of the Listing Rules as these Shares are Unlisted Shares which will not be converted into H Shares and listed upon completion of the Global Offering.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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As of the Latest Practicable Date, the 106,487,068 Unlisted Shares held by the Shareholding Platforms and the Centurium Capital Entities, representing 46.52% of our total issued Shares, or approximately 41.87% of our total issued Shares upon completion of the Global Offering, will be converted into H Shares and listed upon completion of the Global Offering. As these Shareholders will hold in excess of 10% of the issued Shares and constitute core connected persons of our Company upon Listing, the H Shares held by them will not be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules after the Listing.

Pursuant to Rule 19A.13A of the Listing Rules, based on an Offer Price of HK\$144.60 per Offer Share, our expected market capitalization upon the Listing is HK\$36,774 million, and the minimum prescribed public float percentage applicable to our Shares is 12.24%.

Based on the above, it is expected that immediately following completion of the Global Offering, the total number of listed H Shares (including H Shares to be converted from Unlisted Shares) of our Company held by the public represents 54.50% of the total number of issued Shares of our Company. Therefore, our Company will be able to meet the minimum public float requirement under Rule 19A.13A of the Listing Rules.

### **FREE FLOAT**

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50 million; or (b) have an expected market value at the time of listing of not less than HK\$600 million.

Based on the Offer Price of HK\$144.6 per Share, the expected market value of the H Shares being held by the public and not subject to any disposal restrictions at the time of Listing under Rule 19A.13C of the Listing Rules would amount to approximately HK\$2,095.3 million. Hence, our Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules upon Listing.

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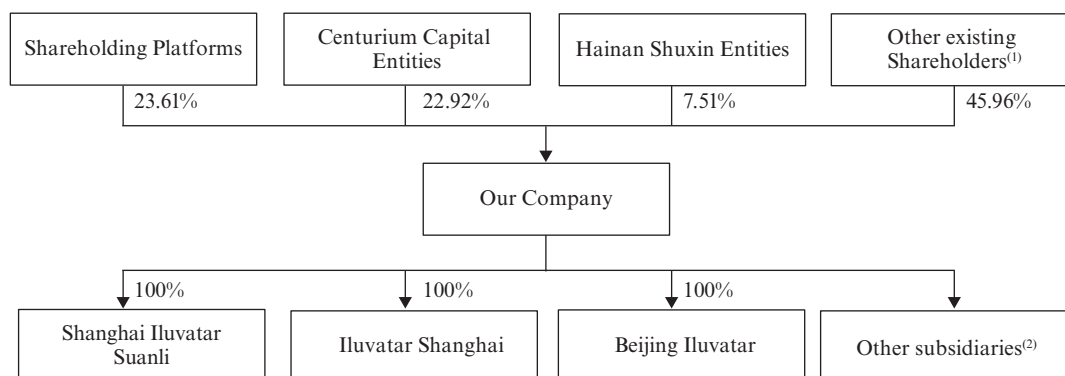
## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### CORPORATE STRUCTURE

#### Corporate Structure Immediately Before the Global Offering

The following chart sets forth our simplified corporate structure immediately prior to the completion of the Global Offering (assuming no changes are made to our issued share capital between the Latest Practicable Date and the date of the Global Offering):

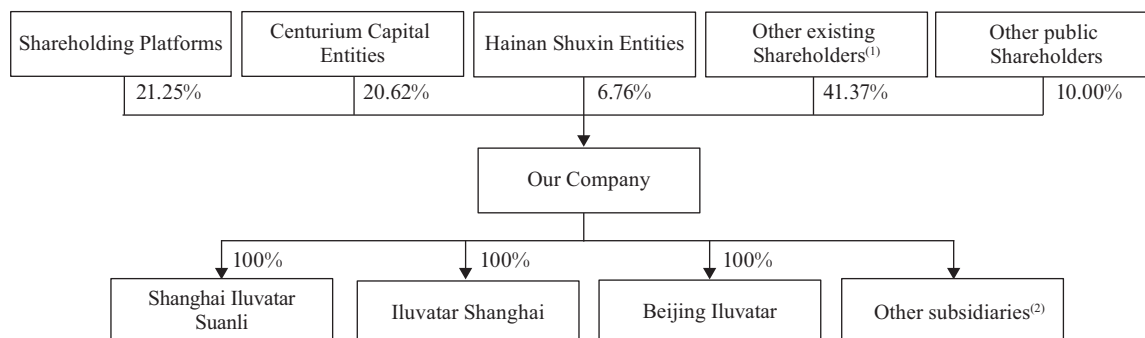


*Notes:*

- (1) None of these existing Shareholders holds more than 5% shareholding in our Company. See “— Capitalization of our Company” for interest of our other existing Shareholders in our Company and “— Pre-IPO Investments — Information on the Pre-IPO Investors” for the background of the Pre-IPO Investors.
- (2) Other subsidiaries of our Group are limited liabilities companies established in the PRC, the business of which did not make a material contribution to our results of operations during the Track Record Period.

#### Corporate Structure Immediately After the Global Offering

The following chart sets forth our simplified corporate structure immediately after the completion of the Global Offering (assuming that no changes are made to our issued share capital between the Latest Practicable Date and the date of the Global Offering):



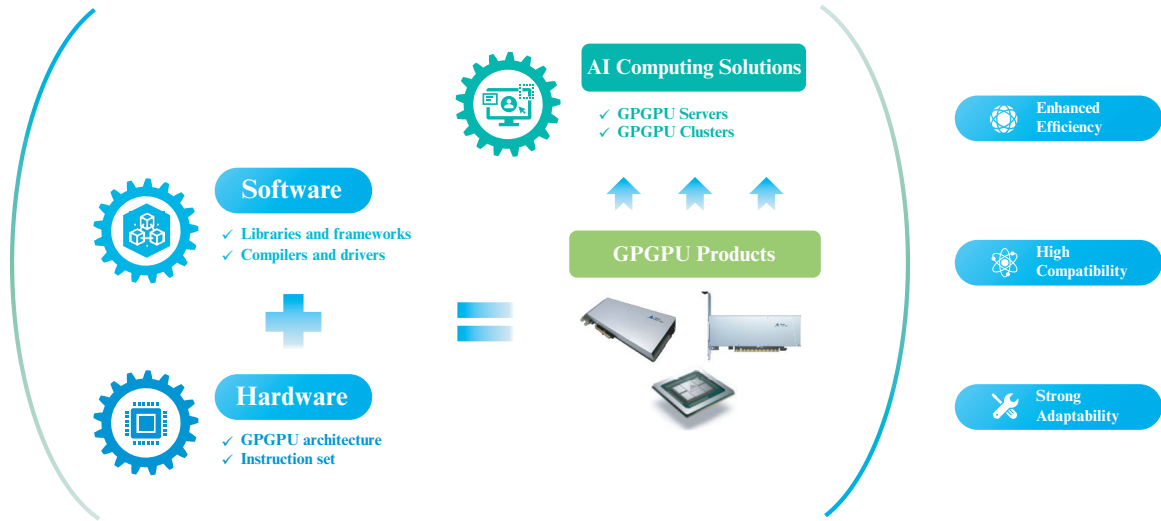
*Notes:* See “— Corporate Structure — Corporate Structure Immediately Before the Global Offering”.

**OVERVIEW**

We offer GPGPU products and AI computing solutions across diverse industries. Our product portfolio primarily includes GPGPU chips and accelerators, as well as customized AI computing solutions, including GPGPU servers and clusters, that combine our hardware with proprietary software stack to address specific customer needs in training and inference scenarios.

In recent years, the advancement of AI — particularly the emergence of large language models — has driven significant growth in demand for computing power. As AI technologies continue to evolve, their transformative impact is increasingly extending across a wide range of industries, including essential sectors such as financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications. Against this backdrop, GPGPU products and solutions have become widely adopted as the key infrastructure for empowering large language models and enabling sophisticated AI applications, due to their parallel processing capabilities and adaptability to diverse computational workloads. To further unlock the value of GPGPUs, leading industry players have developed comprehensive software systems and programming frameworks, which have evolved into a unified, industry-standard ecosystem for AI development and are now broadly embraced by developers worldwide.

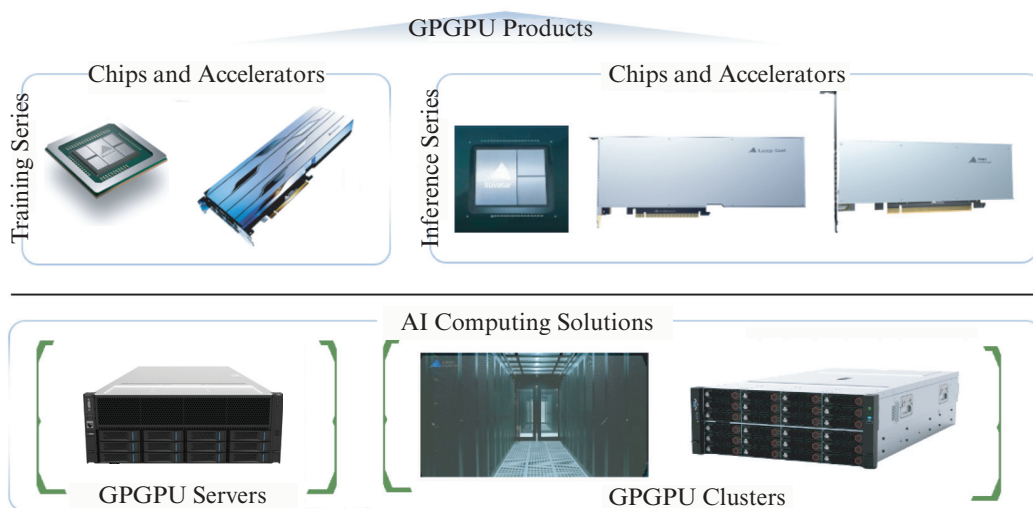
In response to the increasing demand for GPGPU driven by the AI technology development, we have strategically positioned ourselves through our core philosophy of software-hardware co-design. Our hardware architecture allows for straightforward integration of individual chips and clustered systems, while our high-speed multi-GPGPU technology enables scaling from single-node to large-scale deployments. Our comprehensive software stack, including compilers, drivers, libraries and frameworks, provides compatibility with mainstream GPGPU programming ecosystems and platforms, enabling easy deployment with minimal code redevelopment or modification. Through three generations of GPGPU architectural iterations and progressive software stack enhancement, we have demonstrated continuous improvements in computing performance, broad compatibility with efficient integration, and adaptability across diverse application scenarios.



### Strong Research and Development Capabilities Supporting Product Leadership

We specialize in the research, design, and deployment of advanced GPGPU products and AI computing solutions across diverse industries. Our core R&D personnel possess invaluable experience from major global semiconductor companies, with key department leaders bringing over 20 years of industry experience. As of June 30, 2025, our R&D team comprised over 480 professionals, more than one-third of whom have spent over ten years in chip design and software development. Our robust R&D team provides a solid foundation for the continuous iteration and upgrade of our products. To date, our GPGPU products have undergone three generations of GPGPU architectural iterations.

### Our Products and Solutions



Our portfolio of GPGPU products include chips and accelerators for both training and inference scenarios. Leveraging our proprietary GPGPU products, we also offer AI computing solutions in the form of GPGPU servers and GPGPU clusters. Our products and solutions deliver the following key advantages:

- **Enhanced Efficiency: Optimized Performance through Innovative Design.** Our GPGPU products and solutions are designed with a focus on performance optimization and cost efficiency. Leveraging our iterative modular architecture and innovative design, we deliver balanced products and solutions that meet complex computing demands while minimizing efficiency losses. This enables us to deliver optimal computing value for our customers' intensive processing requirements.
- **High Compatibility: Straightforward Integration with Existing Environments.** Our products and solutions are wide-ranging for broad compatibility through hardware-software integration. By optimizing both our architecture and software stack, our GPGPU accelerators are fully compatible with global mainstream GPGPU programming ecosystems and platforms. This allows customers to adopt our products with minimal redevelopment and modification over existing code base with near-zero migration cost, enabling rapid deployment and straightforward integration into a variety of AI environments. Our open technology approach ensures straightforward integration across diverse technical infrastructures.
- **Strong Adaptability: Versatile Deployment Across Evolving AI Needs.** Our products and solutions are designed multi-level adaptability by supporting diverse AI workloads from computer vision and speech recognition to large language models and generative AI. Our GPGPU architecture, built on a widely compatible instruction set and modular software stack, enables effective deployment in both homogeneous and heterogeneous computing environments. Customers can quickly integrate new algorithms and AI applications as they emerge, typically requiring only software updates rather than hardware changes. This architectural flexibility ensures our products and solutions remain capable of providing sustained computing support across diverse AI applications and scaling requirements.

### ***GPGPU Products***

The evolution of AI computing has created distinct demands in two scenarios: training and inference. Training requires intensive computational power for model development and optimization, while inference focuses on efficient model deployment and execution under real-world constraints. As AI applications grow in complexity, both domains face unprecedented demands — from processing massive datasets to enabling real-time responses in deployed systems.



Our GPGPU products address these complementary computing needs through two specialized product lines. The TG series, our flagship training-focused line and the first domestically mass-produced GPGPU product in China, is specifically engineered for AI model training with advanced compute cores and optimized multi-GPGPU architecture. Complementing this, our ZK series, the first domestic GPGPU product designed specifically for inference, specializes in inference applications, featuring enhanced integer computing units and efficient data paths optimized for deployment scenarios. Together, these product lines provide comprehensive coverage of the AI computing spectrum, supporting everything from complex model development to efficient production deployment.

Built on our innovative architecture that emphasizes modular design, mainstream ecosystem compatibility, and long-term adaptability, our products and solutions deliver exceptional performance while maximizing efficiency across diverse computing scenarios. As of June 30, 2025, we had shipped over 52,000 units of GPGPU products to more than 290 customers in various sectors. Our products and solutions have enabled over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications.

### ***AI Computing Solutions***

Our AI computing solutions harness the scalability of our GPGPU products and the combined computational power of our processors, to integrate multiple GPGPU accelerators to enable computing for demanding AI workloads and large-scale model deployments. These solutions are designed to be compatible with industry-standard hardware and software architectures, working in tandem with a wide range of server, storage, network switch, operating system, and application software vendors. This compatibility has been validated through extensive certifications, allowing us to meet diverse customer implementation needs.

We deliver these solutions in two formats: (i) Purpose-built GPGPU servers that combine multiple GPGPU accelerators with an integrated software stack, delivering pre-configured computing solutions typically used for enterprise AI workloads and large language model deployments; and (ii) Scalable GPGPU clusters that integrate our GPGPU products and software stack with third-party servers, storage, and/or networking infrastructure to support flexible model deployment and expanding computational demands.

### **Market Opportunities**

The AI technology revolution has triggered unprecedented demand for computing power, driving robust growth in advanced AI chips globally. In China, the rapid emergence of large language models is dramatically expanding demand for AI computing infrastructure. According to Frost & Sullivan, China's AI chip shipments are projected to grow from approximately 2.5 million units in 2024 to 11.4 million units by 2029, representing a CAGR of 32.1%.

The GPGPU market represents a key segment within the AI chip industry. Characterized by their parallel computing power, compatibility and adaptability, GPGPU products are increasingly being adopted in a wide variety of AI applications. According to Frost & Sullivan, the GPGPU market in China expanded rapidly, with shipments reaching 1.6 million units in 2024, representing a CAGR of 72.8% from 2022 to 2024. The market is expected to maintain strong growth, with shipments projected to grow at a CAGR of 33.0% from 2025 to 2029. As Chinese GPGPU companies' shipments grow faster than their international competitors, domestic market share continues to rise. The share of domestic GPGPU products increased from 8.3% in 2022 to 17.4% in 2024, and is projected to exceed 50% by 2029. As a widely recognized domestic GPGPU company, we are well positioned to capture such expanding market opportunity and propel China's GPGPU industry beyond import substitution toward domestic innovation leadership.

We offer GPGPU products and AI computing solutions across diverse industries. We prioritize fast-growing AI sectors while targeting industries with strong domestic alternative demand, establishing benchmark deployments that demonstrate our capabilities. Through collaborations with universities, research institutes, and industry leaders, we develop scenario-specific solutions and ensure broad platform compatibility. This dual focus on continuous technological advancement and ecosystem development positions us to capture the expanding GPGPU market opportunity.

### **Business Performance**

Our revenue has shown a significant upward trend during the Track Record Period, reaching RMB189.4 million, RMB289.0 million and RMB539.5 million in 2022, 2023 and 2024, respectively, representing a CAGR of 68.8%. Furthermore, our revenue increased by 64.2% from RMB197.4 million in the six months ended June 30, 2024 to RMB324.3 million in the six months ended June 30, 2025. This growth is driven by our consistent product and solution iteration, mature commercialization capabilities and continuously expanding high-quality customer base. Our total number of customers increased from 22 in 2022, to 65 in 2023 and further to 181 in 2024 and from 81 in the six months ended June 30, 2024 to 106 in the six months ended June 30, 2025. As of June 30, 2025, we had served over 290 customers in various sectors. Our products and solutions have enabled over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications. Our GPGPU products shipment volume increased from 7.8 thousand units in 2022 to 12.7 thousand units in 2023 and further to 16.8 thousand units in 2024 and from 4.8 thousand units in the six months ended June 30, 2024 to 15.7 thousand units in the six months ended June 30, 2025.

### **OUR COMPETITIVE STRENGTHS**

#### **Steering China's GPGPU Innovation, Building Core Technology Advantages**

Among China's chip designers, we are the first to achieve mass production of inference GPGPU chips, to mass produce training GPGPU chips, and to accomplish these milestones using advanced 7nm process technology, according to Frost & Sullivan. Through sustained advancement, we have successfully completed multiple generations of GPGPU architecture

iteration, driving continuous advancement in both hardware design and software performance optimization. Our proprietary instruction set architecture, specifically enhanced for AI computing applications, forms the foundation of our technology platform.

Our commitment to independent innovation over the years has enabled us to accumulate a comprehensive portfolio of core intellectual property. This spans critical components including computing units, cache systems, data transmission architectures, compilers, performance-optimized libraries, and system connection protocols. Our proprietary instruction set architecture is specifically enhanced for AI computing applications, forming the foundation of our technology platform. Through close collaboration with customers, many of whom are major players in their respective industries, we continuously evolve our architecture to meet emerging application requirements while ensuring high compatibility with their existing infrastructure and applications.

Leveraging our robust IP portfolio and proprietary GPGPU architecture, we have developed a comprehensive GPGPU product line that delivers optimized computational efficiency through advanced design, ensures broad compatibility across global mainstream GPGPU programming ecosystems and platforms, and demonstrates strong adaptability to diverse computing requirements. These products maintain robust performance characteristics across standalone units and scaled deployments, enabled by our proprietary communication protocols and innovative system architecture. Building upon this foundation, we offer sophisticated AI computing solutions that can be precisely configured to address specific deployment scenarios and customer requirements. Our products and solutions have enabled over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications.

### **R&D Excellence Driving Continuous Technology and Product Innovation**

Our R&D excellence is built on an integrated hardware-software framework that has been core to our operations since our first chip development. This closed-loop approach ensures effective collaboration between hardware and software teams, driving continuous improvements in product performance and user experience. Through our “three-generation” development philosophy — one generation in mass production, one in design, and one in pre-research — we maintain a robust pipeline of both technological and product advancements.

Our R&D capabilities are powered by an exceptional R&D team of over 480 professionals as of June 30, 2025. Our core R&D personnel possess invaluable experience from major global semiconductor companies, with key leaders bringing over 20 years of industry experience. More than one-third of our R&D staff have over a decade of experience in chip design and GPGPU software development. This deep expertise drives our ability to deliver advanced GPGPU products with optimized efficiency through innovative architecture design, ensure wide-ranging compatibility through hardware-software integration, and enable strong adaptability across diverse AI workloads.

Since our TG Gen 1 launch in March 2021, we have successfully brought three generations of architecture to mass production, each marking significant advancements in our core product capabilities. Each iteration has driven substantial improvements in computational efficiency through enhanced architecture design, expanded compatibility through broader framework support, and strengthened adaptability through more flexible deployment options. This continuous evolution of our product portfolio has enabled us to ship over 52,000 units of GPGPU products to more than 290 customers in various sectors as of June 30, 2025. Our products and solutions have enabled over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications.

### **Optimized Performance and Enhanced Efficiency Delivering Optimal Cost-Performance Solutions**

Our market leadership is built on a foundation of optimized performance and cost-efficiency, achieved through strategic design principles that optimize both technical capabilities and customer value. This commitment manifests across our entire product portfolio, from individual units to large-scale cluster deployments, delivering measurable advantages in key performance metrics. The combination of optimized efficiency, high compatibility, and strong adaptability positions us uniquely in the market to deliver optimal cost-performance solutions that meet evolving customer needs.

At the core of our technical capabilities is high product operational efficiency. Our single-card implementations deliver competitive performance in large language models with around 70 billion parameters, positioning us among industry leaders. In cluster deployments, our solutions demonstrate robust scalability, significantly accelerating performance while maintaining consistent uptime. This performance extends across both homogeneous and heterogeneous training configurations, with accuracy variations contained within 0.6%.

We have established a significant technological milestone as China's first company to achieve full compatibility with global mainstream GPGPU programming ecosystems and platforms through our proprietary software stack, according to Frost & Sullivan. This comprehensive solution supports leading AI frameworks enabling efficient integration across diverse AI applications. Our foundational software stack design, refined through extensive developer feedback, provides a robust development environment that eliminates the traditional trade-off between compatibility and performance.

Our “deploy once, adapt continuously” approach further enhances solution efficiency through strong adaptation capabilities. We achieve same-day implementation for mature applications, one-week turnaround for iterative versions, and two-week deployment for complex new models. This rapid adaptation is supported by monthly beta releases that maintain pace with open-source developments, ensuring immediate access to emerging AI capabilities while maintaining operational stability. The combination of rapid deployment, efficient adaptation, and continuous optimization delivers compelling cost advantages while maximizing solution performance across diverse application scenarios.

**Strong Commercialization Capabilities with a Wide Network of Ecosystem Partners and Customers**

Our commercial success is built on a comprehensive ecosystem strategy and proven market execution capabilities, which have been systematically developed since our first customer deployments in 2021. This foundation combines technological leadership with strategic partnership networks, enabling broad market penetration while ensuring efficient integration across the computing technology stack.

Our market expansion follows a methodical approach, validated by consistent growth in customer adoption and deployment scale. As of June 30, 2025, we had shipped over 52,000 units of GPGPU products to more than 290 customers in various sectors. Our products and solutions have enabled over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications.

At the foundation of our commercial capabilities lies our comprehensive ecosystem compatibility strategy. Through strategic collaborations across the technology stack, we have established robust integration pathways with key industry players. This includes partnerships with CPU manufacturers spanning x86, ARM, and RISC-V architectures; server vendors supporting OAM, PCIe, and high-density integrated systems; and major operating system and cloud service providers. These relationships enable us to deliver quality products and computing solutions characterized by efficient integration, rapid deployment, and comprehensive support across all application scenarios.

Our commercial achievements reflect the strength of our ecosystem strategy and market execution capabilities. The breadth of our deployments across diverse sectors, coupled with the depth of our technology partnerships, demonstrates our ability to deliver comprehensive computing solutions while maintaining the highest standards of technical integration and support.

**Visionary Leadership with Global Experience and Deep Technical Expertise**

The foundation of our competitive advantage lies in our exceptional leadership team, which combines Fortune Global 500 executive experience with strategic vision. Mr. Gai Lujiang, our chief executive officer, draws on nearly two decades of experience at various first-tier global professional service companies to drive international standards of governance and strategic growth. Mr. Liu Zheng, our chief operating officer, brings extensive leadership experience from one of China's largest state-owned telecommunications groups, where he was deeply involved in major infrastructure development and digital transformation initiatives across Asian markets.

Our R&D leadership consists of experts from world-leading technology companies. Mr. Sun Yile, our vice president, has more than 20 years of chip development experience, including deep expertise in GPGPU architecture development from global technology leader AMD. Together, this blend of business acumen and technical expertise drives both operational excellence and strategic growth, strengthening our market leadership and driving China's next generation of computing innovation.

## **OUR STRATEGIES**

### **Sustained R&D Investment to Build Higher Technical Barriers**

We are committed to comprehensive coverage across cloud, edge, and on-device application scenarios through sustained R&D investment. Our systematic approach combines technical innovation with strategic partnerships to create an open and sustainable technology platform that accelerates application deployment and continuous innovation. Our focus spans continuous optimization of single-chip efficiency, enhanced operation of large-scale clusters, and systematic reduction of operational losses to drive the large-scale adoption of our solutions.

We strengthen our technical barriers through strategic software development, implementing modular full-stack restructuring to accelerate independent iteration of key components. By introducing support for emerging computing paradigms and expanding our AI model ecosystem, we deliver efficient acceleration solutions from lightweight to large language models, enabling rapid alignment with customer needs through flexible technology integration. For more details regarding our R&D plan on our proprietary software stack, see “— Research and Development — Software Stack Enhancement and Ecosystem Development.”

We will also continue to build comprehensive ecosystem partnerships through targeted collaboration with universities, research institutes, and industry partners. Through joint R&D initiatives with leading enterprises, we develop scenario-based solutions and drive cross-platform compatibility certification. Our active engagement with the global open-source community promotes two-way code compatibility and integration with global mainstream GPGPU programming ecosystems and platforms, while our developer community programs foster technical exchange and sustainable technology empowerment.

### **Continuous Improvement in Product Efficiency, Compatibility and Adaptability**

Our modular and scalable architectural approach forms the foundation of our advancement strategy, enabling systematic innovation across our entire technology stack. Through this architectural framework, we can continuously iterate and enhance our core capabilities while maintaining the flexibility to address emerging market opportunities.

Building on this foundation, we focus on advancing computational efficiency through iterative chip design improvements, expanding ecosystem compatibility through flexible software integration, and strengthening deployment adaptability across diverse computing environments. This architecturally-driven approach enables us to optimize solutions for large-scale cloud training clusters, specialized edge computing applications, and emerging on-device AI requirements, while maintaining consistent performance and efficiency. Through continuous innovation guided by our architectural principles, we aim to further strengthen our market leadership while capturing new opportunities in the rapidly evolving AI computing landscape.



**Multi-Dimensional Enhancement of Customer Service to Expand Penetration and Industry Coverage**

Customer success and market penetration are fundamental drivers of our sustainable growth. Through systematic enhancement of our service capabilities and strategic industry expansion, we build lasting partnerships that create value across diverse sectors.

We systematically deepen engagement with existing customers through comprehensive post-deployment support and regular feedback collection. Working closely with ecosystem partners, we develop targeted solutions that drive scenario adoption and increase service penetration, supporting our customers' progression from pilot procurement to large-scale deployment.

We will continue to deepen our industry penetration by focusing on essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications. We will also continuously seek to expand our coverage into fast-iterating adjacent sectors, especially those with strong demand for domestic alternatives. Our multi-dimensional customer management approach enables both vertical depth and horizontal replication across industry, strategic, and commercial segments.

We also seek to strengthen our market position through strategic partnerships with industry leaders, establishing benchmark deployments that demonstrate our capabilities. We integrate our R&D, delivery, and market operation capabilities to provide comprehensive lifecycle support for top-tier customers, while leveraging these successful deployments to develop diversified customer acquisition channels.

**Attracting Top R&D Talent and Building a Robust Talent Pipeline**

Talent is our most valuable asset. We are committed to enhancing our attractiveness to top professionals through institutional innovation, company operations, compensation, and team building, striving to create a platform that maximizes the potential of outstanding talent.

We actively recruit top talent in R&D and across industries to strengthen our capabilities in technology development, algorithm innovation, chip and system architecture design, and scenario optimization. We focus both on attracting world-class talent to maintain our leadership in technology and management and on cultivating internal talent to ensure a robust talent pipeline. At the same time, we provide ongoing incentive programs for outstanding teams, ensuring a competitive and attractive platform to support our strategic goals.

## **OUR PRODUCTS AND SOLUTIONS**

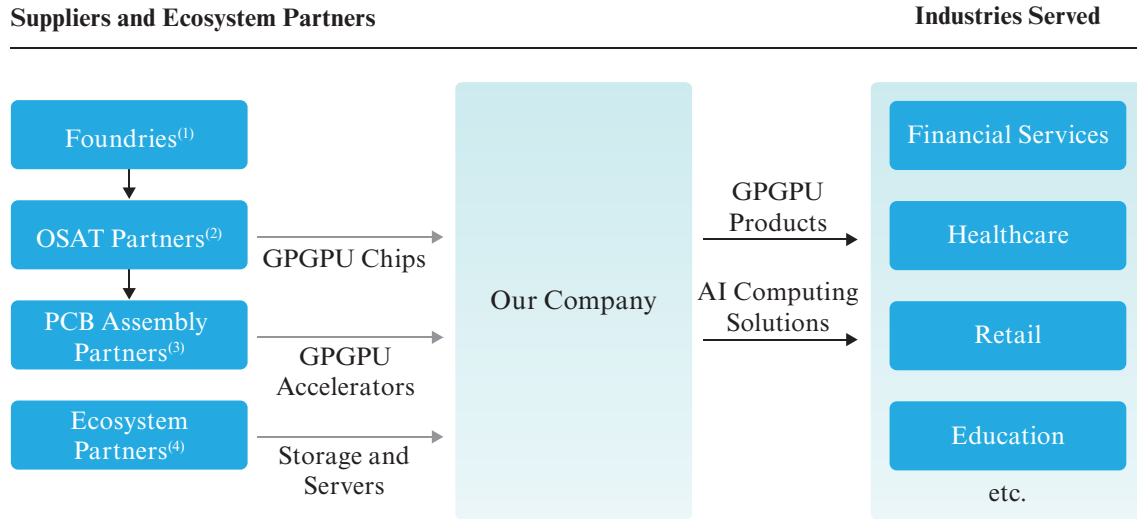
### **Overview**

We specialize in the research, design, and deployment of advanced GPGPU products and AI computing solutions. Our AI computing acceleration technology leverages GPGPU architecture for parallel computational tasks, making them ideal for AI computing scenarios in the AI era. We offer various GPGPU chips and accelerators, along with our proprietary and full-stack software development kits including driver compiler, performance-optimized libraries, AI training frameworks and inference engines, enabling powerful AI applications across training and inference scenarios. Leveraging our advanced technology and industry expertise, we provide enterprises across various sectors with AI computing solutions. Our AI computing solutions harness the scalability and the combined computational power of our GPGPU products, enabling computing for demanding AI workloads and large-scale model deployments. We have adopted flexible commercialization models primarily comprising product sales and solutions deployment.

Under our product business, we primarily develop and sell GPGPU accelerators. These accelerators integrate our GPGPU chips with memory modules, PCB, and other critical components, forming complete computing accelerators that are ready for direct application in the end computing systems. We also offer discrete GPGPU chips to other GPGPU accelerator manufacturers. Operating as a fabless semiconductor company, we focus on the research, design and sales of our GPGPU products while partnering with leading foundries and packaging companies for manufacturing. This fabless business model allows us to concentrate on our core competencies in design and development while leveraging the expertise of specialized manufacturing partners throughout the production chain.

For our solutions business, we deliver comprehensive AI computing solutions that harness the scalability of our GPGPU products and the combined computational power of our processors, to integrate multiple GPGPU accelerators to enable computing for demanding AI workloads and large-scale model deployments. Our service capabilities range from initial architecture design and hardware integration to software optimization and post-deployment support, supported by specialist teams. Leveraging these capabilities, we can collaborate with customers to design and implement customized deployments that align with their computational needs and business objectives. We deliver our AI computing solutions in two formats: GPGPU servers, which are purpose-built AI systems with multiple GPGPU accelerators and integrated software, and GPGPU clusters, which extend beyond single systems by combining our GPGPU products with third-party servers, storage, and/or networking infrastructure.

The following diagram illustrates our collaboration with our suppliers and ecosystem partners to enable the provision of our products and solutions:



*Notes:*

- (1) Chip manufacturing: We engage leading foundries to manufacture our GPGPU chips.
- (2) Chip packaging and testing: Our OSAT partners handle the critical steps of chip packaging and testing, including the manufacturing of our substrate designs and integrating them with chips and memory components.
- (3) Board design: PCB assembly partners manages the board assembly process, where they manufacture our designed circuit boards and integrate GPGPU chips with electronic and structural components to create server-ready accelerators.
- (4) System integration: Our ecosystem partners integrate our accelerators with CPU servers and storage solutions to deliver complete computing systems.

We employ a systematic approach to GPGPU development that centers on hardware-software co-design, ensuring our products deliver both performance and practicality. Through this approach, we systematically analyze workload requirements and performance bottlenecks to deliver GPGPUs with fully optimized hardware and software capabilities. We provide comprehensive software tools including specialized function libraries and development utilities, continuously enhanced to address emerging AI workload requirements. This hardware-software coordinated development approach ensures our products deliver optimized performance while providing the flexibility and compatibility needed for complex AI deployments.

## **Our GPGPU Products**

The evolution of AI computing demands has gradually diverged into two different computational scenarios with distinct emphasis: training and inference. The former requires intensive computational power to ensure model flexibility while maximizing performance; the latter emphasizes efficient model deployment and execution, delivering optimal performance under broader constraints (such as power consumption) to ensure commercial value. The increasing complexity of AI applications continues to drive unprecedented demands in both domains — from processing massive datasets for model optimization to enabling real-time responses in deployed systems. Our GPGPU product portfolio, through our TG and ZK series, addresses these complementary computing needs.

Our GPGPU architecture reflects years of technological innovation and iterative advancements, delivering three key advantages. Our modular design enables exceptional performance while maximizing efficiency across diverse computing scenarios. In addition, the architecture is designed for efficient compatibility with global mainstream GPGPU programming ecosystems and platforms. Our unified architecture approach ensures long-term adaptability, supporting evolving AI models and future-proof investments without requiring frequent hardware replacement.

Building on these architectural advantages, we have successfully commercialized multiple generations of our GPGPU product lines, including three generations of our training-focused TG series and two generations of our inference-focused ZK series. Each iteration advances our core capabilities in performance, ecosystem compatibility, and adaptability, while maintaining our foundational emphasis on modular design and architectural efficiency. Our GPGPU products shipment volume increased from 7.8 thousand units in 2022 to 12.7 thousand units in 2023 and further to 16.8 thousand units in 2024 and from 4.8 thousand units in the six months ended June 30, 2024 to 15.7 thousand units in the six months ended June 30, 2025. As of June 30, 2025, we had shipped over 52,000 units of GPGPU products to more than 290 customers in various sectors. Our products and solutions have enabled over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications.

### ***TG Series***

The TG series, our flagship training-focused product line, has demonstrated significant advancement since its inception. TG Gen 1, launched in March 2021, marked a significant milestone as China's first domestically mass-produced GPGPU product to achieve mass production. This series is specifically designed to meet AI model training demands, featuring performance-optimized compute cores, memory components, and optimized architecture to support multi-GPGPU systems, delivering exceptional efficiency for large-scale model training workloads. The architecture prioritizes training-specific requirements such as sustained computing throughput and robust data processing capabilities, delivering powerful performance for complex AI training workloads. Our TG series products have been successfully deployed in AI computing environments, with widespread adoption across AI research institutions, cloud computing centers, foundational model developers, research laboratories, and enterprises requiring substantial computing power for AI model training and fine-tuning.

The key advantages of our TG series products include:

- **Optimized Performance for Large-scale AI Training:** Delivers advanced computing capabilities optimized for AI model training, with each generation marking significant performance improvements in complex AI workloads.
- **Advanced Multi-GPGPU Scaling Architecture:** Built with optimized multi-GPGPU architecture and peer-to-peer communication capabilities, enabling efficient large-scale cluster operations and multi-GPGPU parallel collaboration.
- **Comprehensive Framework Compatibility:** Supports mainstream industry deep learning frameworks, model acceleration operators and large-scale cluster scheduling, facilitating efficient integration into existing AI development workflows.

We have successfully achieved mass production and sales of two products in the TG series, TG Gen 1 and TG Gen 2, and launched a third product, TG Gen 3. The shipment volume of our training series decreased from 7.7 thousand units in 2022 to 7.0 thousand units in 2023, and remained stable at 7.0 thousand units in 2024, and increased from 2.9 thousand units in the six months ended June 30, 2024 to 6.2 thousand units in the six months ended June 30, 2025. The average sales price of our training series, calculated by dividing our revenue from training series in a given period by the number of training GPGPU products sold in the period, increased from RMB24.4 thousand in 2022 to RMB31.8 thousand in 2023 and further to RMB38.6 thousand in 2024, and decreased from RMB39.5 thousand in the six months ended June 30, 2024 to RMB30.4 thousand in the six months ended June 30, 2025.

### *TG Gen 1*

We launched TG Gen 1 in March 2021 and achieved mass production in September 2021. As the first mass-produced domestic GPGPU product in China, TG Gen 1 marked a notable advancement in the AI training market, establishing our first-mover advantage in this sector. Manufactured using 7nm process technology, it delivers optimized performance in a smaller package.

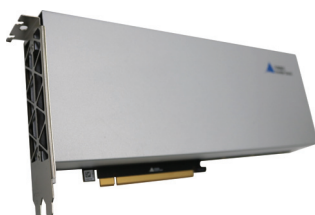
TG Gen 1 supports a comprehensive general-purpose instruction set with mixed-precision capabilities and both vector and tensor computing, allowing it to efficiently switch between different levels of calculation precision and process multiple data types simultaneously. Its peer-to-peer communication enables multiple chips to work together directly for expanded computing power. At the time of its mass production, TG Gen 1 achieved top-tier domestic performance in processing the prevalent AI workloads of that time, such as ResNet-50 and YOLO.



### *TG Gen 2*

We launched TG Gen 2 in September 2023 and achieved mass production in the fourth quarter of 2023. This next-generation design delivers notably improved AI performance, marking a significant improvement in computing metrics compared to its predecessor.

TG Gen 2 features expanded-capacity high-speed memory and operates at 350W TDP. With enhanced integer performance and architecture efficiency, it delivers improved application performance compared to the prior generation. TG Gen 2 broadly supports mainstream industry deep learning frameworks, model acceleration operators, and large-scale cluster scheduling. It has been deployed for mainstream large language model training and general-purpose computing applications both domestically and internationally.



### *TG Gen 3*

We launched TG Gen 3 in the third quarter of 2024. This latest generation delivers further enhanced computing performance, with significant advancements in large-scale cluster efficiency and connectivity. We anticipate to commence mass production of TG Gen 3 in the first quarter of 2026. However, our ability to meet this timeline is subject to various uncertainties and risks relating to product development and commercialization. For details, see “Risk Factors — Risks Relating to our Business and Industry — If we are unable to successfully develop, commercialize and mass produce new or improved products in a timely manner, our business, results of operations, financial condition and competitive position would be materially and adversely affected.”

TG Gen 3 supports advanced precision requirements for large AI model computing, features increased memory capacity, and implements the latest international standard interfaces including PCIe Gen5. The chip significantly improves peer-to-peer communication bandwidth and supports a multi-card architecture.

Our deeply optimized hardware architecture and software stack integration deliver enhanced parallel communication and notably improved energy efficiency. The platform further improves the linear acceleration ratio of large-scale clusters, enabling more efficient operation of multi-adapter configurations.



### *Next Generation TG Products*

Development of the next-generation TG series is currently underway, with future products designed to enhance performance capabilities, particularly for large-scale AI training applications.

### ***ZK Series***

The ZK series is our specialized product line designed for cloud and edge inference applications. Launched in December 2022, it marked China's first GPGPU specifically designed for inference tasks. The series features crucial optimizations for efficient inference, including enhanced integer computing units and optimized data paths. It achieves optimized end-user application performance through quantization technology and supports comprehensive connection over cost-effective PCIe standard, enabling cost-effective cluster inference processing. The architecture prioritizes inference-specific requirements such as low latency, high throughput, and optimal power efficiency, delivering excellent performance-to-cost ratio for large language model inference tasks. Our ZK series products have been successfully deployed across diverse computing environments, with proven performance in enterprise AI deployments, production-scale serving of large language models, real-time video processing and analysis, medical imaging analysis, and various scenarios requiring efficient and stable inference capabilities.

The key advantages of our ZK series products include:

- **Optimized Edge and Cloud Inference Performance:** Purpose-built architecture featuring enhanced integer computing units and optimized data paths, delivering optimized performance-per-watt across diverse deployment scenarios.
- **Advanced Quantization Support for Fast Deployment:** Comprehensive support for leading quantization algorithms including GPTQ, AWQ, and SmoothQuant, enabling efficient large language model deployment through sophisticated mixed precision optimization.
- **Comprehensive Video Processing Capabilities:** Integrated solution supporting multi-channel FHD decoding and comprehensive image codec support, optimized for video and image analysis applications.

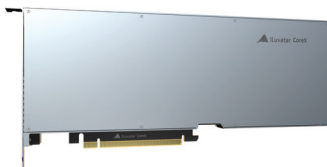
During the Track Record Period, we achieved mass production and sales of two products in the ZK series, ZK Gen 1 and ZK Gen 1X. The shipment volume of our inference series increased significantly from 38 units in 2022 to 5.7 thousand units in 2023 and further to 9.8 thousand units in 2024, and increased from 1.9 thousand units in the six months ended June 30, 2024 to 9.5 thousand units in the six months ended June 30, 2025. The average sales price of our inference series, calculated by dividing our revenue from inference series in a given period by the number of inference GPGPU products sold in the period, decreased from RMB11.4 thousand in 2022 to RMB8.0 thousand in 2023, and increased to RMB10.2 thousand in 2024, and the average sales price of our inference series decreased from RMB11.4 thousand in the six months ended June 30, 2024 to RMB9.2 thousand in the six months ended June 30, 2025.

### *ZK Gen 1*

We launched ZK Gen 1 in December 2022 and achieved mass production in February 2023. As the first domestic GPGPU product in China focused on AI inference applications, our ZK Gen 1 delivers optimized efficiency for edge computing and standalone work stations, supporting high-power applications (generally where power consumption > 150W) such as AI inference on single or multiple servers, visual recognition in commercial retail environments, document recognition, and other offline scenarios with low latency requirements.

The ZK Gen 1 achieves its optimized performance through advanced hardware specifications, delivering advanced both floating point and integer computing power. The chip features large-capacity high-speed memory and operates with a 150W TDP design. Our PCIe-based proprietary peer-to-peer protocol provides 64GB/s bi-directional bandwidth.

The ZK Gen 1's software stack features comprehensive inference optimizations, with broad support for mainstream quantization algorithms including GPTQ, AWQ, and SmoothQuant, as well as inference engines such as vLLM and TGI. In video processing, the ZK Gen 1 supports 128-channel FHD decoding with comprehensive image codec support, making it ideal for edge AI scenarios involving video and image analysis. This enables full support for not only large language models, but also practical business solutions like OCR document processing and workflow optimization.



### *ZK Gen 1X*

We launched ZK Gen 1X in December 2022 and achieved mass production in February 2023. As a specialized edge and client-edge inference solution, ZK Gen 1X complements our ZK series by targeting low-power AI applications (generally where power consumption < 75W), while maintaining full compatibility with its higher-powered counterpart. It is suited for low-power applications such as embedded AI in compact industrial computers, real-time video and speech processing with local data privacy requirements in vending machines, mobile devices, and other edge-side embedded systems.

The ZK Gen 1X is engineered for optimal edge and client-edge computing efficiency, featuring a high-efficiency 75W TDP design and high-speed memory. It retains ZK Gen 1's advanced PCIe foundation and comprehensive video processing features, achieving optimized performance-per-watt for edge scenarios. ZK Gen 1X integrates the complete AI workflow, streamlining the process from video decoding to AI inference and result storage, enabling more efficient deployment and faster application launch in edge and client-edge computing environments.



### *Next Generation ZK Products*

The next generation of ZK products is continuously under active development, with optimizations specifically targeting emerging/latest large language models. Through hardware-software design, we are enhancing the architecture to address the current challenge of computational efficiency in large language models. The new generation will expand support for lower-precision data types and mixed-precision computing, aligning with the industry trend toward reduced precision. Combined with improvements in computing power and bandwidth, and collaboration with ecosystem partners, these advancements aim to deliver robust performance and cost-effectiveness.

### **Our AI Computing Solutions**

Our AI computing solutions harness the combined computational power of multiple GPGPUs, enabling them to work together as a unified system. These solutions address the ever-growing demand for AI computing, and large-scale data processing by delivering optimized speed and efficiency. We offer these capabilities in two distinct formats to address different deployment needs:

- **GPGPU Servers.** Our GPGPU servers are purpose-built AI infrastructure solutions that combine multiple GPGPU accelerators with an integrated software stack, delivering pre-configured computing solutions typically used for enterprise AI workloads and large language model deployments, enabling quick deployment and straightforward AI model management.
- **GPGPU Clusters.** Our GPGPU clusters scale beyond single-system deployments, integrating our GPGPU products and software stack with third-party servers, storage, and/or networking infrastructure. This solution features comprehensive system-level optimization and software integration, supporting flexible model deployment and expanding computational demands, such as large-scale training and high-throughput inference.

In both formats of the AI computing solutions, the software plays a crucial role by enabling efficient use of the hardware, simplifying deployment, and providing tools for managing AI workloads. The key difference in the two formats lies in their scale, complexity, and the level of user involvement required: the GPGPU server solution is simpler and more turnkey, while the GPGPU cluster solution is more powerful and flexible, suitable for organizations with greater technical resources and more intensive AI computational demands.

Whether deployed as a GPGPU server or GPGPU cluster solution, our AI computing solutions serve as the backbone for tackling complex workloads. The number of projects of our AI computing solutions was six, 26, 11 and 10 in 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. The average sales price of our AI computing solutions, calculated by dividing our revenue from AI computing solutions in a given period by the number of projects in the period, increased from RMB2.6 million in 2023 to RMB6.4 million in 2024, and decreased from RMB5.4 million in the six months ended June 30, 2024 to RMB4.3 million in the six months ended June 30, 2025.

### ***Key Technologies***

Developing reliable multi-GPGPU solutions requires addressing several technical challenges to ensure efficient processor collaboration. Our solutions enable GPGPU products to share data at exceptional speeds with ultra-low latency. This ensures efficient task division and processing without bottlenecks, even under the most demanding workloads. This facilitates efficient task scheduling, load balancing, and parallel processing, eliminating bottlenecks even in the most demanding, large-scale workloads. Our software stack is optimized for overlapping inter-GPGPU collaboration and computational workloads, ensuring maximum performance while maintaining compatibility with popular AI programming frameworks and computing platforms.

To address critical challenges in heat dissipation, power efficiency, and workload balancing, our systems incorporate state-of-the-art cooling mechanisms, energy-efficient power distribution designs, and intelligent workload management to ensure stable and reliable performance in high-density, multi-GPGPU configurations. By combining advanced hardware technologies, a scalable architecture, and enterprise-grade reliability, our multi-GPGPU solutions empower customers to tackle complex AI workloads and push the boundaries of innovation in AI research, training, and deployment.

### ***Target Customers and Applications***

Our AI computing solutions serve a broad range of organizations requiring advanced computing capabilities, from enterprises and research institutions to cloud service providers and beyond. Our total number of customers increased from 22 in 2022, to 65 in 2023 and further to 181 in 2024 and from 81 in the six months ended June 30, 2024 to 106 in the six months ended June 30, 2025. As of June 30, 2025, we have served over 290 customers in various sectors. Our solutions excel in AI training applications where massive datasets and complex algorithms demand extensive processing capabilities, while also supporting large-scale inference in real-time applications, including natural language processing and recommendation systems. Our systems serve scientific simulations and medical imaging, where speed and precision are critical.

Our AI computing solutions provide a range of compelling advantages, designed to meet the growing demands of modern computing needs:

- **Enhanced Performance:** Leveraging advanced multi-GPGPU technologies, our solutions enable ultra-fast data transfer and communication between GPUs. This minimizes latency and eliminates bottlenecks, ensuring optimal utilization of computing resources, even during large-scale, complex workloads such as training large language models or running high-resolution simulations.
- **High Scalability:** Our multi-GPGPU solutions are built with scalability at their core, allowing customers to expand their computational capacity as their needs grow. From small-scale AI development to large-scale production environments, our systems effortlessly scale to accommodate the increasing computational demands of contemporary AI and data analytics workloads.
- **Integrated Hardware and Software Systems:** By offering a fully integrated ecosystem, our solutions ensure high compatibility with global mainstream GPGPU programming ecosystems and platforms. This integration streamlines deployment, reduces development time, and simplifies system management, enabling developers and organizations to focus on innovation rather than infrastructure.
- **Engineered for Mission-Critical Reliability:** Our multi-GPGPU solutions maintain consistent performance even under the most demanding workloads, where precision, speed, and stability are non-negotiable. Advanced cooling systems, optimized power distribution, and intelligent workload management ensure uninterrupted operation, making them ideal for applications from real-time medical imaging to autonomous vehicle simulations.

By combining optimized performance, scalability, integration, and reliability, our multi-GPGPU solutions empower organizations to tackle the most complex computational challenges and drive innovation across industries.

### Software Stack and Optimization

Our software stack represents a comprehensive solution developed for TG and ZK series products, encompassing compilers, drivers, performance-optimized libraries, developer tools, AI frameworks, inference engines, and cloud-native support modules. This integrated suite ensures core functionality and performance through proprietary software components, enabling direct access to optimized algorithm implementations for AI operators, linear algebra, matrix multiplication, convolution, and linear equation solving.

The development of this software systems was driven by the evolution of AI computing needs. As AI training demands increasingly flexible and larger cluster scales, while inference deployment focuses on cost-effectiveness, different systems have emerged in the open-source community to meet varied developer requirements. The transition of IDC server operations toward cloud computing has created new demands for AI computing power management, requiring solutions that integrate effectively with existing platforms and infrastructure.

Our solution's distinctive strength lies in its comprehensive compatibility and optimization approach. At the driver level, it supports major Linux distributions including Ubuntu, CentOS, and Kylin, while maintaining compatibility with x86 and ARM architectures. The software stack has been adapted for leading AI frameworks including PyTorch, TensorFlow and PaddlePaddle as well as large language model inference engines such as vLLM, TGI, and TensorRT. Our solution's development tools match current developer practices, enabling efficient debugging and performance tuning while maintaining ecosystem compatibility at the SDK level. The cloud-native tools and plug-ins also meet the requirement for efficient AI computing cluster operations.

The software stack enables near-zero cost migration from mainstream ecosystems while maintaining enhanced model performance and computing power utilization rates. This robust integration has been validated through extensive product and compatibility certifications from technical partners. Protected by more than 100 software copyrights, the solution allows efficient deployment across various computing environments while supporting flexible development of computational acceleration applications. The continuous enhancement of software capabilities maximizes GPGPU performance and expands application support, ensuring products remain at the forefront of AI computing solutions.

### INDUSTRY APPLICATIONS

#### Our Go-to Market Strategy

We adopt a flexible go-to-market strategy that enables us to deliver customized products and solutions tailored to our customers' specific requirements across various sectors including essential sectors such as financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications. Our delivery model encompasses two main approaches: product sales and solutions deployment. In our product business, we primarily offer GPGPU accelerator, while also providing discrete GPGPU chips when required by customers. For our solutions business, we work closely with customers to design and implement customized deployments that are highly compatible with their existing infrastructure and applications. This dual-track approach, supported by close collaboration between our sales and R&D teams, allows us to maintain high customer satisfaction while effectively addressing diverse market demands.

#### Broad Industry Adoption

As AI continues to transform business operations globally, organizations require robust computing infrastructure to harness its potential. Our comprehensive portfolio of GPGPU products and solutions addresses the distinct technological requirements across industries, combining GPGPU innovation with deep domain expertise to enable practical AI deployment at scale. The following examples from selected sectors with increasing AI computing demands illustrate our proven capabilities, though our solutions extend well beyond these industries to serve diverse enterprise needs:

- **Financial Services:** In the financial services sector, institutions face mounting challenges in processing complex market data and executing sophisticated trading strategies while maintaining regulatory compliance. Our GPGPU products and



solutions can play a vital role in quantitative trading applications, where we have developed specialized capabilities for processing large-scale market data and executing algorithmic trading strategies. Using advanced models including DQN and LSTM, our GPGPU products and solutions enable the provision of high-precision market forecasting and trading signal generation. For example, by leveraging the parallel computing power of our GPGPU accelerators, financial institutions can efficiently train and deploy time-series prediction models such as LSTM on large volumes of historical and high-frequency financial data. These models are widely used to forecast market price trends and volatility — for instance, in foreign exchange trading scenarios. Our solutions help enable faster model development cycles, higher prediction accuracy, and more responsive trading systems in practical proof-of-concept collaborations with securities firms. Beyond trading, they also support comprehensive financial services including intelligent conference systems, automated research report generation, and smart approval processes, enabling financial institutions to streamline operations across their business functions.

- **Healthcare:** In healthcare, medical institutions face growing demands to modernize their diagnostic capabilities and clinical workflows through advanced AI computing. Our GPGPU products and solutions can be applied in two key scenarios: medical imaging analysis and intelligent clinical support. For imaging, we have developed integrated platforms that combine deep learning capabilities with specialized hardware acceleration, enabling comprehensive analysis from RT imaging and landmark detection to PET/MR correction. For clinical applications, our GPGPU products and solutions can support large-scale language models for intelligent consultation and decision support, enabling structured electronic health records management and automated medical documentation while maintaining real-time performance in demanding hospital environments. Specifically, intelligent consultation and decision support are achieved by enabling advanced models to analyze patient symptoms, interpret clinical test results, and reference vast medical knowledge bases. This allows healthcare professionals to obtain evidence-based insights and recommendations during the diagnosis and treatment process, thereby supporting clinical decision-making and enhancing patient care quality.
- **Retail:** The retail sector is undergoing a dramatic transformation as businesses seek to enhance customer experience and optimize operations through AI-powered solutions. Our GPGPU products and solutions have been used to support smart store operations and intelligent shopping experiences. In smart stores, they enable comprehensive digitalization through IoT platforms and business analytics, achieving significant improvement in inspection efficiency. For shopping experience enhancement, our GPGPU products and solutions power smart cart solutions that can achieve over 99.5% accuracy in autonomous product recognition, enabling features from automatic identification to contactless checkout, all while providing valuable consumer behavior insights to retailers. Specifically, our GPGPU products and solutions combine AI-driven video analysis with real-time IoT data aggregation and act as gateways between store devices and central platforms, enabling efficient monitoring and analytics for store operations.

- **Education:** In education, particularly in higher education, institutions face growing demands to modernize their teaching and research capabilities through advanced computing power. Our GPGPU products and solutions are capable of facilitating scientific research computing and classroom teaching applications. For research, they incorporate PINN (Physics-Informed Neural Networks) based on A64SC architecture to enable complex simulations including computational fluid dynamics and Navier-Stokes equations processing. This means our GPGPU products and solutions can efficiently support the large-scale numerical simulations often required in research areas such as molecular dynamics, protein folding, atmospheric science, and geological exploration, where advanced computation is critical. For teaching environments, we integrate our GPGPU products and solutions with development tools and simulation modules to create hands-on learning experiences while advancing institutional research capabilities. This enables real-time interactive experiments and computational visualizations in the classroom, helping students gain practical experience and a deeper understanding of computational methods.

These examples illustrate the practical benefits arising from high compatibility and adaptability of our products and solutions, which have enabled over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications. With our portfolio of highly scalable GPGPU products as well as AI computing solutions in the form of GPGPU servers and clusters, we offer substantial optionality to enable organizations of all sizes to harness the potential of AI and AI computing. As technology requirements evolve, our ongoing innovation ensures we remain at the forefront of enterprise digital transformation, particularly in sectors where computational demands and market opportunities are rapidly expanding.

## **CORE PROPRIETARY TECHNOLOGIES**

Our success as a domestic GPGPU provider is underpinned by a fully self-developed technology system, spanning proprietary IP and hardware, comprehensive software systems, and computing cluster technologies. Through independent and sustained innovation, we have established a robust foundation that empowers performance-optimized, scalable, and commercially proven products for the most demanding AI and computing workloads as well as future application evolution. Driven by ongoing innovation and large-scale commercial implementation, our proprietary technology system forms the cornerstone of our industry leadership and sustainable growth.

### **Hardware Technologies**

Our hardware innovation is centered on a self-developed GPGPU core and architecture, with a primary focus on achieving the highest execution efficiency to deliver notably improved application performance per watt and per unit area.

### ***Compute Core Design***

The compute core supports unified deployment for AI training and inference, with over 800 custom instructions ensuring broad model compatibility and adaptability to ever-evolving computational requirements. Extensive mixed-precision capabilities — including FP32, FP16, INT8, as well as FP8 and other new precision types — enable optimal precision-performance tradeoffs, fully meeting mainstream AI model requirements for both training and inference.

### ***Memory Subsystem***

Our memory subsystem features a multi-level, multi-modal cache hierarchy and integrates memory modules. The carefully engineered cache hierarchy balances low-latency, high-speed access from near-memory to off-chip memory, providing the compute core with robust data pathways. Advanced multi-layer packaging technology enables sophisticated chiplet integration and signal integrity, supporting high-density packaging and enhanced system scalability. Coupled with proprietary data compression and scheduling algorithms, our hardware delivers outstanding throughput and resource utilization for large-scale AI workloads. These innovations have seen widespread deployment across leading industry AI platforms.

### ***On-Chip and Peer-to-Peer Network Systems***

Our on-chip and peer-to-peer network systems enable low-latency communication from within a single chip, between multiple chips, and across GPGPU accelerators in large-scale clusters. The fully-switched architecture at each level maintains near-linear scalability as the system expands, with highly efficient resource utilization. The on-chip network adopts a topology with synchronized chip-level clocking to ensure high-efficiency transmission and switching bandwidth per unit area. Peer-to-peer connectivity is powered by our proprietary fully-connected switching system, supporting large-scale deployments. This architecture allows users to flexibly deploy and scale large AI models as if operating a single unified chip. In addition, we support peer-to-peer communication technologies, which further enable the expansion of cluster scale to thousands or even tens of thousands of cards.

Leveraging these core and related technologies, our hardware consistently delivers enhanced operational efficiency — measured as application performance per unit of compute — providing customers with scalable and continuously upgradable solutions.

### ***Software Technologies***

Our fully featured software stack is a key factor in realizing the value of our products. Our system-level software includes compilers, drivers, performance-optimized libraries, developer tools, AI frameworks, inference engines, and cloud-native support modules, all of which are optimized for our hardware. Our drivers support major Linux distributions across x86 and ARM architectures, while maintaining compatibility with global mainstream GPGPU programming ecosystems and platforms. Building on this foundation, our products integrate efficiently with leading AI frameworks like PyTorch, TensorFlow, and PaddlePaddle, as well as specialized frameworks like Megatron and inference engines such as vLLM, TGI, and TensorRT.

A key strength of our software stack lies in its remarkable performance optimization capabilities and exceptional hardware utilization. Through a holistic software-defined hardware methodology, we systematically decompose the performance hotspots and flexibility requirements of AI and parallel computing acceleration applications. This approach clearly delineates the functions and performance targets to be achieved at each software and hardware layer. As new computing paradigms emerge, our software framework and algorithm libraries are designed to leverage the inherent flexibility and general-purpose capabilities of our GPGPU hardware.

We also provide proprietary acceleration libraries for linear algebra, FFT, neural networks, and other computational tasks, with low-level, fine-grained optimizations for key algorithms, maximizing hardware utilization and overall system efficiency. This approach has enabled execution of over 450 AI models, establishing a robust foundation for our expanding ecosystem.

For deployment adaptability, our software platform also supports highly compatible and efficient integration in both homogeneous and heterogeneous hybrid cluster environments, enabling customers to build flexible, scalable, and efficient AI infrastructure. To accelerate customer success, we provide open-source access to training and inference scripts for compatible models through our developer community. This comprehensive software system has facilitated over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications.

### **Computing Cluster Technologies**

We have also developed comprehensive infrastructure solutions for large-scale AI deployments. Our technology focuses on three core pillars: (i) delivering near-linear performance scalability as cluster size increases, enabling exceptional scalability; (ii) providing fault tolerance and extended system uptime, ensuring reliable and uninterrupted operation even under critical workloads; and (iii) supporting rapid migration of AI cluster training or inference applications from leading AI frameworks to our infrastructure while maintaining consistent model accuracy. At the core of this capability is an integrated hardware-software optimization technology, which ensures the effective execution of large-scale AI computing tasks.

We have also adopted advanced power management and system control technologies, including integrated out-of-band management, dynamic voltage and frequency adjustment, and comprehensive monitoring. These innovations allow us to achieve a strong balance between optimized performance per watt and operational reliability, supporting stable operations even under high-density workloads. Our capabilities have been validated in large-scale and mission-critical environments.

With the rise of generative large language models, we are actively engaging with ecosystem partners, and the next generation of high-density cabinet designs — tailored for large language model applications — is steadily progressing. Through continuous innovation and large-scale deployment, our proprietary technology platform forms the foundation of our industry leadership and sustainable growth.

## **RESEARCH AND DEVELOPMENT**

### **Our R&D Philosophy**

Research and development forms the foundation of our sustained growth and competitive strength in the industry. We are committed to continuous innovation, guided by the principle of integrated design and independent development encompassing both hardware and software. Our R&D efforts are driven by a dedication to technological advancement, a pursuit of high engineering standards, and a philosophy that emphasizes collaborative teamwork. We maintain a strategic “three-generation” R&D philosophy: one generation in mass production, one in design, and one in pre-research, enabling continuous product advancement. Through the iterative optimization of hardware and software, we deliver differentiated, and scalable solutions that address evolving customer needs. This philosophy is embedded in our organizational culture and underpins our long-term investment in R&D talent, infrastructure, and technology platforms.

Our approach emphasizes anticipating technology trends, proactively addressing market demands, and fostering a culture of collaboration and creativity. We prioritize the development of general architectures, compute engines, memory subsystems, and software platforms to support demanding AI training, inference, and AI computing applications. Through this holistic and forward-looking strategy, we have become an established innovator in China’s GPGPU industry, with our products and solutions widely adopted across multiple sectors.

### **Our R&D Process**

We have established a robust and highly coordinated R&D management system that keeps us at the forefront of technology and market trends. Building upon our progressive development philosophy, our process operates as a rolling innovation pipeline, ensuring that new product generations are planned, developed, and brought to mass production in a phased manner. This model enables us to respond swiftly to new opportunities and challenges.

Each product generation follows a comprehensive development cycle, beginning with in-depth market research and technical feasibility studies to define product specifications and address anticipated customer requirements. Cross-functional teams engage in architecture and functional design, leveraging our expertise in both hardware and software. Rigorous internal reviews and validation checkpoints are conducted at each stage, from concept design, simulation and prototyping to engineering sample production and extensive testing. Only after passing stringent quality and performance benchmarks does a product proceed to mass production and commercial launch.

Our R&D processes are overseen by dedicated committees responsible for strategic alignment, technical direction, and quality assurance. This structure enables us to efficiently transition innovations from concept to large-scale deployment, maintaining high standards of reliability, compatibility, and performance. The collaborative workflow between hardware and software teams, together with close engagement with supply chain and customer support, ensures our products are technologically advanced and well-adapted to real-world applications. Our R&D process has been validated through the successful launch and commercialization of multiple product generations.

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### Key R&D Projects

Our R&D activities encompass comprehensive development to enhance our product architecture, computing efficiency, and platform compatibility. The following table sets forth details of our key strategic projects.

	ZK Gen 2	ZK Gen 3	TG Gen 4	TG Gen 5
<b>Project Objective</b>	Development of an inference-focused GPGPU product supporting mixed-precision computing (FP32/FP16/BF16/INT8).	Development of next-generation inference-focused GPGPU product, featuring enhanced specifications and performance improvements over current product line.	Development of advanced training-focused GPGPU product customized for computing center requirements.	Development of a flagship next-generation training-focused GPGPU product, with optimized specifications for advanced and cost-effective deployment across computing scenarios.
<b>Commencement of Research</b>	2023, Quarter 2	2024, Quarter 2	2024, Quarter 4	2024, Quarter 2
<b>Expected Launch*</b>	2025, Quarter 4	2026, Quarter 1	2026, Quarter 2	2027, Quarter 1
<b>Expected Mass Production*</b>	2025, Quarter 4	2026, Quarter 2	2026, Quarter 3	2027, Quarter 2
<b>Product Positioning</b>	Advanced AI inference and general-purpose computing product with low cost for edge and end computing markets	Advanced AI inference, training and general-purpose computing product, optimized for inference workloads, for cloud computing markets	Advanced AI training, inference, and general-purpose computing product, optimized for training workloads, for cloud computing markets	Advanced AI training, inference, and general-purpose computing product, optimized for training workloads, with significantly improved computing performance compared to previous generation products for cloud computing markets
<b>Selected Product Features</b>	<ul style="list-style-type: none"> <li>● Integrated video codec functionality at chip level</li> <li>● Large on-board memory supporting higher parameter count models</li> <li>● Low power double data rate memory solution for optimized cost-performance ratio</li> </ul>	<ul style="list-style-type: none"> <li>● Significant improvement in performance over previous generation product</li> <li>● High performance-to-cost ratio for mainstream large model inference and training applications</li> </ul>	<ul style="list-style-type: none"> <li>● Comprehensive upgrades in compute power, bandwidth, and storage over previous generation product</li> <li>● Improved architecture supporting cloud-scale AI training and inference workloads</li> <li>● Software ecosystem compatibility for enterprise cloud environments</li> </ul>	<ul style="list-style-type: none"> <li>● Improvements in compute performance from previous generation product</li> <li>● Enhanced coverage of support for mainstream and emerging precision formats</li> <li>● Flexible packaging configurations to ensure compatibility with wider deployment scenarios, such as multimodal large language model training and inference, industrial application acceleration, and emerging advanced computing applications</li> </ul>

\* Expected timing may change according to actual development progress, which is subject to various uncertainties and risks. For details, see “Risk Factors — Risks Relating to our Business and Industry — If we are unable to successfully develop, commercialize and mass produce new or improved products in a timely manner, our business, results of operations, financial condition and competitive position would be materially and adversely affected.”



The development budget for each of our R&D projects typically encompasses several essential components, with personnel expenses usually representing the largest allocation. Other costs include mask tape-out fees, IP cores and software design licensing fees, research equipment investments, and technical service fees. Our ongoing projects will be funded through both internal resources and external fundraising, including the expected net proceeds from this Global Offering, except for our R&D of ZK Gen 2 which will be internally funded and is set to launch in the fourth quarter of 2025.

We believe our R&D project pipeline positions us strongly to capture market demand. Each project represents significant architectural advancement and performance scaling, building upon our proven success with current products deployed across major domestic computing centers. For instance, while earlier generations focused on optimizing either training (which requires high-precision calculations and massive parallel processing) or inference (which needs simpler forward-pass calculations) workloads, our newer generation products aim to effectively support both capabilities. The systematic progression in compute capabilities, memory bandwidth, and precision format support, coupled with our commitment to software ecosystem compatibility, addresses the growing domestic high-performance computing requirements. Our demonstrated ability to achieve substantial generational improvements while maintaining competitive cost structures provides a compelling foundation for market expansion. For details, see “— Business Sustainability and Path to Profitability” and “Future Plans and Use of Proceeds”.

### **Software Stack Enhancement and Ecosystem Development**

Our software stack R&D strategy centers on strengthening technical barriers through strategic software development. Through modular full-stack restructuring, we accelerate independent iteration of key components while maintaining system stability. Our development roadmap encompasses support for emerging computing paradigms and an expanding AI model ecosystem, enabling us to deliver efficient acceleration solutions across diverse AI applications. This comprehensive approach ensures rapid alignment with customer needs through flexible technology integration, positioning us to adapt quickly to evolving market demands and technical requirements. Specifically:

- **Implementing modular full-stack restructuring:** The AI software stack integrates multiple software components including serving frameworks, inference engines, training frameworks, high-performance libraries, compilers, and drivers. As AI adoption grows, these components and software layers evolve at varying paces. To maintain stability of low-level software components while keeping pace with rapidly evolving AI algorithms, we are enhancing our software stack R&D with a “high cohesion, low coupling” approach. This requires focused development and testing to ensure compatibility between different versions of software components. The AI software ecosystem’s shift toward Python-centric development makes a well-decoupled software stack essential for adapting to these changes.

- **Support for emerging computing paradigms:** With generative AI emerging as the dominant force in modern AI applications, we are focusing our engineering efforts on performance optimization and operational efficiency. Advanced LLM inference requires new computing paradigms, particularly in areas like prefill and decoding operations, which demand innovative approaches to data flow design, parallelism, and AI operation implementation. Scaling up has become a central focus in AI infrastructure, driving new software compute paradigms for both inference and training applications. The growing use of low-precision data in AI models to maximize GPGPU computing power necessitates novel algorithms and implementations in high-performance libraries and compilers. We aim to deliver high-quality performance for these new-era AI compute paradigms.
- **Expanding AI model ecosystem:** While LLMs currently dominate the field, other promising AI models like Mamba and JEPA are rapidly advancing. Diffusion models for image and video generation have achieved production-ready status. Additionally, numerous industry-specific AI models leverage proprietary data through vertical fine-tuning. Our goal is to expand support across this diverse AI model landscape while maintaining production-grade performance. This approach strengthens our commercial delivery capabilities and positions us to adapt to emerging AI models.

### **Our In-house R&D Power**

Our in-house R&D capabilities are anchored by a team of highly skilled professionals with deep expertise across the full technology stack. This group has been instrumental in delivering numerous industry-defining products to the market, earning a reputation as one of the most accomplished and respected teams in the sector. Their longstanding collaboration and collective expertise serve as the foundation for our sustained technological leadership.

As of June 30, 2025, our dedicated R&D team comprised over 480 employees. More than one-third of our R&D team members have over a decade of industry experience, and approximately 70% hold master's degrees or higher. Our team includes experts in architecture, GPGPU IP and chip design, foundational software, AI algorithms, and collaborative hardware-software product design. Our core R&D personnel possess invaluable experience from major global semiconductor companies, with key leaders bringing over 20 years of industry experience.

We have built a strong technical backbone, supported by over 200 mid-level and senior engineers, fostering a culture of excellence and innovation. We attract and retain top talent through competitive remuneration, comprehensive welfare, and long-term incentives, including equity and patent awards. Employee agreements feature robust confidentiality, intellectual property, and non-compete provisions to protect our technology assets.

Our R&D organization is structured around the product development process, with dedicated teams responsible for architecture, hardware and software, product design, and quality assurance. We maintain close collaboration with leading research institutes and industry partners, further enhancing our innovation capabilities. While core R&D is conducted in-house, we selectively engage third-party service providers for standardized or specialized tasks, always retaining full ownership of our intellectual property and maintaining strict quality control.

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This combination of world-class talent, disciplined management, and a culture of innovation enables us to deliver advanced, reliable, and commercially successful products, supporting our leadership in China's GPGPU industry and empowering the digital transformation of our customers.

### SALES AND MARKETING

#### Our Sales Network

We have established an efficient sales network focused on direct sales to serve our diverse customer base. Our network enables comprehensive market coverage while maintaining high standards of technical support and customer service across different deployment scenarios. The following table sets forth a breakdown of our revenue by sales channel in absolute amounts and as percentages of our total revenue for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	<i>RMB'000 (except for percentages)</i>									
	<i>(Unaudited)</i>									
Direct sales	189,369	100.0%	288,125	99.7%	511,086	94.7%	181,987	92.2%	254,703	78.5%
Distributor sales	—	—	916	0.3%	28,425	5.3%	15,444	7.8%	69,560	21.5%
<b>Total</b>	<b>189,369</b>	<b>100.0%</b>	<b>289,041</b>	<b>100.0%</b>	<b>539,511</b>	<b>100.0%</b>	<b>197,431</b>	<b>100.0%</b>	<b>324,263</b>	<b>100.0%</b>

#### *Direct Sales*

We maintain a robust direct sales operation as a key part of our commercial strategy. Our dedicated sales team engages in direct commercial negotiations and provides comprehensive technical support, enabling us to build strong, lasting relationships with our customers. This direct sales approach allows us to fully demonstrate the capabilities of our GPGPU products and solutions while maintaining close coordination between our sales and R&D teams.

Our direct sales team combines deep technical expertise with strong commercial acumen, providing comprehensive pre-sale consultation, implementation support, and ongoing technical services. This hands-on approach enables us to understand customer requirements intimately, gather product performance feedback, and continuously refine our solutions. Our R&D teams work closely with customers to optimize system performance and provide timely support, establishing us as a trusted technology partner. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, the contribution of direct sales to total revenue was 100.0%, 99.7%, 94.7%, 92.2% and 78.5%, respectively, with the rest reflecting contribution from distributors.

#### *Distributor Sales*

We commenced sales through distributors since 2023 to increase customer outreach, facilitate regional sales and increase market share. Our distribution arrangements are structured to align with market practices and specific business needs. By adopting this distributor model, we are able to leverage our distributors' established network to expand the market reach of our GPGPU products and solutions. As our product and solution offerings expand and market demand grows, we strategically intensified our distribution efforts to capture broader market opportunities. Distributors' specialized local market knowledge and established customer relationships enable us to more efficiently penetrate new geographic markets and customer

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segments, particularly for emerging applications and smaller-scale customers where direct sales would be less cost-effective. The execution of our distribution channel strategy resulted in distributor sales increasing from nil to 5.3% of our total revenue in FY2022, FY2023 and FY2024 to 21.5% of our total revenue in the six months ended June 30, 2025. According to Frost & Sullivan, engaging distributors to facilitate market penetration and expand sales coverage is a common market practice of semiconductor companies.

The following table sets forth the movements in the number of our distributors during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Number of distributors at the beginning of the year/period	—	—	2	8
Addition of new distributors <sup>(1)</sup>	—	2	6	2
Termination of existing distributors <sup>(2)</sup>	—	—	—	—
<b>Number of distributors at the end of the year/period</b>	<b>—</b>	<b>2</b>	<b>8</b>	<b>10</b>

*Notes:*

- (1) Represents the number of distributors from whom we generated revenue in the corresponding year/period but did not generate any revenue from in the preceding year/period.
- (2) Represents the number of distributors from whom we did not generate any revenue in the corresponding year/period but did generate revenue from in the preceding year/period.

As part of our commitment to maintaining high standards, we have implemented rigorous selection criteria for new distributors, including factors such as their distribution capabilities, market knowledge, financial stability, credit history and reputation, to ensure they are fully equipped to represent our brand and promote our products effectively.

We primarily regulate the conduct of our distributors through distribution agreements. Set forth below is a summary of the key terms of our distribution agreements.

- **Term:** The term of our standard distribution agreements is typically one year.
- **Pricing:** We have the right to determine and adjust the product price based on market conditions and other relevant factors, and the final price shall be as expressly stipulated in the purchase order duly executed by both parties. We do not mandate the distributors' selling price to the customers.

- ***Payment:*** Distributors generally make payment to us after products have been sold and delivered to the customer, and upon the issuance of a consignment list by the distributor confirming the completion of delivery to the customer. The standard credit period granted to customers is generally one to three months from the date of delivery.
- ***Warranty:*** We typically provide a warranty period of three years since the product delivery date.
- ***Anti-corruption and anti-bribery obligations:*** Both parties shall comply with applicable anti-bribery and anti-money laundering laws, avoid conflicts of interest, and refrain from offering or accepting any improper benefits. Any violation may result in immediate termination of agreements and liability for damages.
- ***No minimum sales targets:*** Our distribution agreements do not impose any minimum sales targets on our distributors.
- ***Inventory management:*** Distributors are required to provide us with a monthly report detailing their product shipments.
- ***Product return and exchange:*** All returns are governed by the terms set out in the relevant sales contracts between us and distributors. Quality-related returns are subject to our internal review and approval before any refund is processed. For unsold products, returns are permitted only upon mutual agreement between us and the distributor, with specific terms to be documented in a supplemental agreement.
- ***Termination:*** We have the right to terminate the distribution agreements in the event of material breach of contract by our distributors.

During the Track Record Period, we did not have any sub-distributors. In line with market practice, we primarily entered into consignment agreements with our distributors. Under consignment arrangements, we retain control of the products and bear the relevant legal risks until the products are sold and delivered to the customer, at which time revenue is recognized. As a result, we believe that the sales to distributors reflect the actual market demands for our products. To the best knowledge of our Directors, during the Track Record Period, all of our distributors were Independent Third Parties, and none of our distributors were wholly-owned or majority controlled by our current or former employees. During the Track Record Period and up to the Latest Practicable Date, we did not provide any advance or financial assistance to any of our distributors.

During the Track Record Period, to the best of our knowledge, there was no material non-compliance with the terms and conditions of our agreements with distributors, and we were not involved in any material disputes or litigation proceedings with our distributors.

### Marketing

Marketing plays a strategic role in supporting our operations and market position. We rely primarily on industry reputation and technical excellence and focus on building credibility through participation in key industry events, technical conferences, and targeted engagement with the computing and AI communities. Word-of-mouth referrals from satisfied customers and successful deployments form a significant part of our market presence. While we maintain a professional digital presence, our emphasis is on delivering substantive technical documentation and support materials that demonstrate our products' capabilities and performance advantages. This focused approach reflects our commitment to establishing ourselves as a trusted provider of AI computing solutions through technical merit and proven results.

### Pricing

Our pricing strategy is grounded in a comprehensive evaluation of market conditions, product positioning, cost structures, and customer specifications. For GPGPU products, we employ market-based pricing that considers factors including product performance, competitive positioning, market supply-demand dynamics, and customer purchase volumes, allowing us to effectively serve different market segments through a tiered pricing approach. For AI computing solutions, we adopt a more customized, project-based pricing methodology. The pricing is determined by considering multiple factors including project scale and requirements, implementation scope, and market conditions, while maintaining competitive positioning in the solutions market.

We maintain pricing flexibility through regular reviews and adjustments based on market conditions, enabling us to respond effectively to competitive dynamics and market changes. This approach allows us to balance market penetration objectives with sustainable margins across our product portfolio, while remaining adaptable to evolving market conditions and customer needs.

## OUR CUSTOMERS

### Major Customers

During the Track Record Period, our major customers primarily included cloud computing service providers, AI model developers, research institutions, as well as enterprises from sectors such as electronics, semiconductors, manufacturing and consumer internet. During the Track Record Period, our revenue from sales of GPGPU products and AI computing solutions were generated in Chinese Mainland and Hong Kong, and the tariff regimes did not have impact on our revenue and financial performance. To monitor and mitigate impact from tariffs on our sales, we have designated responsible personnel to track updates to U.S. and Chinese tariff schedules and integrated tariff compliance checkpoint into our sales management. The salient terms of our agreements with these customers include the following:

- ***Service scope and pricing:*** We supply GPGPU products to our customers according to their specific requirements. The contract typically specifies the scope of supply, technical standards, delivery schedule, and acceptance criteria. Pricing is determined based on the product type, project scale, and other terms as negotiated by both parties.



- ***Principal rights and obligations of parties involved:***
  - ***Product delivery and acceptance:*** We are responsible for the timely delivery of products in accordance with the contractual requirements. Customers are responsible for product inspection and acceptance upon delivery, and for timely payment as stipulated in the contract.
  - ***Warranty and after-sales service:*** We generally provide a standard product warranty, under which we offer repair, replacement, or technical support services for defective products identified within the warranty period. The standard warranty period is 36 months from the date of delivery.
  - ***Confidentiality:*** Both parties are obligated to maintain confidentiality regarding technical information, pricing, and other confidential business matters obtained in the course of cooperation.
- ***Payment terms:*** Payments are typically arranged on a milestone or delivery basis, with schedules and methods detailed in the agreement. For AI computing solutions, payments are generally structured in two tranches: an initial payment ranging from 20% to 50% prior to delivery, and the remaining balance payable within one to six months following customer acceptance and invoice issuance. The credit terms offered to our customers vary depending on the specific contract and typically include arrangements such as advance payments, milestone-based installments, payments upon delivery or acceptance inspection, or settlement within an agreed period after invoicing. The credit period granted to our customers generally ranges from one to nine months, which is in line with industry norm according to Frost & Sullivan.
- ***Intellectual property:*** Unless otherwise agreed, all intellectual property rights relating to proprietary technology, software, and documentation provided under the agreement remain with us. Customers are prohibited from reverse engineering, sublicensing, or unauthorized use of our intellectual property.
- ***Term and termination:*** The agreements specify the validity period and termination conditions, including provisions for early termination due to material breach, force majeure, or by mutual agreement.

Revenue generated from our largest customer in each of 2022, 2023, 2024 and the six months ended June 30, 2025 accounted for 37.7%, 19.3%, 44.9% and 13.8% of our total revenue for the respective year/period, while that of our top five customers accounted for 94.2%, 73.3%, 73.4% and 38.6% of our total revenue for the respective year/period. The decrease in customer concentration reflects our successful customer base expansion and market diversification strategy during the Track Record Period. We have been actively broadening our customer portfolio across different industry verticals to reduce reliance on any single customer or market segment. Furthermore, customer concentration data in 2024 and the six months ended June 30, 2025 was also affected by seasonal factors. Revenue is typically more widely distributed among our customers in the first half of the year, while major customers tend to make larger purchases in the second half for year-end project completions and inventory build-up, leading to higher revenue concentration. This seasonal pattern is not uncommon in the

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industry and affects the revenue concentration ratio when comparing a six-month period against a full year. The following tables set forth certain information of our top five customers during the Track Record Period.

<b>Rank</b>	<b>Customer</b>	<b>Sales Amount</b> <i>(RMB'000)</i>	<b>% of Total Revenue</b> <i>(%)</i>	<b>Business Relationship Since</b>	<b>Products/Services Purchased</b>
<b><i>For the Six Months Ended June 30, 2025</i></b>					
1	Customer A <sup>(1)</sup>	44,779	13.8	2023	GPGPU products
2	Customer B <sup>(2)</sup>	22,633	7.0	2024	GPGPU products
3	Customer C <sup>(3)</sup>	21,248	6.6	2025	AI computing solutions
4	Customer D <sup>(4)</sup>	18,372	5.7	2024	GPGPU products
5	Customer E <sup>(5)</sup>	18,223	5.6	2024	GPGPU products
<b>Total</b>		<b>125,254</b>	<b>38.6</b>		

*Note:*

- (1) Customer A is an enterprise specializing in the development of IT products and the provision of IT services and system integration.
- (2) Customer B is a leading technology enterprise engaged in the development and manufacturing of electronic components and computer hardware.
- (3) Customer C is a globally leading provider of optoelectronic hybrid computing.
- (4) Customer D is a manufacturer established in 2010 and focuses on computing center products and services.
- (5) Customer E is a provider focusing on AI computing solutions.

<b>Rank</b>	<b>Customer</b>	<b>Sales Amount</b> <i>(RMB'000)</i>	<b>% of Total Revenue</b> <i>(%)</i>	<b>Business Relationship Since</b>	<b>Products/Services Purchased</b>
<b><i>For the Year Ended December 31, 2024</i></b>					
1	Customer F <sup>(1)</sup>	242,181	44.9	2022	GPGPU products
2	Customer G <sup>(2)</sup>	46,912	8.7	2024	AI computing solutions
3	Customer H <sup>(3)</sup>	41,483	7.7	2024	GPGPU products
4	Customer I <sup>(4)</sup>	39,498	7.3	2024	AI computing solutions
5	Customer B <sup>(5)</sup>	25,760	4.8	2024	AI computing solutions
<b>Total</b>		<b>395,834</b>	<b>73.4</b>		

*Notes:*

- (1) Customer F is a leading technology company focusing on the development and provision of information technology infrastructure and electronic components. Customer F is listed on the Shenzhen Stock Exchange.
- (2) Customer G is a diversified enterprise engaged in computer and electronic device businesses.
- (3) Customer H is a technology company specializing in computer networks, electrical devices and related services.
- (4) Customer I is a service provider focusing on computer-related businesses.
- (5) Customer B is a leading technology enterprise engaged in the development and manufacturing of electronic components and computer hardware.

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<b>Rank</b>	<b>Customer</b>	<b>Sales Amount</b> <i>(RMB'000)</i>	<b>% of Total Revenue</b> <i>(%)</i>	<b>Business Relationship Since</b>	<b>Products/Services Purchased</b>
<b><i>For the Year Ended December 31, 2023</i></b>					
1	Customer J <sup>(2)</sup>	55,752	19.3	2023	GPGPU products
2	Customer F <sup>(1)</sup>	51,423	17.8	2022	GPGPU products
3	Customer K <sup>(3)</sup>	35,619	12.3	2022	GPGPU products
4	Customer L <sup>(4)</sup>	35,398	12.2	2022	GPGPU products
5	Customer M <sup>(5)</sup>	33,850	11.7	2023	GPGPU products
<b>Total</b>		<b>212,042</b>	<b>73.3</b>		

***Notes:***

- (1) Customer F is a leading technology company focusing on the development and provision of information technology infrastructure and electronic components. Customer F is listed on the Shenzhen Stock Exchange.
- (2) Customer J is an AI-focused company dedicated to the research, development, and commercialization of AI technologies and applications across various industries. Customer J is a wholly owned subsidiary of a company listed on the Shenzhen Stock Exchange.
- (3) Customer K is a company specializing in computing power solutions.
- (4) Customer L is a high-tech enterprise established in 2017 and headquartered in Jiangsu province, engaged in electronic information and computer-related businesses. In 2022, the Company invested in a subsidiary of Customer L, details of which have been set forth in the “Financial Information” section of this prospectus. During the Track Record Period, we sold GPGPU products to Customer L, amounting to RMB85.1 million in aggregate, representing 6.3% of our total sales for the same period.
- (5) Customer M is a leading beverage chain enterprise in China.

<b>Rank</b>	<b>Customer</b>	<b>Sales Amount</b> <i>(RMB'000)</i>	<b>% of Total Revenue</b> <i>(%)</i>	<b>Business Relationship Since</b>	<b>Products/Services Purchased</b>
<b><i>For the Year Ended December 31, 2022</i></b>					
1	Customer N <sup>(1)</sup>	71,427	37.7	2021	GPGPU products
2	Customer L <sup>(2)</sup>	44,248	23.4	2022	GPGPU products
3	Customer O <sup>(3)</sup>	30,973	16.4	2022	GPGPU products
4	Customer P <sup>(4)</sup>	24,779	13.1	2022	GPGPU products
5	Customer Q <sup>(5)</sup>	6,832	3.6	2022	GPGPU products
<b>Total</b>		<b>178,259</b>	<b>94.2</b>		

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*Notes:*

- (1) Customer N is a technology company engaged in integrated circuit-related businesses.
- (2) Customer L is a high-tech enterprise established in 2017 and headquartered in Jiangsu province, engaged in electronic information and computer-related businesses. In 2022, the Company invested in a subsidiary of Customer L, details of which have been set forth in the “Financial Information” section of this prospectus. During the Track Record Period, we sold GPGPU products to Customer L, amounting to RMB85.1 million in aggregate, representing 6.3% of our total sales for the same period.
- (3) Customer O is a provider of integrated circuit solutions.
- (4) Customer P is a provider of AI computing solutions.
- (5) Customer Q is an enterprise engaged in computer and server-related businesses.

During each year/period of the Track Record Period, the majority of our revenue was generated from sales to a small group of customers. We believe this is in line with market practice, particularly in the AI era, where the explosive demand for computing power has driven major technology players, including those in the internet, cloud computing, and semiconductor industries, to significantly increase their procurement of GPGPUs. These companies often make substantial purchases either on a project basis to meet the intensive computational requirements of specific initiatives, or periodically to upgrade and expand their infrastructure, ensuring they can keep pace with the rapidly evolving demands of AI applications and workloads. See the section headed “Risk Factors — Risks Related to Our Business and Industry — We depend on a limited number of customers for a substantial portion of our revenue, and the loss of, or a significant reduction in sales to, one or more of our major customers would adversely affect our business, results of operations and financial condition” in this Prospectus.

The composition of our five largest customers has evolved during the Track Record Period, reflecting the dynamic nature of the semiconductor industry. The end-application markets that we serve face rapid diversification, with new use cases and application scenarios continuously emerging across sectors such as large language models, industrial automation, and education. This diversification leads to shifts in demand patterns among different customer segments. In addition, we have been proactively developing new customer relationships as part of our market expansion strategy. As new customers complete their product validation and qualification processes and begin volume purchases, they may become major revenue contributors, thereby changing the composition of our largest customer group. Changes in our product portfolio, including new product series targeting different market segments, have also contributed to shifts in customer composition as different customers adopt these products at varying times.

To the best of our knowledge, none of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers, save for Customer M, which is a company controlled by Centurium Capital through its controlled entities. During the Track Record Period, we sold GPGPU products to Customer M, amounting to RMB33.9 million in aggregate, representing 2.5% of our total sales for the same period. All such transactions were conducted in the ordinary course of business under normal commercial terms and on an arm’s-length basis. To the best of our knowledge, save for Customer M, all of our customers during the Track Record Period were Independent Third Parties.

## **OUR SUPPLIERS**

As a fabless semiconductor company, we maintain a comprehensive network of suppliers and manufacturing partners. Our supply chain encompasses the procurement of essential materials including wafers, memory components, and substrates, specialized R&D resources such as IP cores and design software, as well as technical services including chip tape-out services and commissioned research. During the Track Record Period, we did not procure any raw materials originated in the United States, and our procurement of products or services did not subject us to any U.S. or Chinese tariffs. During the Track Record Period, we procured some IP cores and EDA tools from U.S.-based suppliers. Such procurements were conducted through two methods: software licensing or optical disc importation. As advised by the PRC Legal Advisor, procurements via software licensing are not subject to tariff regimes — the reason being that tariffs generally apply to the cross-border importation of tangible goods, rather than electronically transmitted software or intangible technology. Pursuant to Article 2 of the Tariff Law of the People’s Republic of China (中華人民共和國關稅法) (the “**Tariff Law**”), China levies tariffs on goods permitted to be imported. However, IP cores and EDA software, which do not constitute “goods” as defined under the Tariff Law, fall outside the scope of taxation thereunder. In addition, the Import and Export Tariff Schedule of the People’s Republic of China (中華人民共和國進出口稅則) specifies the tariff items and rates for dutiable goods, and IP cores and EDA software are not included therein. Therefore, as advised by the PRC Legal Advisor, our procurement of IP cores and EDA software through software licensing was not subject to PRC tariffs. Procurements via optical disc importation are subject to tariff regimes, but exemption may be applied for in accordance with the provisions of the Announcement of the Tariff Commission of the State Council on Carrying Out the Market-Oriented Procurement Exclusion Work for Commodities Subject to Additional Tariffs on Imports from the United States. All IP cores and EDA software we purchased from the United States via optical disc importation during the Track Record Period have obtained such exemption from additional tariffs. Considering the above, during the Track Record Period, China’s arrangements for imposing additional tariffs on U.S. products did not have impact on our cost of sales or financial performance. To monitor and mitigate impact from U.S. and Chinese tariffs on our procurement, we have designated responsible personnel to track updates to U.S. and Chinese tariff schedules and regularly review the categories and origins of procurement to avoid unnecessary exposure to tariff regimes.

### **Supplier Management**

We maintain stringent protocols for selecting and managing suppliers of critical components, including wafers, memory components, and substrates that constitute the majority of our material costs. Our selection criteria emphasize technological capabilities, production stability, and quality assurance standards, with key suppliers required to maintain ISO9001 certification and demonstrate consistent quality management systems. Our supplier management framework includes regular performance evaluations, focusing on quality metrics, delivery reliability, and technical capabilities, with immediate corrective action plans required for any issues identified.

To mitigate potential supply chain disruption risks, we have implemented a comprehensive risk management system. We maintain active engagement with an diverse pool of qualified suppliers, ensuring at least one backup options for each key supplier category where feasible. We secure production capacity commitments well in advance through framework agreements, typically one to two months ahead of projected needs. During the Track Record Period and up to the Latest Practicable Date, there had been no material changes to the terms of our agreements with our major suppliers. For specialized components where supplier options are technically constrained, we have developed particularly robust relationships with industry-leading suppliers and implemented enhanced monitoring systems to ensure supply stability.

Our inventory management strategy involves maintaining strategic safety stock levels typically ranging from three to six months of projected usage, calibrated to each component's lead time, market availability, and historical consumption patterns. We conduct periodic reviews of inventory positions against target thresholds and adjust our buffer stock levels based on supplier performance metrics and market conditions.

During the Track Record Period and up to the Latest Practicable Date, save for a temporary suspension of services by certain overseas EDA suppliers from May 2025 to July 2025 and a temporary suspension of certain shipments by Supplier F from late November 2024 to early February 2025, we had not encountered any suspension or termination of relationships with major suppliers, nor experienced any material disputes or business disruptions due to supply chain issues. While certain critical services and components require extensive validation periods for any supplier changes, our robust supplier relationships, inventory management policies and supplier diversification strategies help ensure operational stability. Through this comprehensive management approach, we maintain strong relationships with our supplier base while ensuring consistent access to high-quality services and components that meet our exacting standards.

To the Company's knowledge, during the Track Record Period, save for the transactions and arrangements made in the ordinary course of business, none of the Company's foundries and assembly partners or their ultimate beneficial owners or directors had any other past or present relationships (family, business, employment, trust, financing or otherwise) with the Company or its subsidiaries, their shareholders, directors, supervisors or senior management, or any of their respective associates.

### **Foundries**

As a fabless semiconductor company, we engage leading foundries to manufacture our GPGPU chips and co-packaged integrated circuits using advanced process nodes, utilizing our proprietary designs and specifications. For each year/period of the Track Record Period, our procurement of foundry services accounted for approximately 2% to 18% of our total purchases.



The salient terms of our agreements with foundries are set out below:

- **Scope of supply:** The wafer foundries are responsible for manufacturing wafers in accordance with the specifications required in the purchase order.
- **Payment:** We are generally required to pay in advance for our purchases from wafer foundries.
- **Term and termination:** The agreements with wafer foundries generally have a term of one year, with an option for automatic one-year extension. Either party may terminate the agreements by giving the other party a 30-day prior written notice.

We maintain close oversight of the manufacturing process, providing technical support and quality control throughout the production cycle. This manufacturing model enables us to maintain production flexibility while focusing on our core strengths in chip design and development. We actively manage key manufacturing risks including potential capacity constraints, geopolitical factors affecting technology transfer, and evolving regulatory requirements for advanced processes. In particular, the global foundry market is characterized by high technological barriers to entry and significant concentration among a few leading providers, particularly for cutting-edge process nodes. However, there remains qualified manufacturers domestically and abroad with comparable technical capabilities and production processes across our manufacturing requirements, although the qualification and on-boarding of new manufacturing partners requires time and resources due to the technical complexity of our products. We have established a diverse foundry supplier network, initially beginning our cooperation with Supplier F before strategically expanding to include several other foundry partners, guided by our supplier pool policies which emphasize technological capabilities, production capacity, and reliability.

While we believe our supplier relationships are stable, the concentrated nature of the foundry market and technical complexity of our products may expose us to certain supply chain risks. To mitigate supply risks and ensure stable supply of foundry manufacturing services, we have implemented comprehensive measures including: (i) maintaining relationships with multiple qualified suppliers for each key manufacturing step, with real-time monitoring access to foundry production systems; (ii) providing rolling forecasts and advance production schedules to suppliers to help them better plan capacity and secure necessary materials; (iii) maintaining dedicated communication channels with suppliers for production scheduling, capacity planning, and technical support; and (iv) conducting regular supplier performance reviews with established quality metrics and improvement protocols, while maintaining qualified supplier lists that meet evolving regulatory and technical requirements. Through these measures, we have maintained manufacturing stability without material disruptions while ensuring compliance with industry regulations and technical standards.

### **Assembly Partners**

We engage assembly partners across two main categories to support our manufacturing process: (i) Outsourced Semiconductor Assembly and Test (OSAT) partners who handle the critical steps of chip packaging and testing, implementing comprehensive quality control procedures to ensure each GPGPU chip meets our exacting standards; and (ii) Printed Circuit Board (PCB) Assembly partners who manage the board assembly process for our GPGPU accelerator, from component sourcing to final integration, including the procurement and assembly of key components such as PCBs, power supplies, and structural elements. For each year/period of the Track Record Period, our procurement of assembly services accounted for approximately 4% to 14% of our total purchases.

The salient terms of our agreements with assembly partners are set out below:

- **Scope of supply:** We are responsible for providing wafers and substrates to the assembly partners, and the assembly partners are tasked with processing and assembling in accordance with our specifications specified in the purchase order. The assembly partners shall also conduct subsequent testing.
- **Quality control:** We typically set an assembly yield rate in the agreements with assembly contractors.
- **Payment:** We are generally required to make full payment within one months after the end of each month or within the agreed-upon time limit in the purchase order.
- **Term and termination:** The agreements with assembly contractors generally have a term of five years and may be renewed unless either party gives a 30-day prior notice of non-renewal.

### **IP Cores and Design Software Providers**

We maintain close relationships with suppliers of IP cores and design software, including EDA suppliers, that enable our GPGPU development. The IP cores we procure are primarily interface and auxiliary IP cores, which are used to support specific functions within our products. For each year/period of the Track Record Period, our procurement of IP cores and design software services accounted for approximately 6% to 17% of our total purchases.

The salient terms of our agreements with IP cores and design software providers are set out below:

- **Scope of license:** Providers typically grant us non-exclusive, non-transferable licenses to use specified IP cores and design software, which generally also include related documentation, technical support, and software updates. These licenses are generally limited to use within Chinese Mainland, and prohibit reverse engineering, unauthorized distribution, and sublicensing, and require compliance with license management systems.
- **Payment:** License fees are generally structured in multiple installments, with payments required in advance of each license period. A typical payment structure consists of installments paid annually over the license term.

- **IP rights:** The agreements typically define ownership of background IP and specify our rights to use the licensed technology for design purposes. Any improvements or modifications developed during the license term are subject to specific ownership and usage provisions.
- **Data protection:** Agreements typically require compliance with applicable data protection laws, including implementation of security measures for data processing, storage, and access control.
- **Term and termination:** License term is typically 12–36 months from the license effective date, with provisions for renewal. Either party may terminate the agreement by providing written notice typically one month in advance.

We have developed mutual-beneficial relationships with major EDA suppliers and have maintained strong and stable relationships exceeding four years with our major IP cores and design software providers. The majority of our critical EDA software licenses maintain validity beyond one year, with renewal negotiations conducted periodically as appropriate. Many leading providers in the market are U.S.-based companies (whose IP cores and EDA software we currently use for certain key development processes), and we maintain comprehensive licensing agreements and technology access arrangements in compliance with export control requirements. For critical overseas-sourced EDA software, we have recently secured license renewals extending for at least three years, providing stability to our development capabilities. While the concentrated nature of the EDA industry and export control considerations may present certain risks to our operations, we actively manage these relationships through careful compliance with licensing terms and export control requirements. To further enhance our supply chain resilience, we have implemented a multi-vendor strategy that prioritizes non-U.S. vendors for new product development, with both international and domestic suppliers progressively integrated into specific development areas. Since 2022, we have successfully onboarded several domestic suppliers who meet our rigorous technical requirements and quality standards for specific development processes. As of the Latest Practicable Date, we had not experienced material impediments in accessing these essential tools and technologies. Save for a temporary suspension of services by certain overseas EDA suppliers from May 2025 to July 2025 and a temporary suspension of certain shipments by Supplier F from late November 2024 to early February 2025, we had not encountered any suspension or termination of relationships with major suppliers, nor experienced any material disputes or business disruptions due to supply chain issues during the Track Record Period and up to the Latest Practicable Date. See “Risk Factors — Risks Related to Our Business and Industry — We rely on third-party IP cores and design software for our chip development, and any limitation on the availability of these technologies could adversely impact our ability to develop and launch new products.”

### **Technical Service Providers**

Our technical service partners complement our internal capabilities with specialized expertise in areas such as advanced testing procedures, optimization services, and specific technical development projects. These partners provide both continuous support services and targeted research and development work based on our needs. We have maintained relationships ranging from one to three years with our key technical service providers.

The salient terms of our agreements with technical service providers are set out below:

- ***Scope of services:*** Provider agrees to deliver specified technical services, which may include advanced testing, optimization, and related technical support. Provider typically submits a detailed service delivery plan for our approval, outlining methodologies, timelines and deliverables. Services will be performed in accordance with the agreed plan.
- ***Payment:*** Service fees are typically paid in installments based on agreed project milestones, which are usually structured to align with key deliverables, with an initial payment upon contract signing, interim payments upon achievement of specified milestones, and a final payment upon project completion and acceptance.
- ***IP and confidentiality:*** Where applicable, the agreements typically provide that work products and related IP rights developed during the service period will belong to us. The provider must maintain confidentiality of all project-related information, ensure their work does not infringe any third-party rights, and may not disclose any project materials or results to third parties without our consent.
- ***Term and termination:*** Agreements typically continue until completion of the specified services or deliverables. Either party may terminate with 30 days' written notice under specified circumstances, or immediately for material breach by the other party, with the non-breaching party being entitled to compensation for proven losses.

### Server and Component Providers

We work with established server and component providers to maintain our computing infrastructure essential for chip design and development operations. We have maintained relationships extending beyond two years with our key infrastructure and component providers.

The salient terms of our agreements with infrastructure and component providers are set out below:

- ***Scope of supply:*** Providers supply us with server hardware, components, and related equipment. The scope typically includes delivery and may also include installation according to our technical specifications.
- ***Payment:*** Payment of the total amount is typically due within 30 days after delivery and receipt of proper documentation.
- ***Termination:*** Either party may terminate the agreement by providing written notice typically one month in advance. A party may terminate immediately in cases of material breach by the other party, which typically includes violations of contractual obligations, providing false information during performance, or other specified defaults.

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### Our Major Suppliers

During the Track Record Period, our major suppliers primarily included providers of memory components, wafer fabrication, printed circuit board processing services, IP cores and design software. Purchases from our largest supplier in each of 2022, 2023, 2024 and the six months ended June 30, 2025 accounted for 12.5%, 21.6%, 18.1% and 53.1% of our total purchases for the respective year/period, while that of our top five suppliers accounted for 58.2%, 56.2%, 44.6% and 67.2% of our total purchases for the respective year/period. The following tables set forth certain information of our top five suppliers during the Track Record Period.

<u>Rank</u>	<u>Supplier</u>	<u>Purchase Amount</u> (RMB'000)	<u>% of Total Purchase</u> (%)	<u>Business Relationship Since</u>	<u>Products/Services Supplied</u>
<i>For the Six Months Ended June 30, 2025</i>					
1	Supplier A <sup>(1)</sup>	259,334	53.1	2022	Memory components
2	Supplier B <sup>(2)</sup>	23,968	4.9	2022	IP cores and design software
3	Supplier C <sup>(3)</sup>	17,772	3.6	2024	IT facilities
4	Supplier D <sup>(4)</sup>	13,827	2.8	2024	Board-level components
5	Supplier E <sup>(5)</sup>	13,814	2.8	2020	Printed circuit board processing services
<b>Total</b>		<b><u>328,716</u></b>	<b><u>67.2</u></b>		

*Note:*

- (1) Supplier A is a leading distributor of storage and memory solutions established in 2002. The increase in purchases from Supplier A during this period was primarily to meet anticipated substantial growth in customer demand in the second half of the year, while ensuring buffer inventory.
- (2) Supplier B is a global leader in electronic design software industry.
- (3) Supplier C is a computing and network equipment provider established in 2007.
- (4) Supplier D is a leading distributor of electronic components established in 2017.
- (5) Supplier E is a leading manufacturer of computing and electronic products established in 1997 and listed on the Hong Kong Stock Exchange.

## BUSINESS

<b>Rank</b>	<b>Supplier</b>	<b>Purchase Amount</b> <i>(RMB'000)</i>	<b>% of Total Purchase</b> <i>(%)</i>	<b>Business Relationship Since</b>	<b>Products/Services Supplied</b>
<b><i>For the Year Ended December 31, 2024</i></b>					
1	Supplier A <sup>(1)</sup>	157,486	18.1	2022	Memory components
2	Supplier F <sup>(2)</sup>	109,069	12.6	2019	Wafer fabrication
3	Supplier E <sup>(3)</sup>	49,204	5.7	2020	Printed circuit board processing services
4	Supplier G <sup>(4)</sup>	38,151	4.4	2019	IP cores and design software
5	Supplier H <sup>(5)</sup>	33,363	3.8	2024	IT facilities
<b>Total</b>		<b>387,273</b>	<b>44.6</b>		

***Notes:***

- (1) Supplier A is a leading distributor of storage and memory solutions established in 2002.
- (2) Supplier F is a global leader in semiconductor foundry services established in 1987 and listed on the Taiwan Stock Exchange and the New York Stock Exchange.
- (3) Supplier E is a leading manufacturer of computing and electronic products established in 2012 and listed on the Hong Kong Stock Exchange.
- (4) Supplier G is a leading electronic design software company established in 1986 and listed on NASDAQ Stock Exchange.
- (5) Supplier H is a computing and network equipment provider established in 2017.

<b>Rank</b>	<b>Supplier</b>	<b>Purchase Amount</b> <i>(RMB'000)</i>	<b>% of Total Purchase</b> <i>(%)</i>	<b>Business Relationship Since</b>	<b>Products/Services Supplied</b>
<b><i>For the Year Ended December 31, 2023</i></b>					
1	Supplier F <sup>(1)</sup>	98,995	21.6	2019	Wafer fabrication and tape-out services
2	Supplier A <sup>(2)</sup>	78,139	17.0	2022	Memory components
3	Supplier E <sup>(3)</sup>	38,483	8.4	2020	Printed circuit board processing services
4	Supplier I <sup>(4)</sup>	24,891	5.4	2021	Chip packaging and testing services
5	Supplier J <sup>(5)</sup>	17,386	3.8	2023	IP cores
<b>Total</b>		<b>257,894</b>	<b>56.2</b>		



## BUSINESS

*Notes:*

- (1) Supplier F is a global leader in semiconductor foundry services established in 1987 and listed on the Taiwan Stock Exchange and the New York Stock Exchange.
- (2) Supplier A is a leading distributor of storage and memory solutions established in 2002.
- (3) Supplier E is a leading manufacturer of computing and electronic products established in 2012 and listed on the Hong Kong Stock Exchange.
- (4) Supplier I is a leading OSAT provider established in 2021.
- (5) Supplier J is an IP solutions provider established in 2020.

<b>Rank</b>	<b>Supplier</b>	<b>Purchase Amount</b> <i>(RMB'000)</i>	<b>% of Total Purchase</b> <i>(%)</i>	<b>Business Relationship Since</b>	<b>Products/Services Supplied</b>
<b><i>For the Year Ended December 31, 2022</i></b>					
1	Supplier G <sup>(1)</sup>	78,035	12.5	2019	IP cores and design software
2	Supplier K <sup>(2)</sup>	77,347	12.3	2020	Memory components
3	Supplier E <sup>(3)</sup>	75,089	12.0	2020	Printed circuit board processing services
4	Supplier F <sup>(4)</sup>	72,979	11.6	2019	Wafer fabrication and tape-out services
5	Supplier I <sup>(5)</sup>	61,647	9.8	2021	Chip packaging and testing services
<b>Total</b>		<b><u>365,097</u></b>	<b><u>58.2</u></b>		

*Notes:*

- (1) Supplier G is a leading electronic design software company established in 1986 and listed on NASDAQ Stock Exchange.
- (2) Supplier K is a leading electronic components distributor established in 2005 and listed on the Taiwan Stock Exchange.
- (3) Supplier E is a leading manufacturer of computing and electronic products established in 2012 and listed on the Hong Kong Stock Exchange.
- (4) Supplier F is a global leader in semiconductor foundry services established in 1987 and listed on the Taiwan Stock Exchange and the New York Stock Exchange.
- (5) Supplier I is a leading OSAT provider established in 2021.

During the Track Record Period, we did not rely on any single supplier for our critical materials, services, technologies or intellectual property. The major suppliers and their respective procurement contributions varied from year to year during the Track Record Period, with such variance and distribution being consistent with industry practice.

To the best of our knowledge, none of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers.

We maintain strong relationships with our key suppliers while actively managing supply chain risks in the semiconductor industry. These supplier relationships have enabled us to achieve significant manufacturing milestones, including successful mass production of our products and the establishment of robust inventory positions across our product portfolio. However, we are exposed to supply chain risks arising from evolving international trade and regulatory requirements affecting the semiconductor industry. For example, the U.S. Department of Commerce issued an “Is Informed” letter to Supplier F in November 2024, imposing immediate export restrictions to prevent Supplier F’s shipment of certain types of advanced semiconductor products to China, particularly those used in AI applications. As confirmed by the OIR and Export Control Legal Advisor, such “Is Informed” letter is not publicly available and, consistent with Part 744 of the EAR, the “Is Informed” letter, as opposed to broader revisions to the EAR, directly imposes restrictions on the recipient of the letter (i.e., Supplier F) but not third-parties such as us. Consistent with the “Is Informed” Letter, we understand that Supplier F did not proceed with further shipments of relevant affected items to China, which included certain shipments of co-packaged integrated circuits to us, thus avoiding any violations of the EAR pursuant to the “Is Informed” letter. Following the promulgation of the Interim Final Rule by BIS on January 16, 2025 (the “**January Interim Final Rule**”), it is presumed that “applicable advanced logic ICs” are classified as ECCN 3A090.a (designed or marketed for data-center) and therefore require worldwide BIS authorization (export license) unless one of three routes to overcome such presumption is satisfied, one of which was that an approved OSAT packages and provides an attestation as to the aggregated approximated transistor count is below certain thresholds (e.g., under 30 billion; or, if no high HBM is present, under 35 billion for shipments completed in 2027 and under 40 billion in 2029 and thereafter). In early February 2025, we provided the requisite attestation issued by an approved OSAT to Supplier F, pursuant to which Supplier F was able to resume shipment of our products covered thereunder. It is the view of the OIR and Export Control Legal Advisor that the aforesaid arrangement of supply of co-packaged integrated circuits by Supplier F to us does not represent a violation of the January Interim Final Rule and the EAR because we have engaged approved OSATs as required under the January Interim Final Rule and the EAR to provide the requisite approved OSAT attestation on the co-packaged integrated circuits supplied to us and to prove that such co-packaged integrated circuits were not subject to the 3A090.a presumption under the January Interim Final Rule. As such, it is the view of the OIR and Export Control Legal Advisor that such activities do not represent a violation of the EAR.

As a result of the foregoing, we experienced a temporary disruption in supply of certain types of co-packaged integrated circuits used for several of our products from late November 2024 to early February 2025. This temporary supply interruption did not materially affect our operations primarily because we had proactively built up and maintained sufficient inventory levels to fulfill customer commitments; the timing of the disruption coincided with typical seasonal industry slowdowns in customer demand; and importantly, we had already initiated and made substantial progress in implementing alternative supply arrangements as part of our routine supply chain risk management strategy. See also, “Risk Factors — Risks Relating to our Business and Industry — We depend on third-party contract manufacturers, which reduces our ability to control our manufacturing process. Any interruption or shortage or loss of capacity from these contract manufacturers could materially interrupt our business operations and product offerings, which may adversely affect our business, results of operations and financial condition.”

To further enhance our supply chain resilience, we have implemented a multi-vendor strategy to diversify our supplier base across multiple regions. We will continue to maintain strong collaborative relationships with our key suppliers, including Supplier F, characterized by close ongoing communication and long-term partnership agreements, with no current indications of any material disruption to our ongoing business relationships. We have also commenced small-batch trial production with an alternative foundry and have put in place comprehensive backup plans through ongoing engagement with additional alternative foundries. Our backup foundry arrangements have demonstrated adequate capacity, quality, and cost parameters to provide necessary operational safeguards while supporting our continued business growth. These arrangements are expected to be capable of manufacturing all our products under development, including next-generation products. The establishment of multiple foundry relationships enables us to maintain operational flexibility. Through our proactive supplier management strategy, including regular engagement on capacity planning, ongoing monitoring of regulatory requirements, and systematic review of procurement sources, we have established a resilient supply chain framework that we believe will effectively support our business growth and operational needs. See also, “— Our Suppliers — Supplier Management” and “— Our Suppliers — Foundries.”

## **OVERLAPPING OF CUSTOMERS AND SUPPLIERS**

Customer K, one of our largest customers in 2023, also acted as our supplier in the same year. Customer K specializes in computing power solutions, providing computing infrastructure and services to support digital transformation and AI-driven workloads for industry clients. Revenue generated from sales of our GPGPU products to Customer K accounted for 12.3% of our total revenue in 2023. We procured IDC servers from Customer K to support our R&D activities, amounting to nil, RMB4.0 million, RMB4.4 million and RMB2.4 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, representing nil, 0.9%, 0.5% and 0.5% of our total purchases for the respective years/periods. Revenue generated from Customer K was RMB0.1 million, RMB35.6 million, nil and nil in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, representing 0.1%, 12.3%, nil and nil of our total revenue for the respective years/periods.

Customer C, one of our largest customers in the six months ended June 30, 2025, also acted as our supplier in the same period. Customer C is a globally leading provider of optoelectronic hybrid computing. Revenue generated from sales of our AI computing solutions to Customer C was RMB21.2 million in the six months ended June 30, 2025, representing 6.6% of our total revenue for the period. We did not generate revenue from Customer C in 2022, 2023 and 2024. We procured optical interconnect products from Customer C for use in connection with our delivery of computing solutions for certain projects, amounting to nil, nil, RMB5.1 million and RMB3.2 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, representing nil, nil, 0.60% and 0.65% of our total purchases for the respective years/period.

Negotiations of the terms of our sales to and purchases from this overlapping customer and supplier were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from the overlapping customer and supplier were conducted in the ordinary course of business under normal commercial terms and on an arm’s-length basis.

## **LOGISTICS AND INVENTORY MANAGEMENT**

### **Logistics**

We have established a robust logistics and warehousing system to support the efficient distribution and quality control of our products. Our primary warehouse is located in Shanghai, which serves as our central hub for inventory storage and dispatch. In addition, we leverage supplementary storage facilities at the manufacturing sites of our key manufacturing partners in eastern and southern China, further enhancing our regional coverage capabilities.

For product delivery, we coordinate closely with our manufacturing partners and reputable third-party logistics service providers to ensure the timely and secure transportation of goods to customers across various regions. Depending on customer requirements and order size, finished products are delivered either directly from our Shanghai warehouse or dispatched from our manufacturing partners' facilities to the designated venues specified by customers. Throughout the logistics process, we maintain stringent oversight and quality control measures to ensure product integrity and traceability at every stage of the supply chain.

### **Inventory Management**

Our inventories primarily comprise finished products, semi-finished products, and raw materials. We have implemented a comprehensive inventory management system designed to maintain accurate and up-to-date inventory records across all storage locations. Our procurement and inventory planning process is highly structured, commencing with target setting and production planning, and extending through delivery scheduling and post-delivery reconciliation. We conduct regular inventory reviews and physical counts at least twice a year, covering both our Shanghai warehouse and our manufacturing partners' facilities.

To mitigate the risk of inventory obsolescence, we proactively monitor inventory aging and undertake periodic assessments with our supply management and business operations teams. For legacy products or inventory held for over a year, we implement targeted clearance strategies to optimize inventory turnover. Additionally, we closely track market trends and demand forecasts, and may strategically pre-stock essential raw materials to mitigate the risk of supply disruptions.

Through these integrated logistics and inventory management practices, we are able to maintain efficient product distribution, ensure timely order fulfillment, and exercise effective control over inventory levels, thereby supporting our overall operational stability and customer satisfaction.

## **QUALITY CONTROL**

We are committed to upholding the highest standards of quality across our products and solutions, recognizing that robust quality management is essential to our reputation and long-term competitiveness. To this end, we have established a comprehensive quality management system that provides the organizational framework and operational standards for the continuous improvement of our products, processes, and customer service.

**R&D Activities**

Throughout our research and development process, we adhere strictly to all relevant laws, regulations, industry practices, and our internal quality control protocols. Our R&D activities are subject to a rigorous, multi-stage evaluation and validation process designed to ensure that every product and solution meets our stringent quality benchmarks. Specifically, at the start-up phase of each project, we engage in detailed consultations to understand customer requirements and assess project feasibility. During the planning phase, we develop comprehensive project plans and technical proposals based on in-depth analysis. The execution and monitoring phase involves the implementation of technical solutions, with extensive testing and validation conducted to confirm product performance and reliability. In the closing phase, we summarize the lessons learned and integrate feedback to drive ongoing improvement. This systematic approach to R&D quality control ensures that only products meeting our high standards progress to mass production and commercial release.

**Supply Chain Management**

Quality assurance extends throughout our entire supply chain. We have established robust policies and detailed procedures to ensure the quality of components and raw materials sourced from our suppliers. In selecting and evaluating suppliers, we conduct thorough due diligence, taking into account their reputation, credentials, service capabilities, product quality, and delivery performance. All suppliers are required to comply with our internal supply management policies and quality requirements.

Our quality control team is responsible for communicating with suppliers regarding technical standards and specifications, and for conducting thorough inspection of product samples to verify compliance with our design requirements. We may also conduct regular or ad hoc on-site inspections at suppliers' facilities and require prompt corrective action for any identified quality issues. These procedures allow us to maintain a high level of consistency and reliability in the materials incorporated into our products.

**Product Returns and Recalls**

We have implemented comprehensive procedures for the identification and control of non-conforming products. Our approach involves close coordination between our product-line, technology, and customer service departments to ensure prompt response and resolution of any quality-related issues. When non-conforming products are identified, our teams implement rectification measures, monitor outcomes, and provide personnel training and process optimization as needed. Customer service managers maintain direct communication with customers and work in collaboration with product quality managers to analyze issues, issue reports, and follow up with relevant departments to ensure corrective actions are taken and further improvements are achieved.

Our systematic quality management procedures are designed to prevent non-conforming products from being delivered or used by customers. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material product returns or recalls, reflecting the effectiveness of our quality control system and our commitment to product excellence.

**COMPETITION**

China's GPGPU market is highly competitive, with global technology leaders currently dominating market share while domestic players are rapidly emerging. We face intense competition from established international GPGPU companies with mature technology stacks and ecosystem advantages, as well as other domestic competitors targeting various market segments and application scenarios. Critical aspects of competition include chip architecture capabilities, manufacturing process advancement, software stack development, and deep understanding of AI computing requirements, which are essential for capturing market share. The increasing domestic demand for technology alternatives, coupled with the rapid evolution of AI computing needs, creates both opportunities and competitive pressures in the sector. See "Industry Overview" for details.

**INFORMATION SECURITY AND DATA PRIVACY**

In the course of our business operations, we collect, store and process business data and transaction data. Given that we only make transactions with enterprises, our business generally does not involve the collection or processing of customers' personal information.

To reinforce our data security and protection measures, we have implemented a comprehensive approach that includes stringent data encryption, secure data storage protocols, and strict transmission policies to ensure the confidentiality and integrity of sensitive information. Moreover, we implemented a robust information backup management system, which sets forth the guiding principles, detailed procedures and mechanisms for data recovery. In addition, we formulated a scheme on information security management to set out the general guidance and principles of our information security management, under which we established a series of policies and procedures, including among others, policies on system operation management, password management and corporate trade secret protection and procedures on document control and confidentiality management. These systems, policies and procedures collectively form a solid framework that safeguards our data and upholds our stringent standards for information security.

**INTELLECTUAL PROPERTY**

Since our inception, we have internally developed a variety of intellectual property rights. As of June 30, 2025, we have 65 granted patents, including 56 invention related patents, as well as 207 trademarks both in China and overseas. We also own 113 copyrights, including both software and design copyrights, as of June 30, 2025. We also own six domain names in China for our website, as of June 30, 2025. In addition, we co-owned 1 patent application with third parties in China, as of June 30, 2025. Considering the supplemental nature of such patent applications, none of these applications would have a material adverse impact on our operations if they were unsuccessful or subject to any disputes. See "Appendix VI — Statutory and General Information — 2. Further Information About the Business of the Company — B. Intellectual Property Rights" for details of our material intellectual property rights.



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We believe that our intellectual property portfolio is critical to strengthening our technological leadership and maintaining substantial barriers to entry. We intend to continue expanding our intellectual property assets by developing more advanced algorithms, software frameworks and high-efficiency GPGPU architectures, which are expected to bring sustained value to participants in our ecosystem.

The following table sets forth our key technologies, their significance to our business, the status of intellectual property protection, and their technological advancement:

<b>No.</b>	<b>Core Technology</b>	<b>Significance</b>	<b>Intellectual Property Protection</b>	<b>Advancement</b>
1	GPGPU Core Architecture Design	Forms the technological foundation and core competitiveness of our key products, supporting major applications in AI and computational workloads	21 granted patents, 20 pending applications	Leading domestically and internationally
2	GPGPU System Control Microarchitecture Design	Ensures product reliability and supports large-scale cluster deployment, enhancing system-level management and energy efficiency	1 granted patent, 13 pending applications	Leading domestically and internationally, enabling large-scale GPGPU clusters and high-power management
3	GPGPU Video and Image Codec Microarchitecture Design	Provides high-efficiency processing capabilities for multimedia and AI scenarios	1 granted patent, 1 pending application	Leading domestically and internationally, supporting concurrent high-channel video processing
4	Adaptive Performance and Power Optimization	Realizes dynamic balance between high performance and power efficiency, strengthening product competitiveness	1 granted patent, 4 pending applications	Delivers significant performance improvement, industry advanced
5	GPU Driver and Compiler Technology	Ensures compatibility with mainstream ecosystems, lowering customer migration barriers	1 granted patent, 4 pending applications, 3 software copyrights	Broad compatibility with major operating systems and applications

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No.	Core Technology	Significance	Intellectual Property Protection	Advancement
6	High-performance General-purpose Computing Ecosystem Compatibility Technology	Improves ecosystem compatibility and usability, facilitating seamless customer migration	6 granted patents, 7 pending applications, 3 software copyrights	Fully compatible with mainstream GPGPU ecosystems, highly user-friendly
7	High-performance Secure Computing Technology based on GPGPU	Meets high security requirements in finance, cloud computing and other sectors, expanding application scenarios	5 pending patent applications	The first domestic supplier supporting GPU-TEE secure computing
8	GPGPU Heterogeneous Application Platform	Enables integrated hardware and software delivery, enhancing customer experience and resource utilization	6 granted patents, 19 pending applications, 15 software copyrights	One-stop solution, highly efficient resource scheduling
9	GPGPU Large Model Cluster Inference Service Optimization	Provides cost-effective training and inference services for large model applications	5 pending patent applications	Solves deployment and scheduling for large models, leading domestically

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or any other pending legal proceedings regarding intellectual property rights with third parties.

## EMPLOYEES

As of June 30, 2025, we had a total number of 685 full-time employees, all of whom were based in Chinese Mainland. The following table sets forth the number of our full-time employees by function as of June 30, 2025.

Function	Number of Employees	Percentage
Research and Development	484	70.6%
Sales and Marketing	110	16.1%
General Administration	91	13.3%
<b>Total</b>	<b>685</b>	<b>100.0%</b>

Our success is underpinned by our ability to attract, retain, and motivate highly qualified personnel, and we regard our talent pool as a core strength of the Company. We adopt high standards and rigorous procedures in our recruitment process to ensure the quality of new hires. We recruit employees primarily through on-campus job fairs, industry referrals, online recruitment channels, and, where appropriate, specialized talent agencies, in order to meet our evolving business needs.

We offer competitive salaries, performance-based cash bonuses, and other incentives to our employees. In addition, we have adopted share-based incentive plans for eligible employees to further align individual performance with our long-term success. Our compensation and benefits packages are designed to attract and retain top talent in a highly competitive labor market.

To support the ongoing professional development of our employees, we provide new employee orientation programs as well as regular on-the-job training and continuing education opportunities. These programs are aimed at enhancing the skills and knowledge of our workforce, fostering a culture of innovation and excellence, and supporting the long-term growth of our business.

In full compliance with PRC laws and regulations, we participate in various employee social security plans organized by relevant government authorities, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans, with contributions made at specified rates based on employee salaries.

We enter into standard employment contracts and confidentiality agreements with all employees in accordance with market practice. For key personnel, we typically include non-compete covenants which restrict competitive activities during employment and for a period of up to two years following termination, with appropriate compensation provided during the restriction period. We also generally require core employees to sign proprietary information and inventions agreements, ensuring that all rights, title, and interests in inventions or works created during their employment are vested in our Company.

Upon commencement of employment, each employee receives an employee handbook that outlines our human resources policies, compliance requirements, compensation, benefits, performance assessment, and training and development programs.

Our employees have established a labor union in accordance with the relevant PRC labor laws. We believe that we maintain a good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material labor disputes, work stoppages, or significant difficulties in recruiting or retaining staff for our operations. No collective bargaining agreement has been put in place.

**INSURANCE**

We maintain insurance coverage over our daily operations. Our insurance policies primarily include employee-related insurance and product liability insurance, which we believe have covered major risks in our daily operations. We believe our insurance policy as a whole is in line with the general market practice and complies with the relevant rules and regulation in China. See the section headed “Risk Factors — Risks Related to Our Business and Industry — Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, results of operations and financial condition” in this Prospectus. During the Track Record Period, we did not make any material insurance claim in relation to our business.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

We believe our sustained growth lies in our contribution to the society. Since our inception, we have adopted as our long-term strategic goal to promote environmental sustainability, support and participate in socially responsible projects, and adhere to a high standard of corporate governance.

**ESG Governance**

We attach great importance to environment, social and governance (“**ESG**”) and strive to build a sustainable ecosystem comprising of our employees, business partners and customers. Our Board is fully responsible for setting up ESG policies and strategies, overseeing ESG-related issues, monitoring and reviewing of progress made against targets to ensure mechanism effectiveness, and fostering a culture of acting in accordance with our core ESG values. To strengthen our sustainability capabilities, improve our governance structure and enhance our ESG performance, we expect to establish an ESG committee, which is responsible for overseeing ESG-related issues and guiding the development of our ESG initiatives. The ESG committee consists of senior executives, heads of various functional departments and staff with a solid understanding of current and emerging ESG-related issues, and will report directly to our Board on all the ESG-related matters. The duties and responsibilities of the ESG committee include the following:

- Develop and implement ESG framework, policies and initiatives aligned with our long-term business strategy, and regularly review and adjust as needed;
- Ensure compliance with the latest ESG-related laws and regulations, and update ESG policies promptly based on regulatory changes;
- Identify, assess and manage material ESG-related risks on a regular basis, and implement timely measures to mitigate potential impacts;
- Engage external ESG experts when necessary to provide professional advice and support in fulfilling our ESG targets;
- Review and monitor the effectiveness of our stakeholder communication channels and collect their feedback to optimize our ESG strategies;

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- Arrange ongoing ESG training for directors and senior management to ensure awareness of the latest trends and compliance requirements on ESG-related matters;
- Prepare annual ESG Report and ESG-related risk and opportunity assessment report for the Board's approval; and
- Monitor and evaluate our performance and progress against ESG targets and regularly report to the Board.

### Environmental Protection

Our foundational commitment lies in providing practicable solutions that drive the sustainable development of society as a whole. With this in mind, we prioritize eco-conscious practices and integrate sustainability into every aspect of our business operations. To achieve this, we take proactive and effective measures to control and reduce pollutant emissions and energy consumption, seeking to make a positive impact on both the environment and the communities that we serve.

### *GHG Emissions and Energy Consumption Management*

The major sources of our greenhouse gas (“GHG”) emissions and energy consumption from our day-to-day operations primarily include electricity consumption. To manage our energy consumption and reduce GHG emissions, we have implemented relevant policies and conducted a series of campaigns, including temperature control in office areas. We will also consider adopting energy-efficient lighting systems and engaging employees through sustainability training and awareness programs to foster a culture of environmental responsibility.

The following table sets out the breakdown of GHG emissions and our electricity consumption for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
<b>GHG Emissions</b>					
Scope 1 and Scope 2 GHG emissions (t-CO <sub>2e</sub> )	455.67	766.32	971.08	441.18	489.57
Scope 1 and Scope 2 GHG emissions intensity (t-CO <sub>2e</sub> /RMB' million in revenue)	2.41	2.63	1.8	2.23	1.51
Scope 3 GHG emissions intensity (t-CO <sub>2e</sub> /RMB' million in revenue)	0.40	0.19	0.19	0.25	0.18
Scope 1 GHG emissions (t-CO <sub>2e</sub> )	—	—	—	—	—
Scope 2 GHG emissions (t-CO <sub>2e</sub> )	455.67	766.32	971.08	441.18	489.57
Scope 3 GHG emissions (t-CO <sub>2e</sub> )	75.21	55.00	104.13	49.34	58.73

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	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
<b>Energy Consumption</b>					
Electricity consumption (MWh)	799	1,235	1,565	711	789
Electricity consumption intensity (MWh/RMB' million in revenue)	4.22	4.25	2.9	3.6	2.43
Comprehensive energy consumption equivalent value (tce)	897.20	1,386.78	1,757.34	789.38	885.97

In alignment with our commitment to sustainability, we have set quantitative GHG emission reduction targets for the next three years covering Scope 1, Scope 2, and Scope 3 emissions. We do not generate direct GHG emissions under Scope 1 from our own operations. For Scope 2, our goal is to reduce the carbon emission intensity of purchased electricity by 10% by the end of 2026 compared to the 2024 baseline. To achieve this, we plan to sign renewable energy power purchase agreements so that green electricity accounts for 20% of our total electricity consumption, and to implement an energy management system in our office buildings to reduce total electricity usage by 10%. For Scope 3 emissions, mainly from procurement, supply chain transportation, and business travel, we will prioritize working with low-carbon logistics providers and optimize transportation routes through digital platforms to reduce empty load rates by 10%. We will also promote a “travel only when necessary” policy, replacing 20% of domestic business flights with video conferencing, and encourage employees to use public transportation and carpooling through subsidies and incentive programs. We will regularly monitor our progress towards these targets and continue to seek new opportunities to further reduce GHG emissions across our operations and value chain.

### *Water Consumption Management*

We closely monitor water consumption levels at our production facilities and offices and have implemented various policies and measures to conserve water resources. These include timely repairing any dripping faucets to minimize water wastage and posting reminder stickers in restrooms to raise employees’ awareness on water conservation. Through these efforts, we target to further promote water-saving practices and reduce overall water usage. The following table sets out our water consumption for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
<b>Water Consumption</b>					
Water consumption (t)	686.84	1,050.76	1,280.03	596.27	661.94
Water consumption intensity (t/RMB' million in revenue)	3.63	3.61	2.37	3.02	2.04



***Waste Management***

We are fully committed to sustainable waste management practices, ensuring that all waste is handled with the utmost care and efficiency. We do not produce hazardous waste, and the general waste we generate primarily includes screws and domestic garbage, all of which is carefully collected and stored for disposal by licensed third parties.

To further promote sustainability, we actively encourage recycling and waste sorting within our operations. By implementing effective waste management measures, we have achieved significant improvements in waste recycling, reflecting our dedication to minimizing waste and optimizing resource recovery. By regularly monitoring waste generation and waste recycling rate, we strive to minimize environmental impact and enhance sustainability efforts throughout our operations.

**Workforce Welfare and Diversity**

Within our organization, we are committed to creating an open and inclusive workplace that promotes equality. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to them regardless of gender, age, race, religion or any other social or personal characteristics. We actively promote gender equality, particularly in management and technical positions, by providing female employees with ample career development opportunities to help them achieve their professional aspirations. We also value age diversity, with a team structure that combines experienced senior staff and dynamic younger employees. This balance ensures the integration of industry expertise with innovative perspectives, fostering a workforce that supports our sustainable development. We adhere to a fair and transparent employee management system and strive to enhance gender and age diversity of our workforce. We established human resources management policies that systematically outline the recruitment processes, promotion procedures, dismissal/resignation processes, performance evaluation approaches, retention strategies, salary and benefits procedures, employee training, etc. We implement a merit-based hiring approach so make sure our recruitment is based on the principles of openness, fairness and equity.

**Community Engagement**

During the Track Record Period, we actively engaged with the community through various initiatives focused on education, public welfare, and technology empowerment. We made donations of semiconductor products and AI computing resources to leading universities to support research and talent development, and provided scholarships to encourage academic excellence in microelectronics and related fields. In addition, we participated in local charitable projects, including initiatives supporting individuals with autism.

Looking ahead, we will continue to strengthen collaboration with academic institutions by co-establishing joint laboratories to nurture digital skills and help bridge the education gap. We also intend to further expand our community support by providing accessible computing resources to developers, promoting technological innovation, and fostering inclusive growth within the industry.

**Anti-corruption and Anti-bribery**

We have implemented a set of policies to ensure our operations comply with applicable anti-bribery and anti-corruption regulations in jurisdictions where we operate. The policies explain potential bribery and corruption conduct and our anti-bribery and anti-corruption measures. Improper payments prohibited by the policy include bribes, kickbacks, excessive gifts or facilitation payment, or any other payment made or offered to obtain an undue business advantage. Our legal department is responsible for investigating the reported incidents and taking appropriate measures as necessary. We conduct background check procedures before hiring any third party and ensure that the hiring procedure is implemented fully in accordance with the anti-bribery and anti-corruption policies. We also have regular trainings for employees regarding anti-bribery and anti-corruption policies to facilitate better implementation.

**PROPERTIES**

Our headquarter is located in Shanghai, China. As of the Latest Practicable Date, we operated our business operations through 11 leased properties with an aggregate gross floor area of approximately 15,900 square meters. Our leased properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are principally used for office and research and development purposes.

As of the Latest Practicable Date, our leased properties in China had not completed lease registration procedures with the relevant PRC government authorities. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China. As advised by our PRC Legal Advisor, the lack of registration does not affect the validity of the lease agreements, but we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register. As of the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities.

As of the Latest Practicable Date, the actual land use of two of our leased properties used for our business operations was inconsistent with its approved land use as specified in its land use right certificate. If the owner of this property is required by government authorities to rectify such land use, we may have to relocate and bear relocation costs and other additional expenses. As of the Latest Practicable Date, we were not aware of any such rectification request by government authorities. As advised by our PRC Legal Advisor, under relevant PRC laws and regulations, it is the lessor (not the tenants) that will be subject to administrative punishment or penalties due to the lessors' failure to fulfill the responsibility to ensure that the actual use is consistent with the approved use. We would not be subject to any penalty therefrom, but we may not be able to continue leasing such property. Furthermore, one of our leased properties lacks the relevant title certificates from the lessors, which may expose us to the risk of third-party claims or disputes regarding property ownership. If we are unable to continue using such leased properties, the potential relocation will not lead to business disruption or undue burdensome, since we believe we are able to seek alternative leased properties in other areas (if necessary) without material adverse effects on the business operations and the relocation costs are not expected to be significant.

As of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group's interests in land or buildings.

## **LICENSES, PERMITS AND APPROVALS**

We are subject to regular inspections, reviews and audits by local regulators and are required to maintain the licenses, permits, approvals and certifications necessary for our business operations. During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits and approvals from the relevant government authorities that are material for our business operations in the jurisdictions where we operate and we have the up-to-date understanding with the applicable requirements.

## **LEGAL PROCEEDING AND COMPLIANCE**

### **Legal Proceedings**

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. We are currently not a defendant to any material legal or administrative proceedings and we were not involved in any material legal proceedings and litigations as defendant during the Track Record Period and up to the Latest Practicable Date.

### **Compliance**

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we have complied with the relevant PRC laws and regulations in all material respects.

Based on information provided by us regarding our business and operations, including its GPGPU products, R&D activities, historical transactions with customers and suppliers, the OIR and Export Control Legal Advisor has advised us that our transactions did not represent a violation of U.S. Export Administration Regulations (“EAR”) or U.S. sanctions regulations. Our internal control measures, if properly followed, appear adequate and effective to mitigate future risk of violations. As further advised by the OIR and Export Control Legal Advisor, we are a covered foreign person under the U.S. Outbound Investment Rules, and investments by U.S. persons in us would likely constitute “notifiable transactions” under the Outbound Investment Rules because we engage in activities involving semiconductors, a covered activity of the Outbound Investment Rule; and further, investments by U.S. persons in us would likely not constitute “prohibited transactions” under the Outbound Investment Rules because the

integrated circuits we design and our activities do not meet the criteria for “prohibited transactions” as prescribed under the Outbound Investment Rules. As further advised by our OIR and Export Control Legal Advisor, following the completion of the Global Offering, it is expected that U.S. persons will be able to invest in our H Shares based on the publicly traded securities exception under the Outbound Investment Rule as long as the investments made do not afford a U.S. person certain rights that are not standard minority shareholder protections. U.S. persons subscribing Shares in the Global Offering, instead of the Company, will bear the obligation to report notifiable transactions to the U.S. Department of the Treasury, if necessary. Under the Outbound Investment Rule, prohibited transactions include (i) fabrication of certain advanced semiconductors meeting the specifications under the Outbound Investment Rule; (ii) development or production of EDA software, front-end semiconductor fabrication equipment and advanced packaging equipment, or chips designed to operate at or below 4.5 Kelvin or those that exceed specified performance thresholds; and (iii) the development, installation, sales, or production of supercomputers that exceed certain specifications. As confirmed by our OIR and Export Control Legal Advisor, as we do not engage in any prohibited transactions, and our products do not meet the specified parameters prescribed for the prohibited transactions, our integrated circuit design activities do not meet the criteria for prohibited transactions. See “Risk Factors — Risks Related to Our Business and Industry — We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations on AI, semiconductor and related technologies, and our business, financial condition and results of operations could be adversely affected.” During the Track Record Period and up to the Latest Practicable Date, we did not experience any incident relating to the Outbound Investment Rules that resulted in material adverse impact on our operations or investment activities. For the foregoing reasons, our Directors are of the view that the Outbound Investment Rules would not have any material impact on the Company’s operations, financial performance, Global Offering or investment prospects. The Sole Sponsor has conducted due diligence work including, among others: (i) reviewing the legal memorandum issued by our OIR and Export Control Legal Advisor; (ii) discussing with our OIR and Export Control Legal Advisor and the Company to understand the impact of the Outbound Investment Rules on the Company’s operations, financial performance or investment prospects; and (iii) conducting background searches and public searches on the Group. Based on the due diligence work conducted, nothing has come to the Sole Sponsor’s attention that would cause it to cast doubt on the Directors’ views above.

As part of our management of the risks associated with our EAR compliance, we consider these rules in the design, manufacture, procurement and sales of our products. During the Track Record Period and up to the Latest Practicable Date, we did not experience any incident relating to EAR that resulted in material adverse impact on our operations, and the EAR has not caused material interruption to our business, and therefore the restrictions imposed by the EAR have not negatively impacted our operations or financial performance. Based on the view of our OIR and Export Control Legal Advisor and the following factors, our Directors are of the view that the restrictions imposed by the EAR have not and are not expected to materially and adversely impact our business activities or expansion plans:

- We have maintained stable operations and supply arrangements through multiple rounds of U.S. export control updates in recent years. This historical track record indicates that our operations are resilient to potential changes in export control measures.

- We are actively diversifying our supplier base and promoting the use of domestic alternatives to reduce reliance on foreign technologies.
- We have in place a comprehensive legal and compliance framework to identify, assess and prevent risks associated with export control and related restrictions. Specifically, we have adopted measures to mitigate potential risks, including periodic review of supply chain exposure to export-controlled items, requiring contractual undertakings from business partners regarding compliance with applicable export control and sanctions laws, maintaining dialogue with external legal advisors on regulatory developments, and establishing internal training and escalation procedures to ensure timely identification and handling of potential compliance issues.

The Sole Sponsor has conducted due diligence work including, among others: (i) discussing with the Company to understand the Group's product offerings and the impact of EAR restrictions on the Group's operations; (ii) reviewing the legal memorandum issued by our OIR and Export Control Legal Advisor; (iii) conducted third-party due diligence interviews with the Company's major customers and suppliers; and (iv) conducting background searches and/or public searches on the Group and its major customers and suppliers. Based on the due diligence work conducted, nothing has come to the Sole Sponsor's attention that would cause it to cast doubt on the Directors' views above.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our shareholders' investment and our assets. The objectives of our risk management system are to: (i) identify potential events that may impact us, ensuring relevant risks are controlled within acceptable and appropriate levels relative to our objectives; (ii) facilitate accurate and reliable communication of information to both internal and external stakeholders of our Company; (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 our Company 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 an annual comprehensive risk management report to the Board, 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 implementing our risk management policies and systems. Other departments and business units are supervised by the internal audit department in their risk management efforts.

The typical operating procedures of our risk management work include the following: (i) collecting information related to risk management, including historical data and future forecasts. Specifically, in terms of strategic risk, we extensively gather cases where domestic and international companies have suffered losses due to uncontrolled strategic risks; in financial risk, we collect cases of financial crises caused by uncontrolled financial risks; in market risk, we gather cases where companies have suffered losses due to neglecting market risks and lacking response measures; in operational risk, we collect information relevant to our Company and

industry; and in legal risk, we gather cases where companies have suffered losses due to neglecting legal and regulatory risks and lacking response measures; (ii) assessing the significance and likelihood (or frequency and probability) of risks; (iii) senior management assists the Board in determining a unified risk appetite and tolerance based on business characteristics, and establishes risk warning lines and corresponding countermeasures; (iv) senior management formulates risk management solutions for significant risks based on risk management strategies; and (v) senior management supervises the implementation of risk management, making timely improvements based on changes and any deficiencies. Our approach also involves the continuous enhancement of internal control mechanisms and regular reviews of our risk management policies and internal control measures to maintain their effectiveness and adequacy, ensuring that our operations align with industry standards and regulatory requirements.

### **IMPACT OF COVID-19**

On January 30, 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 a public health emergency of international concern, followed by its classification as a global pandemic on March 11, 2020. Despite a resurgence of cases in various regions during 2022, our established health and safety protocols — including remote work arrangements, social distancing, mask requirements, and site-specific measures — enabled us to adapt effectively to changing conditions. Our production, supply chain, and daily activities remained stable throughout this period. On the basis of the foregoing, our Directors are of the view that the COVID-19 pandemic did not have any material adverse impact on our business operations or financial performance. As conditions have now largely normalized, we do not anticipate any material adverse impact on our operations going forward.

### **AWARDS AND RECOGNITION**

We have received recognition for the quality and popularity of our business. The following table sets forth some significant awards and recognition we have received.

<u><b>Award/Recognition</b></u>	<u><b>Award Year</b></u>	<u><b>Awarding Institution/Authority</b></u>
First prize award, 2021 China Integrated Circuit Innovation and Entrepreneurship Competition	2021	Organizing Committee of the 2021 China Integrated Circuit Innovation and Entrepreneurship Competition
Leading Scientific and Technological Achievement Award, World Internet Conference	2021	Organizing Committee of World Internet Conference Wuzhen Summit



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## BUSINESS

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<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
SAIL AWARD TOP30, World Artificial Intelligence Conference	2021	Organizing Committee of World Artificial Intelligence Conference
Outstanding Technological Innovation Product, 17th “China Chip” Awards	2022	China Electronics Information Industry Development Research Institute
Shanghai Science and Technology Little Giant Enterprise	2023	Shanghai Federation of Trade Unions, Shanghai Municipal Human Resources and Social Security Bureau
Minhang District Science and Technology Little Giant Enterprise	2023	Minhang District Science and Technology Commission, Minhang District Economic Commission
Shanghai Unicorn (Potential) Enterprise to Receive Prioritized Service	2024	Shanghai Small and Medium-Sized Enterprises Development Service Centre, Great Wall Strategy Consultants
Second Prize, Shanghai Computing Network High-Quality Development Benchmark Application Case Competition	2025	Shanghai Computing Network Association
Science and Technology Innovation Golden Bull Award	2025	China Securities Journal

### BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We had achieved business growth but were loss-making during the Track Record Period. Our revenue increased from RMB189.4 million in 2022 to RMB289.0 million in 2023 and further to RMB539.5 million in 2024. Furthermore, our revenue increased from RMB197.4 million in the six months ended June 30, 2024 to RMB324.3 million in the six months ended June 30, 2025. However, we recorded net loss of RMB553.6 million, RMB817.4 million, RMB892.4 million, RMB404.0 million and RMB609.3 million in 2022, 2023, 2024 and six months ended June 30, 2024 and 2025, respectively, and adjusted net loss (non-HKFRS measure) of RMB432.8 million, RMB609.7 million, RMB644.7 million, RMB296.9 million and RMB299.8 million in the same years/periods, respectively.

**Reasons for Historical Loss**

As a key player in China's AI chip and GPGPU markets, our growth trajectory aligns closely with market development and expansion. However, AI chip and GPGPU markets are characterized by significant upfront investments and long product commercialization cycles, which posed challenges to achieving profitability during our early years of operation. We incurred net losses during the Track Record Period, primarily attributable to the following reasons.

- *Significant upfront investment in research and development initiatives.* The AI chip and GPGPU markets are capital- and technology-intensive, and require significant investments in, among others, architecture design and verification, software stack development, model training and performance tuning, supply chain, and ecosystem development. With our strong conviction to driving computation innovation, we have consistently prioritized R&D to enhance our competitiveness and leadership in the AI chip and GPGPU domains. During the Track Record Period, we made significant investments to advance our core technology stack, spanning proprietary hardware, comprehensive software systems and computing cluster technologies, as well as to build a skilled team to address the complex demands of our customers and adapt to market trends, which are critical to delivering performance-optimized products and solutions that align with contemporary technological standards. Our research and development costs were RMB456.6 million, RMB615.9 million, RMB772.8 million, RMB333.7 million and RMB451.5 million in 2022, 2023, 2024 and six months ended June 30, 2024 and 2025, respectively, accounting for 241.1%, 213.1%, 143.2%, 169.0% and 139.2% of our total revenue in the same years/periods, respectively. Our R&D spending primarily focused on developing new products and solutions, as well as enhancing existing ones to better serve our customers' evolving needs. While these efforts are essential to our long-term competitiveness, they have not yet resulted in significant revenue growth and contributed to our net losses during the Track Record Period.
- *Limited economies of scale.* We have achieved substantial growth during the Track Record Period. We generated economies of scale through streamlined R&D process, technology reuse and organization structure optimization. Our operating expenses, defined as the sum of research and development costs, administrative expenses and selling and distribution expenses, as a percentage of total revenue decreased from 354.5% in 2022 to 327.3% in 2023, and further to 213.6% in 2024, and decreased from 257.1% in the six months ended June 30, 2024 to 244.8% in the six months ended June 30, 2025. Despite the decrease in our operating expenses as a percentage of our total revenue, the benefits of economies of scale take time to materialize, particularly given the substantial upfront investments required in such a fast-moving and highly competitive industry.

- *Early commercialization stage.* The development and commercialization of GPGPU products typically involve a multi-year, capital-intensive process, including architecture design, IP integration, system validation, software stack development, and close collaboration with customers for tuning and qualification. As a result, domestic GPGPU companies are at an early stage of product commercialization. We had also devoted significant resources to completing pre-commercialization development and preparing our products for deployment. Although we successfully launched our GPGPU products in 2021, we are still at a relatively early stage of commercialization of our GPGPU products and AI computing solutions. TG Gen 1 and TG Gen 2 achieved mass production in September 2021 and the fourth quarter of 2023, respectively. We launched ZK series in December 2022, which was specifically designed for inference tasks, with both ZK Gen 1 and ZK Gen 1X achieving mass production in February 2023. We further started to offer our AI computing solutions in 2023 to address growing market demands for AI training and large-scale data processing. Therefore, most of our GPGPU products and AI computing solutions are still in early stages of commercialization and market penetration. As such, our current revenue scale is insufficient to fully offset our historical investments and operating expenses. Our profitability continues to be affected by limited production volume, limited customer base and the absence of scale-driven cost efficiencies.
- *Substantial cost of sales and operating expenses.* In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our cost of sales was RMB77.0 million, RMB145.9 million, RMB274.4 million, RMB108.4 million and RMB161.8 million, respectively, accounting for 40.6%, 50.5%, 50.9%, 54.9% and 49.9% of our total revenue in the same years/periods, respectively. The rising cost of sales was in part, due to the expansion of our business scale that led to a corresponding increase in procurement. Concurrently, we also witnessed changes in operating expenses, including expenses related to selling, administrative and R&D activities. For instance, our administrative expenses increased from RMB166.0 million in 2022 to RMB242.0 million in 2023 and further to RMB257.3 million in 2024, and from RMB119.5 million in the six months ended June 30, 2024 to RMB274.6 million in the six months ended June 30, 2025. The increase was primarily attributable to our strengthened administrative team and capabilities to support our business growth. Our selling and distribution expenses increased from RMB48.7 million in 2022 to RMB88.3 million in 2023 and further to RMB122.4 million in 2024, and from RMB54.5 million in the six months ended June 30, 2024 to RMB67.6 million in the six months ended June 30, 2025. The increase was primarily attributable to our sales network development and customer acquisition initiatives. While our operating expenses may not result in immediate revenue growth, they are critical to building the foundation for long-term success and sustainable competitiveness.

Despite our net loss positions throughout the Track Record Period, our proactive endeavors in product and solution commercialization and market expansion have contributed to our revenue growth during the Track Record Period. Our net loss margin decreased from 292.3% in 2022 to 282.8% in 2023 and further to 165.4% in 2024, and from 204.6% in the six months ended June 30, 2024 to 187.9% in the six months ended June 30, 2025. The decrease was primarily attributable to our improved cost control, optimized offering mix and enhanced operating efficiency. We believe we will be able to achieve profitability through a combination of revenue growth, improvement in gross profit margin and enhanced operating leverage.

## **Driving Revenue Growth**

We expect that our revenue will grow further due to the following factors.

- *Leveraging industry growth potential.* China's AI chip and GPGPU markets are still at a nascent development stage. Mounting demand for computing power and technological advancements provide substantial industry growth potential. According to Frost & Sullivan, the size of China's AI chip market reached approximately RMB217.5 billion in revenue, with a CAGR of 80.3% from 2022 to 2024, and is expected to reach RMB898.1 billion in 2029, with a CAGR of 29.1% from 2025 to 2029. The size of China's GPGPU market reached RMB154.6 billion in revenue in 2024, representing a remarkable CAGR of 70.1% from 2022 to 2024. The market is projected to maintain strong growth momentum, with revenue expected to reach RMB715.3 billion by 2029, representing a CAGR of 30.1% from 2025 to 2029.

We have established first-mover advantages and, among China's chip designers, we are the first to achieve mass production of inference GPGPU chips, to mass produce training GPGPU chips, and to accomplish these milestones using advanced 7nm process technology, according to Frost & Sullivan. Our market leadership is built on a foundation of optimized performance and cost-efficiency, achieved through strategic design principles that optimize both technical capabilities and customer value. Specifically, we employ a systematic approach to GPGPU development that centers on hardware-software co-design, ensuring our products deliver both performance and practicality. Through this approach, we systematically analyze workload requirements and performance bottlenecks to deliver GPGPUs with fully optimized hardware and software capabilities. We provide comprehensive software tools including specialized function libraries and development utilities, continuously enhanced to address emerging AI workload requirements. This hardware-software coordinated development approach ensures our products deliver optimized performance while providing the flexibility and compatibility needed for complex AI deployments. This commitment manifests across our entire product portfolio, from individual units to large-scale cluster deployments, delivering measurable advantages in key performance metrics. The combination of optimized efficiency, high compatibility, and strong adaptability positions us uniquely in the market to deliver optimal cost-performance solutions that meet evolving customer needs. Furthermore, our growing customer base provides a solid foundation for commercialization and enables us to penetrate more deeply across different sectors, thereby driving sustained revenue growth.

As a well-established GPGPU and AI computing solutions provider with steadfast dedication to product development and technology innovation, as well as continuous expansion of customer base and industry coverage, we believe we are well positioned to drive China's GPGPU industry beyond import substitution toward domestic innovation leadership, while capturing a larger market share by developing next-generation products that offer optimized cost-performance advantages, enabling broader adoption across AI and computing applications, achieving further revenue and profit growth.

- *Expanding and diversifying our product and solution offerings.* To drive sustained revenue growth and deepen our market penetration, we remain committed to continuous innovation across our product lines and strategic expansion of our solution portfolio. We launched our training product series, TG series, in March 2021, and our TG Gen 1 was China's first domestically mass-produced GPGPU product to achieve mass production. We then launched TG Gen 2 in September 2023 with enhanced integer performance and architecture efficiency to deliver improved application performance. As a result of our product innovation and iteration with enhanced performance, the average sales price of our training series increased from RMB24.4 thousand in 2022 to RMB38.6 thousand in 2024, and our revenue from training series increased from RMB188.1 million in 2022 to RMB221.2 million in 2023 and further to RMB269.4 million in 2024, and from RMB115.2 million in the six months ended June 30, 2024 to RMB189.7 million in the six months ended June 30, 2025.

We expanded our product portfolio and introduced ZK series, comprising our ZK Gen 1 and ZK Gen1X, designed for inference applications, marking China's first GPGPU specifically designed for inference tasks. Our revenue from inference series increased from RMB0.4 million in 2022 to RMB45.7 million in 2023 and further to RMB100.2 million in 2024, and from RMB21.6 million in the six months ended June 30, 2024 to RMB87.0 million in the six months ended June 30, 2025.

We plan to continue to iterate on our product lines for training and inference scenarios.

For instance, our development of the next-generation TG series is currently underway, with future products designed to enhance performance capabilities, particularly for large-scale AI training application. We are also actively developing the next generation of ZK products, with optimizations specifically targeting emerging and latest large language models. We aim to optimize our product architecture to achieve higher cost-performance advantages for our customers. We also plan to introduce new product categories in response to market dynamics and customer needs. For instance, recognizing the growing demands for onboard compute capabilities of robotic devices to support AI-based perception, navigation, decision-making, and control across industrial automation, logistics, service robotics, and smart manufacturing, we plan to develop GPGPU products for edge and on-device applications in robotics systems to support real-time, low-latency inference and sensor data processing. We believe we are well equipped with our existing GPGPU design and software stack capabilities to develop competitive products tailored for edge and on-device computing in robotics. Our ongoing key R&D projects include our development of (i) ZK Gen 2, our advanced AI inference and general-purpose computing product with low cost for edge and end computing markets; (ii) ZK Gen 3, our advanced AI inference, training and general-purpose computing product, optimized for inference workloads, for cloud computing markets, (iii) TG Gen 4, our advanced AI training, inference and general-purpose computing products, optimized for training workloads, for cloud computing markets, and (iv) TG Gen 5, our advanced AI training, inference, and general-purpose computing product, optimized for training workloads, with significantly improved computing performance compared to previous generation of products for cloud computing markets. See "Research and Development — R&D projects" for details.

Furthermore, we launched our AI computing solutions to assist enterprise and research institution customers in tackling complex workloads. Building on the solid financial performance of our AI computing solutions during the Track Record Period, with a revenue increase from RMB15.5 million in 2023 to RMB166.2 million in 2024 and an increase in gross profit margin from 25.9% in 2023 to 31.7% in 2024, we also plan to further promote the adoption of our AI computing solutions across various use cases and enhance their adaptability and AI training and large-scale data processing capabilities to capture increasing market demand. Specifically, we plan to expand the application of our AI computing solutions to scenarios demanding high-performance compute, such as intelligent devices like robots and automotive. The robotics industry in China is undergoing a new upgrade cycle, with leading manufacturers accelerating the transition toward more advanced, humanoid, and embodied-intelligence products. Meanwhile, the rising public visibility and commercialization of intelligent robots in various scenarios have further increased market attention and customer adoption. Together, these trends are driving the continuous expansion of the market for AI applications in robotics and, by extension, the demand for scalable computing infrastructure capable of supporting complex perception, decision-making, and control model. At the same time, the advancement of intelligent-driving and autonomous-vehicle technologies continues to fuel demand for robust AI training and inference capabilities, particularly for model development and validation in centralized computing environments.

Although our GPGPU products and AI solutions are applied across different industries, their fundamental design principles are highly reusable. The instruction set and architecture of our GPGPU products are largely consistent across applications, as they are optimized to support a wide range of AI and general-purpose computing algorithms. While configurations such as computing power, memory, interconnect ratios and power efficiency vary among use scenarios, these adjustments are implemented under a unified hardware-software architecture. Leveraging our extensive experience in developing multiple generations of products across edge and on-device environments, and in both high- and low-power designs, we are well positioned to extend our existing technologies to robotics and automotive applications without significant incremental R&D efforts. We have internally initiated the R&D for product capabilities for edge and on-device computing applied to embodied intelligence and vehicle-road coordination scenarios. We believe our AI computing solutions are well-suited to address both inference and training scenarios, offering the parallel processing performance required for real-time responsiveness as well as the computational scale necessary for iterative model development.

By executing our product development strategy and expanding adoption across industries, we are well-positioned to translate our innovation into meaningful and sustained revenue growth.



- *Deepening relationship with existing customers.* Our future growth depends significantly on our ability to deepen relationships with our existing customers that span across industries such as financial services, healthcare, retail and education sectors. By reinforcing customer trust and expanding collaboration, we are positioned to scale the deployment of our GPGPU products and AI computing solutions alongside the increasing demand for computing power in their evolving applications. Customers that have realized tangible performance gains using our GPGPU products in a specific workload often explore broader integration of our products and solutions into other use cases. Repeat purchases from these customers are primarily driven by their need for capacity expansion, as well as the technical barriers and switching costs associated with our products and solutions. As a result, customer loyalty and long-term relationships are further strengthened. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, the number of repeated customers was one, eight, 28, 20 and 42, respectively, accounting for 4.6%, 12.3%, 15.5%, 24.7% and 39.6% of our total customer base in the same periods, respectively, with a revenue contribution of 37.7%, 47.5%, 47.6%, 64.0% and 58.0% of our total revenue in the same periods, respectively, which demonstrated the strength of our customer base and our continued market competitiveness. Going forward, we plan to enhance our capabilities to support existing customers by (i) improving the compatibility and adaptability of our products and solutions to deliver deeper technical integration and lifecycle support for our customers, (ii) leveraging digital analysis tools to track client interactions, preferences, and service histories, (iii) enhancing client communication with regular check-ins and improve feedback systems, and (iv) continuously monitoring and analyzing client data for better solution and service delivery. Specifically, we intend to enhance the flexibility and scalability of our AI computing solutions so that they can be more easily integrated into customers' diverse application scenarios. For example, in the intelligent retail sector, we have developed modular solutions that combine AI computing, network, and storage capabilities to support unified management of in-store IoT devices and multi-scenario access. By improving integration with customers' systems and providing tailored configuration and software adaptation services, we enable customers to reduce deployment costs and improve operational efficiency. These efforts have helped us strengthen long-term cooperation with existing customers in the intelligent retail sector. Our initiative to enhance customer communication focuses on establishing a more proactive customer-management process. Through regular communication with customers, we are able to obtain feedback on our products and incorporate such feedback into our R&D process to enhance product performance. During these interactions, we also update customers on the latest improvements and model-adaptation capabilities of our products, which naturally lead to new sales opportunities as customers' needs evolve.

- *Expanding customer base.* We plan to further grow our customer base by leveraging our flexible product architecture and robust software development capability to support a wide range of industry-specific computing needs. Our GPGPU products and solutions are designed to be highly configurable and modular, allowing customers to select and combine components, such as training or inference accelerators and supporting software toolchains, based on their performance, cost, and deployment requirements. This flexibility enables us to address the diverse needs of customers including cloud computing service providers, AI model developers, and enterprise across industries with AI computing demands. See “— Industry Applications” for details. In particular, our proprietary software stack, including compilers, AI frameworks, and developer tools, plays a critical role in enabling deep customization. By enabling compatibility with customers’ existing infrastructure and applications, we empower enterprises and developers to accelerate adoption and shorten time-to-deployment, which positions us to win customers with varying technical maturities and computing demands.

To further boost market visibility and customer engagement, we intend to intensify our marketing efforts through participation in key industry events, technical conferences and targeted engagement with the computing and AI communities. The AI industry is characterized by a highly interconnected ecosystem, where chip designers, computing solution providers, cloud and data center operators, model developers, and end-application enterprises maintain close technical and commercial collaboration. Industry events therefore serve as an effective platform for companies across the value chain to exchange information, explore collaboration, and identify business opportunities. By showcasing our GPGPU products and AI computing solutions and engaging with potential customers at such events, we can directly expand our market exposure and customer reach. We have participated in major events such as the World Artificial Intelligence Conference, the World Computing Conference, the China Computing Power Conference, the World Integrated Circuit Conference, and IC China, as well as various seminars and technical exchanges related to artificial intelligence, integrated circuits, and AI applications in vertical industries such as finance and education. Participation in these events not only facilitates potential customer acquisition and partnership development but also helps enhance our reputation and industry influence. As a result of the foregoing efforts, our customer base for GPGPU products increased during the Track Record Period from 22 in 2022 to 56 in 2023 and further to 158 in 2024, and from 70 in the six months ended June 30, 2024 to 95 in the six months ended June 30, 2025; and our customer base for AI computing solutions increased from five in 2023 to 21 in 2024, and remained stable at 10 in the six months ended June 30, 2024 and 2025.

### **Improving Gross Profit Margin**

Our future profitability depends on our ability to increase the current level of margin profile and introduce new products and solutions with high margin profile. Our gross profit margin for our GPGPU products slightly increased from 50.2% in 2023 to 56.6% in 2024, as a result of our product design improvement. During the Track Record Period, our gross profit margin for our AI computing solutions increased from 25.9% in 2023 to 31.7% in 2024, primarily due to enhanced performance of our AI computing solutions due to the adoption of more advanced accelerators and technologies, and increasing market demands for AI computing

and large-scale data processing. However, our overall gross profit margin decreased from 59.4% in 2022 to 49.5% in 2023 and further to 49.1% in 2024, primarily attributable to the increase in revenue contribution from our AI computing solutions, which typically had a lower margin profile than that of our GPGPU products. We witnessed an increase in our gross profit margin from 45.1% in the six months ended June 30, 2024 to 50.1% in the six months ended June 30, 2025, primarily due to the increase in revenue contribution from our GPGPU products. We expect to increase our gross margin profile through the following initiatives.

- *Optimizing revenue mix.* We plan to further improve our gross profit margin by optimizing our revenue mix and enhancing the profitability of both our product and solution businesses. We are working on improving the margin profile of GPGPU products by introducing new products incorporating more advanced technologies that would allow us to charge higher pricing through ongoing product innovation and iteration, including optimizing hardware architecture, improving software performance, and enhancing ease of deployment. Both our training and inference series recorded an increase in gross profit margin from 2023 to 2024, primarily attributable to the sales of newly introduced products with enhanced technological performance and pricing. Specifically, the gross profit margin of our training series increased from 53.2% in 2023 to 60.2% in 2024, primarily because we began mass production of TG Gen 2 in the fourth quarter of 2023 and its sales volume increased significantly in 2024 as market adoption accelerated. Although the overall shipment volume of our training series remained relatively stable at 7.0 thousand units in 2023 and 2024, respectively, a larger portion of the sales were attributed to TG Gen 2, which was priced higher owing to its advanced technological performance and stronger market positioning. The revenue contribution from TG Gen 2, as a percentage of our total revenue from our training series, increased from 30.1% in 2023 to 87.9% in 2024. For the inference series, both ZK Gen 1 and ZK Gen 1X entered mass production in February 2023. However, ZK Gen 1 was positioned at a higher price point compared with the lower-power ZK Gen 1X. From 2023 to 2024, the shipment volume of ZK Gen 1 increased significantly and exceeded that of ZK Gen 1X, leading to a larger revenue contribution from ZK Gen 1. The revenue contribution from ZK Gen 1, as a percentage of our total revenue from our inference series, increased from 17.9% in 2023 to 93.1% in 2024. As a result, the gross profit margin of our inference series increased from 35.8% in 2023 to 46.7% in 2024. Therefore, our past performance demonstrates that higher-performance products are associated with higher gross margins for both our training and inference series. Building on this trend, we intend to further enhance the overall performance and technological sophistication of our product portfolio, so as to strengthen our pricing capability and improve overall gross profit margin going forward.

For our solution business, which typically has a lower gross margin due to the integration of third-party components, we plan to improve cost control through better design standardization and deeper cooperation with ecosystem partners to reduce external procurement costs. Specific measures we intend to adopt include: (i) developing standardized solution blueprints for commonly served workloads, such as AI model training, video analytics and edge inference, to reduce customization and simplify component sourcing; (ii) promoting reusability of internal software modules and integration layers, thereby reducing engineering and validation overhead in deploying new solutions; (iii) consolidating third-party component selection to a

vett ed group of suppliers, enabling greater bargaining power through volume purchases; and (iv) establishing long-term strategic procurement agreements with suppliers of key third-party components to secure favorable pricing and supply continuity. As a result, the gross profit margin of our AI computing solutions increased from 25.9% in 2023 to 31.7% in 2024, and increased from 10.3% in the six months ended June 30, 2024 to 45.7% in the six months ended June 30, 2025.

We also plan to develop new products and solutions with better margin potential by targeting use cases with stronger demand for performance and customization. To achieve this, we plan to (i) prioritize verticals and applications where compute performance is essential and pricing sensitivity is lower, such as advanced AI model training or financial risk modelling, which enables us to command premium pricing; (ii) build configurable core product frameworks that allow for modular customization without requiring full redesigns for each customer; (iii) focus on high-margin customization layers, such as proprietary software toolchains, model optimization libraries, or workload orchestration features; and (iv) establish early engagement with clients in target verticals to align customization scope with scalable design principles and commercial viability.

We believe the above initiatives will help us further increase gross profit margin of our GPGPU products and AI computing solutions, thereby improving our overall gross margin.

- *Improving cost efficiencies.* We are actively pursuing cost reduction measures aimed at lowering the unit cost of our products without compromising performance or reliability. One of our key initiatives is to optimize product design and architectural complexity, which can significantly reduce validation and manufacturing costs. In addition, we aim to consolidate material and component procurement across product lines, allowing us to negotiate more favorable pricing with foundry, packaging, and component suppliers through increased order volumes and improved bargaining power. These initiatives are expected to enhance cost efficiency throughout our supply chain and reduce our overall cost of sales, thereby supporting margin expansion as we scale.

### **Enhancing Operating Leverage**

During the Track Record Period, we incurred substantial operating expenses to support our business growth. However, as our business scales, our operating expenses, defined as the sum of research and development costs, administrative expenses and selling and distribution expenses, as a percentage of total revenue decreased from 354.5% in 2022 to 327.3% in 2023, and further to 213.6% in 2024, and from 257.1% in the six months ended June 30, 2024 to 244.8% in the six months ended June 30, 2025. In the future, we will continue optimizing our research and development as well as sales and administrative functions to support our long-term business growth, and we expect that our operating expenses, as a percentage of our total revenue, to continue to decrease as our business expands.

- *Research and development costs.* During the Track Record Period, we allocated significant resources on developing R&D capabilities to support the development of technology foundations underlying our GPGPU product and AI application computing solution offerings. Our research and development costs were RMB456.6 million, RMB615.9 million, RMB772.8 million, RMB333.7 million and RMB451.5 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 241.1%, 213.1%, 143.2%, 169.0% and 139.2% of our total revenue in the same years/periods, respectively. As we remain dedicated to product and technology innovation and intend to maintain a high level of R&D investment to support long-term growth, we expect our research and development costs to increase in absolute amounts but to decline as a percentage of our total revenue over time. To optimize our research and development expenses, we plan to (1) leverage existing technologies and core components across different product lines, including reusing proprietary architectures, software toolchains, and compiler frameworks across both training and inference products, and adapting existing designs for new use cases through modularization and parameter tuning, to reduce incremental research and development costs, enhance development efficiency and accelerate launch of new products; (2) improve personnel efficiency by refining team structures to reduce functional silos, adopting agile development frameworks to improve iteration speed, implementing centralized project tracking systems to reduce redundant efforts, and promoting cross-functional collaboration among hardware, software and algorithm teams to better align project goals and resource allocation; and (3) explore co-development opportunities with ecosystem partners, including joint research initiatives to share early-stage development burden, tap into external expertise, and accelerate product validation for industry-specific use cases while maintaining internal cost discipline.
- *Administrative expenses.* Our administrative expenses amounted to RMB166.0 million, RMB242.0 million, RMB257.3 million, RMB119.5 million and RMB274.6 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 87.7%, 83.7%, 47.7%, 60.5% and 84.7% of our revenue in the same years/periods, respectively. The increase in our administrative expenses was primarily attributable to the increases in the headcount and average compensation level of our administrative personnel during the Track Record Period. Going forward, we plan to monitor our administrative expenses and promote operational efficiencies by streamlining our organization structure and digitalizing internal processes. Specifically, we intend to (1) implement digital systems and workflow automation tools to centralize internal management, reduce manual processing, and improve visibility over administrative tasks; (2) continuously assess and optimize organizational layers and reporting lines to maintain a lean management structure as we scale; and (3) outsource selected non-core functions to qualified third-party providers to reduce fixed costs and improve efficiency.

- *Selling and distribution expenses.* Our selling and distribution expenses were RMB48.7 million, RMB88.3 million, RMB122.4 million, RMB54.5 million and RMB67.6 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 25.7%, 30.5%, 22.7%, 27.6% and 20.9% of our total revenue in the same years/periods, respectively. The increase in our selling and distribution expenses was primarily attributable to the increases in the headcount and average compensation level of our sales and marketing personnel during the Track Record Period. We intend to improve our operating efficiency with respect to our selling and distribution activities. We will enhance customer acquisition efficiency, primarily driven by (1) deepening relationship with existing customers and exploring their needs for potential cross-selling and up-selling opportunities; (2) enhancing branding to increase sales efficiency; and (3) improving efficiency of our sales and marketing activities. Specifically, we plan to control sales and distribution expenses by (1) expanding market reach and customer acquisition capacity without proportionally increasing internal sales resources by strengthening partnership channels, such as collaborating ecosystem partners and participants in the AI and related industries, whose products or solutions integrate with our products; (2) leveraging successful deployments as reference cases and enabling prospective customers with similar computing needs to better understand the value proposition of our products and solutions, thereby improving sales efficiency and shortening decision cycles; (3) implementing digital lead qualification tools, such as CRM-based scoring and usage-pattern analysis, to prioritize high-quality leads and reduce manual outreach efforts; and (4) applying data-driven marketing optimization to continuously assess return on marketing investments and shift resources toward the most cost-effective channels.



## DIRECTORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS

The Board consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Our Board is responsible for and has been granted general powers for the management and conduct of our business.

The Directors are elected for a term of three years and are subject to re-election upon retirement. The following table sets forth certain information regarding the Directors.

Name	Age	Date of joining our Group	Date of appointment as a Director	Position	Responsibilities	Relationship with other Directors and senior management
Mr. Gai Lujiang (蓋魯江)	44	July 1, 2020	October 19, 2020	Executive Director, chief executive officer and chairman of the Board	Day-to-day management and overall strategic planning of our Group	Nil
Mr. Sun Yile (孫怡樂)	45	January 2, 2018	January 13, 2025	Executive Director and vice president	Responsible for chip R&D of our Group	Nil
Mr. Liu Zheng (劉曄)	51	September 1, 2020	December 29, 2023	Executive Director, chief operating officer	Overall management of marketing, sales and operation of our Group	Nil
Mr. Yang Lei (楊磊)	41	September 14, 2022	May 30, 2025	Executive Director, chief financial officer, Board secretary, employee representative Director	Overseeing the overall financial, investment and financing affairs of our Group, and Board related matters	Nil
Mr. Wang Chen (王晨)	42	October 31, 2023	October 31, 2023	Non-executive Director	Providing professional opinion and judgment to the Board	Nil
Ms. Kou Xiaoxiao (寇瀟瀟)	44	December 29, 2023	December 29, 2023	Non-executive Director	Providing professional opinion and judgment to the Board	Nil
Dr. Teng Yong (滕勇)	55	May 30, 2025	May 30, 2025	Independent non-executive Director	Supervising and providing independent advice on the operation and management to the Board	Nil

## DIRECTORS AND SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Date of joining our Group</u>	<u>Date of appointment as a Director</u>	<u>Position</u>	<u>Responsibilities</u>	<u>Relationship with other Directors and senior management</u>
Mr. Ren Jintao (任今濤)	47	May 30, 2025	May 30, 2025	Independent non-executive Director	Supervising and providing independent advice on the operation and management to the Board	Nil
Dr. Wang Yan (王燕)	58	May 30, 2025	May 30, 2025	Independent non-executive Director	Supervising and providing independent advice on the operation and management to the Board	Nil

### Executive Directors

**Mr. Gai Lujiang (蓋魯江)**, aged 44, is an executive Director, the chief executive officer of our Group and the chairman of the Board. Mr. Gai joined our Group in July 2020, and was appointed as a Director in October 2020. He was re-designated as an executive Director in May 2025 and is primarily responsible for day-to-day management and overall strategic planning of our Group.

Prior to joining our Group in July 2020, Mr. Gai has approximately 17 years of experience in finance and investment. From September 2003 to December 2004, he served as an accountant of Baker Tilly International Certified Public Accountants Co., Ltd. (天職國際會計師事務所有限公司). From April 2005 to December 2006, he served as a senior accountant of PricewaterhouseCoopers Zhongtian CPA Co., Ltd. (普華永道中天會計師事務所有限公司). From August 2007 to May 2014, he served as a senior manager of Deloitte Touche Tohmatsu CPA Co., Ltd. Beijing Branch (德勤華永會計師事務所有限公司北京分所). He served as an assistant to the chairman in Beijing Titan Source Natural Gas Resources Technology Co., Ltd. (北京泰坦通源天然氣資源技術有限公司) from May 2014 to April 2015. From February 2016 to June 2020, Mr. Gai served as the partner and head of risk control of Beijing Zhongjin Taian Asset Management Co., Ltd. (北京中金泰安資產管理有限公司), an investment company focusing on asset management, investment management and investment consultation.

Mr. Gai obtained his bachelor's degree from Central University of Finance and Economics (中央財經大學) in China in economics in June 2003. Mr. Gai obtained the qualification of Certified Public Accountant in the PRC.

Mr. Gai was appointed as the chairman of the presidium of the AI Committee of the All-China Federation of Industry and Commerce (ACFIC) (中華全國工商聯合會) in November 2024.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. Sun Yile (孫怡樂)**, aged 45, is an executive Director and a vice president of our Group. He joined our Group in January 2018 as a senior hardware engineer. He was appointed as a vice president in March 2023 and as a Director of the Group on January 2025. He was re-designated as an executive Director in May 2025 and is primarily responsible for chip R&D of our Group.

Prior to joining our Group, Mr. Sun accumulated 14 years of extensive experience in GPU chip design. From April 2004 to March 2006, he worked as an engineer at MacroSynergy Technology (Shanghai) Co., Ltd. (遠弘科技(上海)有限公司). From March 2006 to October 2006, he worked as an engineer at ATI Visual Technology (Shanghai) Co., Ltd. (亞鼎視頻科技(上海)有限公司). From October 2006 to December 2017, he worked as a senior manager at Advanced Micro Devices (Shanghai) Co., Ltd. (超威半導體(上海)有限公司), which is a subsidiary of Advanced Micro Devices, Inc., a company listed on NASDAQ (stock code: AMD).

Mr. Sun obtained his bachelor's degree in microelectronics from Tsinghua University (清華大學) in July 2001 and master's degree in electronic science and technology from Tsinghua University in China in January 2004.

**Mr. Liu Zheng (劉暉)**, aged 51, is an executive Director and the chief operating officer of our Group. Mr. Liu joined our Group in September 2020, and was appointed as a Director of the Group in December 2023. He was re-designated as an executive Director of our Group in May 2025 and is primarily responsible for overall management of marketing, sales and operation of our Group.

With more than 26 years of experience in the telecommunications industry, Mr. Liu served as a technician in project development of telecommunication operation department in Shanghai Post and Telecommunications Administration, Pudong branch (上海市郵電管理局浦東新區電信運行部) (later merged into Shanghai Telephone Bureau Pudong branch (上海市電話局浦東新區局)) from September 1993 to January 1996. He served as a computer technology engineer of China United Network Communications Group Co., Ltd. Shanghai Branch (中國聯合通信有限公司上海分公司) from January 1996 to February 2000 and served as a customer service engineer of Beijing Bel-Star Electronic Systems Co., Ltd. (Shanghai Office) (北京百星電子系統有限公司(上海辦事處)) from March 2000 to July 2001. He served as a manager of China Netcom Corporation Group Co., Ltd. Shanghai Branch (中國網通(集團)有限公司上海市分公司) (currently known as China United Network Communications Group Co., Ltd. (中國聯合網路通信集團有限公司)) from August 2001 to October 2016. Mr. Liu also served as the vice president of China-ASEAN Information Harbor Co., Ltd. (中國 — 東盟信息港股份有限公司) from November 2016 to September 2017 and as the general manager of China Unicom Innovation and Entrepreneurship Investment (Shanghai) Co., Ltd. (聯通創新創業投資(上海)有限公司) from September 2017 to August 2020.

Mr. Liu Zheng obtained his bachelor's degree in computer network from Fudan University (復旦大學) in China in July 2006. He subsequently obtained his master's degree in software engineering from Fudan University in June 2014. Mr. Liu also obtained his EMBA from the French Ecole de Management de Lyon in France in February 2016.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. Yang Lei (楊磊)**, aged 41, is an executive Director, the chief financial officer, Board secretary and employee representative Director of our Group. Mr. Yang joined our Group in September 2022. He was appointed as an executive Director and the employee representative Director of our Group in May 2025 and is primarily responsible for the oversight of the overall financial, investment and financing affairs of our Group, and Board related matters.

Prior to joining our Group, Mr. Yang has more than 16 years of extensive experience in finance, audit, risk control, and investment banking. From July 2006 to June 2012, Mr. Yang served as an assistant manager at Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所有限公司). From June 2012 to March 2013, he worked at Home Depot Investment Management (Shanghai) Co., Ltd. (家得寶投資管理(上海)有限公司) as an internal audit manager. From May 2013 to May 2021, Mr. Yang served as an audit senior vice general manager of the China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司). He worked as an executive director of the investment banking department at Tianfeng Securities Co., Ltd. (天風證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601162) from May 2021 to June 2022.

Mr. Yang obtained his bachelor's degree in finance from the University of International Business and Economics (對外經濟貿易大學) in China in July 2006 and his MBA degree from Tsinghua University in China in June 2020. Mr. Yang obtained qualification of Certified Public Accountant in the PRC in April 2014.

### Non-executive Directors

**Mr. Wang Chen (王晨)**, aged 42, was appointed as a Director of our Group in October 2023. He was re-designated as a non-executive Director of our Group in May 2025 and is primarily responsible for providing professional opinion and judgment to the Board.

Mr. Wang served as a senior manager of Istithmar World Shanghai Representative Office (迪拜投資股份有限公司上海代表處), a Dubai sovereign fund focusing on investment and merger activities in the Greater China region, from January 2007 to October 2011. He then worked at Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司) from November 2011 to June 2013. From December 2015 to November 2018, he served as the deputy director of Shanghai Cedarlake Investment Management Co., Ltd. (上海沅柏投資管理有限公司). Since December 2018, Mr. Wang has been serving as an executive director and a manager of Zhuhai Youbai Private Equity Fund Management Co., Ltd. (珠海佑柏私募基金管理有限公司), a fund focusing on private equity investment.

Mr. Wang obtained his bachelor's degree in finance from Shanghai University of Finance and Economics (上海財經大學) in China in June 2006. He obtained his MBA degree from the Johns Hopkins University in the U.S. in May 2015.

**Ms. Kou Xiaoxiao (寇瀟瀟)**, aged 44, was appointed as a Director of our Group in December 2023. She was re-designated as a non-executive Director of our Group in May 2025 and is primarily responsible for providing professional opinion and judgment to the Board.

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## DIRECTORS AND SENIOR MANAGEMENT

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From June 2018 to April 2021, Ms. Kou served as a managing director of Shanghai Envision Investment Co., Ltd. (上海捷實投資有限公司), a company focused on industrial investment, investment management and consulting. Since May 2021, she has been serving as an investment director of Shanghai Lingang Technology Innovation Investment Management Co., Ltd. (上海臨港科創投資管理有限公司), a company focused on investment in the hard technology sector.

Ms. Kou obtained her bachelor's degree in Jiangxi University of Finance and Economics (江西財經大學) in China in 2004. She obtained her MBA degree from Fudan University in June 2011.

### Independent Non-executive Directors

**Dr. Teng Yong (滕勇)**, aged 55, has been appointed as an independent non-executive Director of our Group in May 2025. He is primarily responsible for supervising and providing independent advice on the operation and management to the Board.

Dr. Teng served as a consulting principal at A.T. Kearney (Shanghai) Management Consulting Co., Ltd. (科爾尼(上海)企業諮詢有限公司) from February 2008 to June 2014. He then joined HM Clipper Management Ltd. (立匯企業管理諮詢(上海)有限公司) as a director in June 2014. From May 2016 to May 2020, he served as a partner at LEK Consulting Limited (艾意凱諮詢(上海)有限公司). He was a partner at Oliver Wyman (Shanghai) Consulting Co., Ltd. (奧緯企業管理諮詢(上海)有限公司) from July 2020 to August 2021. From September 2021 to February 2025, he returned to A.T. Kearney (Shanghai) Management Consulting Co., Ltd. as a partner and served concurrently as a director of its Hong Kong branch. Since March 2025, Dr. Teng has been serving as a director and the general manager of Shanghai Kedali Technology Consulting Co., Ltd. (上海科達理技術諮詢有限公司).

Dr. Teng obtained his bachelor's degree and master's in aircraft design from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) (formerly known as Nanjing Institute of Aeronautics (南京航空學院)) in July 1992 and April 1995 in China. Dr. Teng obtained his PhD in mechanical and aerospace engineering from the University of Virginia in the U.S. in January 1999 and obtained his MBA degree from Cornell University in the U.S. in May 2004.

**Mr. Ren Jintao (任今濤)**, aged 47, has been appointed as an independent non-executive Director of our Group in May 2025. He is primarily responsible for supervising and providing independent advice on the operation and management to the Board.

Mr. Ren currently served as the chief financial officer of Cheetah Mobile Inc., a company listed on the New York Stock Exchange (stock code: CMCM) since January 2020. Mr. Ren worked at KPMG Huazhen LLP as a manager in audit department from August 2000 to November 2005. From December 2005 to May 2013, Mr. Ren worked at Renren Inc., a company listed on the New York Stock Exchange (stock code: RENN) as its senior finance director. From September 2014 to September 2015, Mr. Ren served as the chief financial officer at Beijing Chukong Technology Co., Ltd. (北京觸控科技有限公司). From September 2015 to January 2020, he served as the chief financial officer at Renren Inc. (currently known as Moatable, Inc.), a company listed on New York Stock Exchange (stock code: MTBL). From

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## DIRECTORS AND SENIOR MANAGEMENT

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June 2018 to January 2020, Mr. Ren also served as the chief financial officer at Kaixin Auto Holdings, a company listed on NASDAQ (stock code: KXIN) and was a subsidiary of Renren Inc. at the relevant time.

Mr. Ren obtained a bachelor's degree in international accounting from Renmin University of China (中國人民大學) in China in July 2000. Mr. Ren holds multiple qualification in accounting, he obtained his qualification of Certified Public Accountant in the PRC in March 2006, his qualification for Certified Public Accountant from Washington State Board of Accountancy in the U.S. in October 2013, and his Chartered Professional Accountant qualification from Chartered Professional Accountants of Alberta in Canada in January 2017.

**Dr. Wang Yan (王燕)**, aged 58, has been appointed as an independent non-executive Director of our Group in May 2025. She is primarily responsible for supervising and providing independent advice on the operation and management to the Board.

Dr. Wang is currently a professor at the school of integrated circuits in Tsinghua University. She joined Tsinghua University in 1999, and was appointed as a professor in 2004.

Dr. Wang obtained a bachelor's and master's degree in electronic engineering from Xi'an Jiaotong University (西安交通大學) in 1988 and 1991, respectively. She obtained her Ph.D. in semiconductor physics and devices from the Institute of Semiconductors of the Chinese Academy of Sciences (中國科學院半導體研究所) in 1995. She was involved in several national and corporate projects. She won first prize for technological progress by China Simulation Federation (中國仿真學會) in 2018. As an academic and doctoral supervisor, she had published more than 200 academic papers in renowned domestic and international journals and conferences and has guided many students to win best paper awards at top international conferences.

### SENIOR MANAGEMENT

The following table sets out certain information regarding the senior management of our Group.

<u>Name</u>	<u>Age</u>	<u>Date of joining our Group</u>	<u>Date of appointment as a senior management member</u>	<u>Position</u>	<u>Responsibilities</u>
Mr. Gai Lujiang (蓋魯江)	44	July 1, 2020	July 1, 2020	Executive Director, chief executive officer and chairman of the Board	Day-to-day management and overall strategic planning of our Group
Mr. Sun Yile (孫怡樂)	45	January 2, 2018	January 2, 2018	Executive Director and vice president	Responsible for chip R&D of our Group
Mr. Liu Zheng (劉崢)	51	September 1, 2020	March 15, 2021	Executive Director, chief operating officer	Overall management of marketing, sales and operation of our Group



## DIRECTORS AND SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Date of joining our Group</u>	<u>Date of appointment as a senior management member</u>	<u>Position</u>	<u>Responsibilities</u>
Mr. Yang Lei (楊磊)	41	September 14, 2022	March 17, 2023	Executive Director, chief financial officer, Board secretary, employee representative Director	Overseeing the overall financial, investment and financing affairs of our Group, and Board related matters
Dr. Lu Chien-Ping (呂堅平)	62	September 1, 2021	September 1, 2021	Vice president	Overall management of Iluvatar Research Institute of our Group
Mr. Liu Yuan (劉圓)	44	March 5, 2018	March 5, 2018	Vice president	Responsible for the chip mass production and implementation of our Group
Mr. Shi Jiasheng (石加聖)	41	November 1, 2018	November 1, 2018	Vice president	Responsible for software research and development of our Group
Mr. Zou Xuan (鄒翹)	44	September 10, 2018	September 10, 2018	Vice president	Product line and supply chain management of our Group
Mr. Guo Wei (郭為)	48	August 23, 2021	August 30, 2021	Vice president	Overseeing solution development and IT support of our Group
Mr. Song Yu (宋煜)	46	January 1, 2022	January 1, 2022	Vice president	Overseeing customer and technical support department of our Group
Mr. Liang Bin (梁斌)	58	June 7, 2018 <sup>1</sup>	June 7, 2018	Vice president	Technology collaboration and development of our Group
Ms. Ding Na (丁娜)	46	April 6, 2023	April 14, 2023	Vice president	Human resource and administrative affairs of our Group

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## DIRECTORS AND SENIOR MANAGEMENT

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*Note:*

1. Mr. Liang Bin has joined our Group as a vice president from June 2018 to May 2021, and later re-joined our Group again in July 2022 as a vice president.

For biographical details of Mr. Gai Lujiang, Mr. Sun Yile, Mr. Liu Zheng and Mr. Yang Lei, see “— Board of Directors”.

**Dr. Lu Chien-Ping (呂堅平)**, age 62, is a vice president of our Company. He is primarily responsible for the overall management of Iluvatar Research Institute (天數研究院) of our Group. Dr. Lu joined our Group in September 2021 and has since held several key positions including: (i) head of Iluvatar Research Institute since September 2021; and (ii) a Director from July 2022 to October 2023. He served as a senior architect and manager in NVIDIA from July 2002 to June 2011. Dr. Lu served as a senior director in MediaTek USA Inc. from June 2011 to July 2015 and a senior manager in Intel Corporation from July 2015 to January 2016. He served as an engineering vice president in NOVUMIND INC. from January 2016 to September 2017 and a R&D and operating vice president in Samsung Advanced Computing Labs from September 2017 to May 2019. He rejoined NOVUMIND INC. in May 2019 and served as the chief technology officer until April 2021.

Dr. Lu obtained his bachelor’s degree and master’s degree in electrical engineering from National Taiwan University in June 1985 and June 1989, respectively. He obtained his doctor’s degree in computer science from Yale University in the U.S. in May 1996.

**Mr. Liu Yuan (劉圓)**, aged 44, is a vice president of our Company. He is principally responsible for the chip mass production and implementation of our Group. Mr. Liu joined our Group in March 2018 as a senior hardware engineer, and was appointed as a vice president in August 2023. Prior to joining our Group, Mr. Liu worked at Advanced Micro Devices (Shanghai) Co., Ltd., which is a subsidiary of Advanced Micro Devices, Inc., a company listed on NASDAQ (stock code: AMD), from July 2007 to March 2018 as PMTS ASIC/layout design engineer.

Mr. Liu obtained his bachelor’s degree in electronic information science and technology degree from Fudan University in July 2003 and master’s degree in microelectronics and solid state electronics from Fudan University in July 2007.

**Mr. Shi Jiasheng (石加聖)**, aged 41, is a vice president of our Company. He is primarily responsible for software research and development of our Group. Mr. Shi joined our Group in November 2018 and has since held several key positions within our Group including: (i) senior hardware engineer from November 2018 to September 2020, (ii) senior software engineer from October 2020 to November 2021, (iii) vice president of the software research and development department from November 2021 to August 2023, and (iv) our Group’s vice president since August 2023. Prior to joining our Group, Mr. Shi served as a software engineer at Huiguo (Shanghai) Software Technology Co., Ltd. (慧國(上海)軟件科技有限公司) from July 2009 to March 2012. He also served as a senior software engineer at Advanced Micro Devices (Shanghai) Co., Ltd. from March 2012 to February 2016, which is a subsidiary of Advanced Micro Devices, a company listed on NASDAQ (stock code: AMD). From March 2016 to October 2017, he worked at Shanghai Chaiminghuang Information Technology Co., Ltd. (上海

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## DIRECTORS AND SENIOR MANAGEMENT

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拆名晃資訊科技有限公司). And later Mr. Shi worked at Jaunt (Shanghai) Virtual Reality Technology Co., Ltd. (卓拓維(上海)虛擬現實信息科技有限公司) from November 2017 to October 2018 as a senior software engineer.

Mr. Shi obtained his bachelor's degree in microelectronics from Fudan University in July 2006 and his master's degree in electronic engineering from the University of Rochester in the U.S. in March 2008.

**Mr. Zou Xuan (鄒翹)**, aged 44, is a vice president of our Company. He is primarily responsible for product line and supply chain management of our Group. He joined our group in September 2018 as the chip development supervisor and was appointed as a vice president in March 2021. Prior to joining our Group, Mr. Zou worked at the China chip design center of International Business Machines (China) Co., Ltd. (IBM) from October 2006 to June 2015. From July 2015 to September 2018, he worked at Global Foundries Semiconductor Technology (Shanghai) Co., Ltd. (格羅方德半導體科技(上海)有限公司).

Mr. Zou obtained his master's degree in mechanical electronic engineering from Harbin Institute of Technology (哈爾濱工業大學) in China in July 2006.

**Mr. Guo Wei (郭為)**, aged 48, is a vice president of our Company. He is primarily responsible for overseeing solution development and IT support of our Group. He joined our Group in August 2021 as a vice president. Earlier in his career, he worked as an engineer at Putian Information Technology Research Institute (普天信息技術研究院) from April 2003 to April 2004. Mr. Guo held the position of software director at Spreadtrum Communications (Shanghai) Co., Ltd. (展訊通信(上海)有限公司北京分公司) since 2004. Prior to joining our Group, Mr. Guo served as an assistant general manager of mobile phone R&D center at Shenzhen Baoneng Communication Co., Ltd. (深圳市寶能通訊技術有限公司) from March 2021 to August 2021.

Mr. Guo obtained his bachelor's degree in information electronics technology and master's degree in electronic science and technology from Zhejiang University (浙江大學) in China in June 2000 and March 2003, respectively. He was certified as a senior engineer by the Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in September 2023.

**Mr. Song Yu (宋煜)**, aged 46, is a vice president of our Company. He is primarily responsible for overseeing customer and technical support department of our Group. Mr. Song joined our Group in January 2022 and has since served as the head of customer and technical support department, focusing on formulating and executing delivery plans to meet customer needs. He was appointed as a vice president in September 2024. Prior to joining our Group, Mr. Song served as a software engineer at Beijing Tongce Technology Co., Ltd. (北京通測科技有限責任公司) from August 2001 to June 2003. He worked at Coolsand Technologies (Beijing) Inc. (互芯集成電路(北京)有限公司) from March 2004 to December 2004. Mr. Song worked at Motorola, Inc., a company listed on New York Stock Exchange (stock code: MOT) from February 2005 to April 2011. From May 2011 to April 2018, he served as a software architect at IBM (China) Investment Company Limited (國際商業機器(中國)投資有限公司). He then served as a product director at Intelligence Qubic (Beijing) Technology Co., Ltd. (探智立方(北京)科技有限公司) from April 2018 to January 2022.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Song obtained his bachelor's degree in electronic information engineering from China University of Geosciences (中國地質大學) in China in June 2001.

**Mr. Liang Bin (梁斌)**, aged 58, is a vice president of our Company. He is primarily responsible for the technology collaboration and development of our Group. He served as a vice president from June 2018 to May 2021, and later re-joined our Group again in July 2022 as a vice president. He served as principal solutions architect at Oracle Corp. until June 2017. From June 2017 to June 2018, he was a director at Inspyrus, Inc. He later held the position of vice president at Shanghai Biren Technology Co., Ltd. (上海壁仞科技股份有限公司) (formerly known as Shanghai Biren Intelligent Technology Co., Ltd. (上海壁仞智能科技有限公司)) from July 2021 to July 2022.

Mr. Liang obtained his bachelor's degree in radio technology and information systems from Tsinghua University in China in July 1990 and master's degree in science from Rutgers University in the U.S. in May 1997.

**Ms. Ding Na (丁娜)**, aged 46, is a vice president of our Company. She is primarily responsible for the human resource and administrative affairs of our Group. Ms. Ding joined our Group in April 2023 as a vice president until January 2025. She served as a supervisor of our Group from January 2025 to May 2025, and was re-appointed as a vice president of our Group in May 2025. Prior to joining our Group, she served as an administration trainee of Nestlé (China) Ltd. (雀巢(中國)有限公司) from August 2006 to April 2008. She worked as a human resource specialist of Marsh (Beijing) Insurance Brokers Co., Ltd. (達信(北京)保險經紀有限公司) from April 2008 to May 2010. From June 2010 to November 2016, she served as a human resource partner of International Business Machines (China) Co., Ltd. Beijing Branch (IBM) (國際商業機器(中國)有限公司北京分公司). From November 2016 to April 2020, she served as the human resource director of Beijing Didi Infinity Technology and Development Co., Ltd. (北京嘀嘀無限科技發展有限公司). From April 2020 to September 2021, Ms. Ding worked as the head of human resource department of MiniCake (Beijing) Technology Co., Ltd. (迷你高(北京)科技有限公司).

Ms. Ding obtained her bachelor's degree in marketing from University of International Business and Economics in July 2003. Ms. Ding obtained her master's degree in management from University of International Business and Economics in June 2006.

### JOINT COMPANY SECRETARIES

Mr. Yang Lei has been appointed as our joint company secretary. For biographical details of Mr. Yang Lei, see “— Board of Directors”.

Ms. Zhang Xiao (張瀟) has been appointed as our joint company secretary. Ms. Zhang, is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over ten years of experience in the corporate secretarial field. Ms. Zhang has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom in 2019.

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## DIRECTORS AND SENIOR MANAGEMENT

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Ms. Zhang obtained a bachelor's degree in computer science from The Chinese University of Hong Kong in December 2010, a master's degree in corporate governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in November 2018 and a master's degree in Accountancy from Hong Kong Baptist University in October 2024.

### BOARD COMMITTEES

In accordance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), our Group has established three committees on the Board, including an audit committee, a remuneration committee and a nomination committee.

#### **Audit Committee**

Our Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Mr. Ren Jintao, Dr. Teng Yong and Dr. Wang Yan. Mr. Ren Jintao has been appointed as the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of our Group and perform other duties and responsibilities as assigned by our Board.

#### **Remuneration Committee**

Our Company has established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The remuneration committee has three members, namely Dr. Wang Yan, Mr. Gai Lujiang and Mr. Ren Jintao. Dr. Wang Yan has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement.

#### **Nomination Committee**

Our Company has established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee has three members, namely Dr. Teng Yong, Mr. Gai Lujiang and Dr. Wang Yan. Dr. Teng Yong has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

### BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to semiconductor, overall business management, finance and accounting. They obtained degrees in diversified majors including computer science, software engineering, electronic engineering, business administration, accountancy, finance and mechanical and aerospace engineering. The Board is of the view that our Board satisfies the Board Diversity Policy. In addition, our Board has a wide range of age, ranging from 40 years old to 58 years old. Two of our Directors are female. While we recognize that the gender diversity at our Board level can be improved given the majority of our Directors are male, we will continue to apply the appointment criteria based on competence and with reference to the overall diversity policy. Our Board will also ensure that appropriate balance of gender diversity is achieved with reference to investors’ expectation, and international and local recommended best practices.

The Nomination Committee is responsible for reviewing the diversity of the Board. After Listing, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

### CONFIRMATION FROM OUR DIRECTORS

#### Rule 8.10 of the Listing Rules

Except as disclosed in this prospectus, none of our Directors had interests in any other companies as of the Latest Practicable Date that may, directly or indirectly, compete with our business and would require disclosure under Rule 8.10 of the Listing Rules.

#### Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 30, 2025, and (ii) understands his or her obligations as a director of a listed company under the Listing Rules.

#### Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of our Group or its subsidiaries or any connection with any core connected person of our Group under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.



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## DIRECTORS AND SENIOR MANAGEMENT

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### Interests of Directors and senior management

Except as disclosed in this prospectus, as of the Latest Practicable Date, each of the Directors and senior management (i) did not hold other positions in our Group as of the Latest Practicable Date; (ii) had no other relationship with any of the Directors and senior management as of the Latest Practicable Date; and (iii) did not hold any other directorship in listed companies in the three years prior to the Latest Practicable Date. For the Directors' interests in the Shares within the meaning of Part XV of the SFO, see "Appendix VI — Statutory and General Information."

### DEVIATION FROM CORPORATE GOVERNANCE CODE

Pursuant to code provision C.2.1 in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Gai Lujiang is currently serving as the chairman of the Board as well as the chief executive officer of our Group. He has been primarily involved in developing overall corporate and business strategies of our Group and making significant business and operational decisions of our Group. Our Directors consider that vesting the roles of both the chairman of the Board and the chief executive officer of our Group in Mr. Gai Lujiang is beneficial to the business prospects of our Group by ensuring consistent leadership to our Group as well as prompt and effective decision making and implementation. In addition, our Directors believe that this structure will not impair the balance of power and authority between the Board and the management of our Group, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors; (ii) Mr. Gai Lujiang and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of four executive Directors (including Mr. Gai Lujiang), two non-executive Directors and three independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both the Board, and senior management levels.

We will continue to review our corporate governance policies and compliance with the Listing Rules and will adhere to the relevant principles as set out in the Corporate Governance Code after the Listing.

### DIRECTORS' REMUNERATION

Our Company offers executive Directors and senior management members, who are also employees, compensation in the form of salaries, bonuses, pension scheme contribution and share-based payment. The independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration paid to the Directors for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 were approximately RMB55.3 million, RMB107.1 million, RMB70.2 million and RMB156.4 million, respectively.

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## DIRECTORS AND SENIOR MANAGEMENT

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The five highest paid individuals of our Group for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, included three, three, three and three Directors, respectively. The aggregate amounts of remuneration paid to the five highest paid individuals for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 were approximately RMB64.1 million, RMB123.2 million, RMB90.4 million and RMB176.6 million, respectively.

It is estimated that remuneration (without taking account share-based payment) equivalent to approximately RMB11.6 million in aggregate will be paid to the Directors by our Company for the year ending December 31, 2025, based on the arrangements in force as of the date of the prospectus.

No remuneration was paid by our Group to the Directors or the five highest paid individuals as inducement to join or upon joining our Group or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

### COMPLIANCE ADVISOR

Our Group appointed Maxa Capital Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- 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;
- where our Company proposes to use the proceeds of the Global Offering in a manner that is different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecasts, estimates or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares, the possible development of a false market in the Shares or any other matters.

The terms of the appointment of the compliance advisor will commence on the Listing Date and end on the date when our Group distributes the annual report of its financial results for the first full financial year commencing after the Listing Date.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately upon Listing, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company:

<u>Name of shareholder</u>	<u>Nature of interest</u>	<u>Number of Shares held upon completion of the Global Offering</u>	<u>Approximate percentage of shareholding in the Unlisted Shares/H Shares (as appropriate) immediately after the Global Offering<sup>(1)</sup></u>	<u>Approximate percentage of shareholding in the total share capital of our Company immediately after the Global Offering<sup>(1)</sup></u>
Shanghai Xishi <sup>(2)</sup>	Beneficial interest	13,718,171 H Shares	5.60%	5.39%
Shanghai Shuqi <sup>(2)</sup>	Interest in controlled corporation	54,034,125 H Shares	22.05%	21.25%
Mr. Gai Lujiang <sup>(2)</sup>	Interest in controlled corporation	54,034,125 H Shares	22.05%	21.25%
Fujian Centurium Phase I Investment Partnership (Limited Partnership) (“ <b>Centurium Phase I Investment Fund</b> ”) <sup>(3)(4)(6)</sup>	Beneficial interest	18,269,383 H Shares	7.45%	7.18%
	Interest in controlled corporation	25,403,313 H Shares	10.36%	9.99%
Nanjing Youxu Equity Investment Partnership (Limited Partnership) (“ <b>Nanjing Youxu</b> ”) <sup>(4)</sup>	Beneficial interest	16,503,313 H Shares	6.73%	6.49%
Mr. Li Hui <sup>(3)(4)(5)(6)(7)</sup>	Interest in controlled corporation	61,352,943 H Shares	25.03%	24.12%
Mr. Sha Wangyang <sup>(3)(4)(6)(7)</sup>	Interest in controlled corporation	49,626,458 H Shares	20.25%	19.51%
Industrial and Commercial Bank of China Limited (“ <b>ICBC</b> ”) <sup>(3)(4)(6)</sup>	Interest in controlled corporation	43,672,696 H Shares	17.82%	17.17%
Hainan Shuxin Investment Partnership (Limited Partnership) (“ <b>Hainan Shuxin</b> ”) <sup>(8)</sup>	Interest in controlled corporation	17,194,091 H Shares	7.02%	6.76%
Mr. Zhu Xiangkai <sup>(8)</sup>	Interest in controlled corporation	17,194,091 H Shares	7.02%	6.76%
Mr. Li Ronghui <sup>(8)(9)</sup>	Interest in controlled corporation	22,619,091 H Shares	9.23%	8.89%

## SUBSTANTIAL SHAREHOLDERS

Name of shareholder	Nature of interest	Number of Shares held upon completion of the Global Offering	Approximate percentage of shareholding in the Unlisted Shares/H Shares (as appropriate) immediately after the Global Offering <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of our Company immediately after the Global Offering <sup>(1)</sup>
Beijing Ruifeng Equity Investment Fund (Limited Partnership) (“Beijing Ruifeng”) <sup>(10)</sup>	Beneficial interest	2,504,153 H Shares	1.02%	0.98%
		2,504,153 Unlisted Shares	27.17%	0.98%
Beijing Financial Street Capital Operation Group Co., Ltd. (“Beijing Financial Street Capital”) <sup>(10)</sup>	Interest in controlled corporation	2,801,403 H Shares	1.02%	1.10%
		2,504,153 Unlisted Shares	27.17%	0.98%
Mr. Xu Junming <sup>(10)</sup>	Interest in controlled corporation	2,801,403 H Shares	1.02%	1.10%
		2,504,153 Unlisted Shares	27.17%	0.98%
Mr. Zhang Dongpei <sup>(10)</sup>	Interest in controlled corporation	2,801,403 H Shares	1.02%	1.10%
		2,504,153 Unlisted Shares	27.17%	0.98%
Shanghai Linke Zhixin Private Equity Investment Fund Partnership (Limited Partnership) (“Linke Zhixin”) <sup>(11)</sup>	Beneficial interest	3,083,654 H Shares	1.26%	1.21%
		2,055,769 Unlisted Shares	22.31%	0.81%
Ms. Wu Wei <sup>(11)</sup>	Interest in controlled corporation	3,083,654 H Shares	1.26%	1.21%
		2,055,769 Unlisted Shares	22.31%	0.81%

## SUBSTANTIAL SHAREHOLDERS

Name of shareholder	Nature of interest	Number of Shares held upon completion of the Global Offering	Approximate percentage of shareholding in the Unlisted Shares/H Shares (as appropriate) immediately after the Global Offering <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of our Company immediately after the Global Offering <sup>(1)</sup>
Shanghai Guosheng Capital Management Co., Ltd. (“ <b>Shanghai Guosheng Capital</b> ”) <sup>(11)</sup>	Interest in controlled corporation	3,083,654 H Shares	1.26%	1.21%
		2,055,769 Unlisted Shares	22.31%	0.81%
Shanghai Dalinghao Bay Investment Development (Group) Co., Ltd. (“ <b>Shanghai Dalinghao Bay Investment</b> ”) <sup>(11)(12)</sup>	Interest in controlled corporation	3,897,993 H Shares	1.59%	1.53%
		2,055,769 Unlisted Shares	22.31%	0.81%
Shanghai Guosheng (Group) Co., Ltd. (“ <b>Shanghai Guosheng Group</b> ”) <sup>(11)</sup>	Interest in controlled corporation	3,083,654 H Shares	1.26%	1.21%
		2,055,769 Unlisted Shares	22.31%	0.81%
Sichuan Regional Collaborative Development Investment Guidance Fund Partnership (Limited Partnership) (“ <b>Sichuan Regional Collaborative Fund</b> ”) <sup>(13)</sup>	Beneficial interest	488,604 Unlisted Shares	5.30%	0.19%
Mianyang Gaochuang Equity Investment Fund Partnership (Limited Partnership) (“ <b>Mianyang Gaochuang</b> ”) <sup>(13)</sup>	Beneficial interest	732,905 Unlisted Shares	7.95%	0.29%
Sichuan Industrial Revitalization Fund Investment Group Co., Ltd. (“ <b>Sichuan Industrial Revitalization</b> ”) <sup>(13)</sup>	Interest in controlled corporation	1,221,509 Unlisted Shares	13.25%	0.48%
Mianyang Yuancheng Integration Development Group Co., Ltd. (“ <b>Mianyang Yuancheng</b> ”) <sup>(13)</sup>	Interest in controlled corporation	732,905 Unlisted Shares	7.95%	0.29%

## SUBSTANTIAL SHAREHOLDERS

Name of shareholder	Nature of interest	Number of Shares held upon completion of the Global Offering	Approximate percentage of shareholding in the Unlisted Shares/H Shares (as appropriate) immediately after the Global Offering <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of our Company immediately after the Global Offering <sup>(1)</sup>
Zhuhai Yueteng Ruiwen Equity Investment Partnership (Limited Partnership) (“ <b>Zhuhai Yueteng</b> ”) <sup>(14)</sup>	Beneficial interest	3,418,543 Unlisted Shares	37.09%	1.34%
Mr. Huang Yiming <sup>(14)</sup>	Interest in controlled corporation	3,418,543 Unlisted Shares	37.09%	1.34%
Mr. Bao Jialong <sup>(14)</sup>	Interest in controlled corporation	3,418,543 Unlisted Shares	37.09%	1.34%
Qingdao Licang District State-owned Enterprise Service Center (“ <b>Qingdao Licang</b> ”) <sup>(14)</sup>	Interest in controlled corporation	3,418,543 Unlisted Shares	37.09%	1.34%

*Notes:*

- (1) The calculation is based on the total number of 9,215,771 Unlisted Shares in issue, 219,670,165 H Shares to be converted from Unlisted Shares in issue and 25,431,800 H Shares to be issued pursuant to the Global Offering.
- (2) The general partner of Shanghai Xishi is Shanghai Shuqi. Accordingly, Shanghai Shuqi is deemed to be interested in the Shares to be held by Shanghai Xishi upon completion of the Global Offering under the SFO.

In addition, the general partner of each of Shanghai Yishi, Shanghai Qiongyu, Shanghai Sushi, Shanghai Yuanshi, Shanghai Nashi and Shanghai Yueshi is also Shanghai Shuqi. Accordingly, Shanghai Shuqi is deemed to be interested in the 12,340,003 H Shares, 8,900,000 H Shares, 7,118,886 H Shares, 5,515,250 H Shares, 3,615,000 H Shares and 2,826,815 H Shares to be held by Shanghai Yishi, Shanghai Qiongyu, Shanghai Sushi, Shanghai Yuanshi, Shanghai Nashi and Shanghai Yueshi, respectively upon completion of the Global Offering under the SFO.

Mr. Gai Lujiang is the sole shareholder and sole director of Shanghai Shuqi, and is therefore deemed to be interested in the H Shares held by each of the Shareholding Platforms under the SFO. For details, see “History, Development and Corporate Structure — Single Largest Group of Shareholders” in this prospectus.



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## SUBSTANTIAL SHAREHOLDERS

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- (3) The general partner of Centurium Phase I Investment Fund is Hainan Centurium Equity Investment Fund Center (Limited Partnership) (“**Hainan Centurium**”), the general partner of which is Xiamen Centurium Private Equity Fund Management Co., Ltd. (“**Xiamen Centurium**”), which in turn is wholly owned by Khorgos Centurium Business Service Co., Ltd. (“**Khorgos Centurium**”). Khorgos Centurium is a wholly owned subsidiary of Beijing Centurium Management Advisory Co., Ltd. (“**Beijing Centurium**”), which in turn is wholly owned by Centurium Capital Management (HK) Ltd (“**Centurium HK**”) and in turn wholly owned by Centurium Capital Management Ltd (“**CCML**”), which in turn is wholly owned by Centurium Holdings Ltd. (“**Centurium Holdings**”), which in turn is wholly owned by Centurium Holdings (BVI) Ltd. (“**Centurium BVI**”) and in turn is wholly owned by Mr. Li Hui. The limited partner of Hainan Centurium is Pingxiang Zhengqin Information Technology Partnership (Limited Partnership) (“**Pingxiang Zhengqin**”) holding 90.1% interest, which in turn is owned as to 50% by each of Hainan Zhengyou Enterprise Management Partnership (Limited Partnership) (“**Hainan Zhengyou**”) and Hainan Zhengchuang Equity Investment Partnership (Limited Partnership) (“**Hainan Zhengchuang**”). The limited partner of Hainan Zhengyou holding 99.95% interest is Hainan Zhengchuang, and the general partner of each of Hainan Zhengyou and Hainan Zhengchuang is Mr. Sha Wangyang who holds 97.5% interest in Hainan Zhengchuang.

ICBC Credit Suisse Investment Management Co., Ltd. (“**ICBC Credit Suisse Investment**”) holds 46.1% interest limited partnership in Centurium Phase I Investment Fund. ICBC Credit Suisse Investment is wholly owned by ICBC Credit Suisse Fund Management Co., Ltd. (“**ICBC Credit Suisse Fund Management**”), which in turn is controlled by ICBC, a company listed on the Stock Exchange (stock code: 1398) and the Shanghai Stock Exchange (stock code: 601398).

Accordingly, each of Hainan Centurium, Xiamen Centurium, Khorgos Centurium, Beijing Centurium, Centurium HK, CCML, Centurium Holdings, Centurium BVI, Mr. Li Hui, Pingxiang Zhengqin, Hainan Zhengyou, Hainan Zhengchuang, Mr. Sha Wangyang, ICBC Credit Suisse Investment, ICBC Credit Suisse Fund Management and ICBC is deemed to be interested in the H Shares to be held by Centurium Phase I Investment Fund upon completion of the Global Offering under the SFO.

- (4) The general partner of Nanjing Youxu is Beijing Zhenglang Business Service Co., Ltd. (“**Beijing Zhenglang**”), which in turn is wholly owned by Beijing Zhengjia Business Service Co., Ltd. (“**Beijing Zhengjia**”), a company wholly owned by Beijing Centurium. The limited partner of Nanjing Youxu is Centurium Phase I Investment Fund holding 99.9975% interest. Accordingly, each of Beijing Zhenglang, Beijing Zhengjia, Hainan Centurium, Xiamen Centurium, Khorgos Centurium, Beijing Centurium, Centurium HK, CCML, Centurium Holdings, Centurium BVI, Mr. Li Hui, Pingxiang Zhengqin, Hainan Zhengyou, Hainan Zhengchuang, Mr. Sha Wangyang, ICBC Credit Suisse Investment, ICBC Credit Suisse Fund Management and ICBC is deemed to be interested in the H Shares to be held by Nanjing Youxu upon completion of the Global Offering under the SFO.
- (5) Masterwork Holdings Limited (“**Masterwork Holdings**”) will hold 11,726,485 H Shares upon completion of the Global Offering. Masterwork Holdings is wholly owned by Centurium Capital Partners II, L.P. (“**Centurium Capital Fund II**”), the general partner of which is Centurium Capital Partner II GP Ltd. (“**Centurium Capital Fund II GP**”), which in turn is wholly owned by Centurium Holdings and in turn wholly owned by Centurium BVI, a company wholly owned by Mr. Li Hui. Accordingly, each of Centurium Capital Fund II, Centurium Capital Fund II GP, Centurium Holdings, Centurium BVI and Mr. Li Hui is deemed to be interested in the H Shares to be held by Masterwork Holdings upon completion of the Global Offering under the SFO.
- (6) Centurium Phase I Investment Fund holds 71.45% interest in Shanghai Qiongyu. Accordingly, each of Centurium Phase I Investment Fund, Hainan Centurium, Xiamen Centurium, Khorgos Centurium, Beijing Centurium, Centurium HK, CCML, Centurium Holdings, Centurium BVI, Mr. Li Hui, Pingxiang Zhengqin, Hainan Zhengyou, Hainan Zhengchuang, Mr. Sha Wangyang, ICBC Credit Suisse Investment, ICBC Credit Suisse Fund Management and ICBC is deemed to be interested in the 8,900,000 H Shares to be held by Shanghai Qiongyu upon completion of the Global Offering under the SFO.

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## SUBSTANTIAL SHAREHOLDERS

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- (7) Xiamen Zhengmei Enterprise Management Partnership (Limited Partnership) (“**Xiamen Zhengmei**”) will hold 5,953,762 H Shares upon completion of the Global Offering. The general partner of Xiamen Zhengmei is Beijing Zhengguan Business Service Co., Ltd. (“**Beijing Zhengguan**”), which is wholly owned by Beijing Zhengjia.

Xiamen Centurium Phase II Investment Fund Partnership (Limited Partnership) (“**Centurium Phase II Investment Fund**”) is a limited partner of Xiamen Zhengmei holding 99.997% interest. The general partner of Centurium Phase II Investment Fund is Xiamen Centurium Enterprise Management Partnership (Limited Partnership) (“**Xiamen Centurium Enterprise Management**”), (i) the general partner of which is Xiamen Centurium, and (ii) the limited partner holding 99.9% interest of which is Pingxiang Zhengping Information Technology Partnership (Limited Partnership) (“**Pingxiang Zhengping**”), respectively. The general partner of Pingxiang Zhengping is Hainan Zhenghua Investment Partnership (Limited Partnership) (“**Hainan Zhenghua**”) and the limited partner of Pingxiang Zhengping holding 99.8% interest of which is Hainan Zhengyu Enterprise Management Partnership (Limited Partnership) (“**Hainan Zhengyu**”). The limited partner of Hainan Zhenghua holding 90.9% of which is Hainan Zhengyu. The general partner of each of Hainan Zhenghua and Hainan Zhengyu is Mr. Sha Wangyang who holds 99.9% interest in Hainan Zhengyu.

Nanjing Jiangbei New Area Centurium Phase II Venture Capital Partnership (Limited Partnership) (“**Nanjing Centurium Phase II VC**”) is a limited partner of Centurium Phase II Investment Fund holding 63.9% interest, the general partner of which is Nanjing Zhengguan Equity Investment Partnership (Limited Partnership) (“**Nanjing Zhengguan**”), the general partner of which is Xiamen Centurium and the limited partner holding 99.9% interest of which is Xiamen Centurium Enterprise Management.

Accordingly, each of Beijing Zhengguan, Beijing Zhengjia, Beijing Centurium, Centurium HK, CCML, Centurium Holdings, Centurium BVI, Mr. Li Hui, Centurium Phase II Investment Fund, Xiamen Centurium Enterprise Management, Xiamen Centurium, Khorgos Centurium, Pingxiang Zhengping, Hainan Zhenghua, Hainan Zhengyu, Mr. Sha Wangyang, Nanjing Centurium Phase II VC and Nanjing Zhengguan are deemed to be interested in the H Shares to be held by Xiamen Zhengmei upon completion of the Global Offering under the SFO.

- (8) Rizhao Tianxin Information Technology Partnership (Limited Partnership) (“**Rizhao Tianxin**”) and Rizhao Peiqin Information Technology Partnership (Limited Partnership) (“**Rizhao Peiqin**”) will hold 9,143,732 H Shares and 8,050,359 H Shares respectively upon completion of the Global Offering.

The general partner of each of Rizhao Tianxin and Rizhao Peiqin is Hainan Shuxin Investment Partnership (Limited Partnership) (“**Hainan Shuxin**”) which holds 99.8% and 81.6% interest in Rizhao Tianxin and Rizhao Peiqin respectively. Hainan Shuxin was owned as to 50% each by Mr. Zhu Xiangkai and Mr. Li Ronghui with Mr. Li Ronghui as the general partner.

Accordingly, each of Hainan Shuxin, Mr. Zhu Xiangkai and Mr. Li Ronghui is deemed to be interested in the H Shares to be held by Rizhao Tianxin and Rizhao Peiqin upon completion of the Global Offering under the SFO.

- (9) The general partner of Shanghai Huiyue Business Consulting Partnership (Limited Partnership) (“**Shanghai Huiyue**”) is Mr. Li Ronghui holding 25.7% interest. Accordingly, Mr. Li Ronghui is deemed to be interested in the 5,425,000 H Shares to be held by Shanghai Huiyue under the SFO.

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## SUBSTANTIAL SHAREHOLDERS

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- (10) The general partner of Beijing Ruifeng is Xicheng Zhiyuan Private Equity Fund Management (Beijing) Co., Ltd. (“**Xicheng Zhiyuan**”), which in turn is owned as to (i) 40% by Beijing Xicheng Jinchi Investment Management Co., Ltd. (“**Beijing Xicheng Jinchi**”), which in turn is wholly owned by Beijing Xicheng Capital Holdings Co., Ltd. (“**Beijing Xicheng Capital**”), which in turn is wholly owned by Beijing Financial Street Capital, which in turn is wholly owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Xicheng District of Beijing, and (ii) 35% by Tianjin Qihang Chuangfu Enterprise Management Partnership (Limited Partnership) (“**Tianjin Qihang Partnership**”), the general partner of which is Tianjin Qihang Chuangfu Consulting Co., Ltd. (“**Tianjin Qihang Consulting**”) (a company wholly owned by Mr. Xu Junming) and the limited partner of which is Mr. Zhang Dongpei holding 99.9% interest. The limited partner of Beijing Ruifeng is Beijing Financial Street Capital holding 99.9% interest. Accordingly, each of Xicheng Zhiyuan, Beijing Xicheng Jinchi, Beijing Xicheng Capital, Beijing Financial Street Capital, Tianjin Qihang Partnership, Tianjin Qihang Consulting, Mr. Xu Junming and Mr. Zhang Dongpei is deemed to be interested in the H Shares and Unlisted Shares to be held by Beijing Ruifeng upon completion of the Global Offering under the SFO.

Xicheng Zhiyuan Digital Power Selection (Beijing) Investment Center (Limited Partnership) (“**Xicheng Zhiyuan PE Fund**”) will hold 297,250 H Shares upon completion of the Global Offering. The general partner of Xicheng Zhiyuan PE Fund is Xicheng Zhiyuan. Accordingly, each of Xicheng Zhiyuan, Beijing Xicheng Jinchi, Beijing Xicheng Capital, Beijing Financial Street Capital, Tianjin Qihang Partnership, Tianjin Qihang Consulting, Mr. Xu Junming and Mr. Zhang Dongpei is deemed to be interested in the H Shares to be held by Xicheng Zhiyuan PE Fund upon completion of the Global Offering under the SFO.

- (11) The general partner of Linke Zhixin is Shanghai Lingang Kechuang Investment Management Co., Ltd. (“**Shanghai Lingang**”), which in turn is owned as to 40% by Shanghai Lingzhi Enterprise Management Center (Limited Partnership) (“**Shanghai Lingzhi**”), the general partner of which is Lingsheng (Shanghai) Business Consulting Co., Ltd. (“**Lingsheng Shanghai**”), a company wholly owned by Ms. Wu Wei, who is also the limited partner of Shanghai Lingzhi holding 97.06% interest. Shanghai Shengmin Yaixin Private Equity Investment Fund Partnership (Limited Partnership) (“**Shanghai Shengmin**”) is a limited partner of Linke Zhixin holding 66.66% interest, the general partner of which is Shanghai Guosheng Capital. The limited partners of Shanghai Shengmin are (i) Shanghai Minhang Financial Investment Development Co., Ltd. (“**Shanghai Minhang Financial**”) holding 49.88% interest, which in turn is wholly owned by Shanghai Dalinghao Bay Investment, which is wholly owned by State-owned Assets Supervision and Administration Commission of Minhang District of Shanghai, and (ii) Shanghai Guosheng Group holding 49.88% interest, which is wholly owned by State-owned Assets Supervision and Administration Commission of Shanghai. Accordingly, each of Shanghai Lingang, Shanghai Lingzhi, Lingsheng Shanghai, Ms. Wu Wei, Shanghai Shengmin, Shanghai Guosheng Capital, Shanghai Minhang Financial, Shanghai Dalinghao Bay Investment and Shanghai Guosheng Group is deemed to be interested in the H Shares and the Unlisted Shares to be held by Linke Zhixin upon completion of the Global Offering under the SFO.
- (12) Shanghai Dalinghao Bay Ceyuan No.2 Venture Capital Partnership (Limited Partnership) (“**Shanghai Dalinghao Bay Ceyuan**”) will hold 814,339 H Shares upon completion of the Global Offering. The general partner of Shanghai Dalinghao Bay Ceyuan is Shanghai Dalinghao Bay Private Equity Fund Management Co., Ltd. (“**Shanghai Dalinghao Bay PE Fund**”), which is wholly owned by Shanghai Dalinghao Bay Investment. Accordingly, each of Shanghai Dalinghao Bay PE Fund and Shanghai Dalinghao Bay Investment is deemed to be interested in the H Shares to be held by Shanghai Dalinghao Bay Ceyuan upon completion of the Global Offering under the SFO.
- (13) The general partner of Sichuan Regional Collaborative Fund is Sichuan Xingchuan Key Project Equity Investment Fund Management Co., Ltd. (“**Sichuan Xingchuan**”), which is wholly owned by Sichuan Industrial Revitalization, which is owned as to 83% by Sichuan Department of Finance. The general partner of Mianyang Gaochuang is Sichuan Xingchuan. Accordingly, each of Sichuan Xingchuan and Sichuan Industrial Revitalization is deemed to be interested in the Unlisted Shares to be held by Sichuan Regional Collaborative Fund and Mianyang Gaochuang upon completion of the Global Offering under the SFO.

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## SUBSTANTIAL SHAREHOLDERS

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The limited partner of Mianyang Gaochuang is Mianyang Yuancheng holding 99.955% interest, which in turn is wholly owned by Youxian High-tech Industrial Park Management Committee. Accordingly, Mianyang Yuancheng is deemed to be interested in the Unlisted Shares to be held by Mianyang Gaochuang upon completion of the Global Offering under the SFO.

- (14) The general partner of Zhuhai Yueteng is Hainan Longtu Private Equity Fund Management Co., Ltd. (“**Hainan Longtu**”), which is owned as to 60% and 40% by Mr. Huang Yiming and Mr. Bao Jialong respectively. The limited partner of Zhuhai Yueteng is Qingdao Yaoye Medical Technology Co., Ltd. (“**Qingdao Yaoye**”) holding 99.9% interest, which is wholly owned by Qingdao Ronghai State-owned Capital Investment and Operation Co., Ltd. (“**Qingdao Ronghai**”), which in turn is wholly owned by Qingdao Licang. Accordingly, each of Hainan Longtu, Mr. Huang Yiming, Mr. Bao Jialong, Qingdao Yaoye, Qingdao Ronghai and Qingdao Licang is deemed to be interested in the Unlisted Shares to be held by Zhuhai Yueteng upon completion of the Global Offering under the SFO.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering, have interests or short positions in Shares or underlying Shares which would fall to be disclosed 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

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## SHARE CAPITAL

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This section presents certain information regarding our share capital prior to and following the completion of the Global Offering.

### BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, our registered share capital was RMB228,885,936 comprising 228,885,936 Unlisted Shares with a nominal value of RMB1.00 each.

### UPON COMPLETION OF THE GLOBAL OFFERING

The share capital of our Company immediately after the Global Offering and the Conversion of Unlisted Shares into H Shares will be as follows:

<u>Description of Shares<sup>(1)</sup></u>	<u>Number of Shares</u>	<u>Approximate percentage of the enlarged issued share capital after the Global Offering</u>
Unlisted Shares	9,215,771	3.62%
H Shares converted from Unlisted Shares <sup>(2)</sup>	219,670,165	86.38%
H Shares to be issued pursuant to the Global Offering	<u>25,431,800</u>	<u>10.00%</u>
Total	<u><u>254,317,736</u></u>	<u><u>100.00%</u></u>

*Notes:*

- (1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary shares in the share capital of our Company and are regarded as one class of Shares.
- (2) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon Listing, see “History, Development and Corporate Structure — Public Float” and “History, Development and Corporate Structure — Capitalization of our Company.”

### PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer’s listed securities to be maintained. This normally means that (i) at least 25% of the issuer’s total issued share capital must at all times be held by the public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer’s total issued share capital.

In light of the above, at the time of the Listing, at least 25.0% of the total issued share capital of our Company shall be held by the public (as defined in the Listing Rules).

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## SHARE CAPITAL

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### RANKING

Upon completion of the Global Offering, our Company would have Unlisted Shares and H Shares. Both Unlisted Shares and H Shares are ordinary shares in the share capital of our Company and are regarded as one class of Shares. However, except for certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed by or traded between legal or natural persons of the PRC. Unlisted Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of the H Shares are to be paid by us in Renminbi, Hong Kong dollars or in the form of H Shares.

### CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Our Unlisted Shares are unlisted Shares which are currently not listed or traded on any stock exchange.

According to stipulations by the State Council securities regulatory authority and the Articles of Association, the Unlisted Shares may be converted into H Shares. Such converted Shares may be listed or traded on an overseas stock exchange provided that the conversion and trading of such converted Shares shall only be effected after all requisite internal approval process have been duly completed and the approval from the relevant PRC regulatory authorities (including the CSRC) and the relevant overseas stock exchange have been obtained.

In addition, such conversion and trading shall in all respects comply with the regulations prescribed by the State Council securities regulatory authority and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted to H Shares and to be traded on the Stock Exchange, such conversion requires the approval of the relevant PRC regulatory authorities, including the CSRC. Approval of the Stock Exchange is required for the listing of such converted Shares on the Stock Exchange. Subject to fulfilling the procedures below, our Company may apply for the listing of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares before any proposed conversion so that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional Shares after our Company's initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require prior application for listing as at the time of our Company's initial listing in Hong Kong. A vote by our Shareholders in general meeting is not required for the listing and trading of the converted Shares on an overseas stock exchange. Any listing of the converted Shares on the Stock Exchange after the initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of any proposed conversion.



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## SHARE CAPITAL

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After all the requisite approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be traded on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be listed as H Shares.

### RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors and members of senior management of our Company.

### SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which Shareholders' general meeting are required, see "Appendix V — Summary of Articles of Association" to this prospectus.

### REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) issued by the CSRC, the domestic shareholders of unlisted shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Co., Limited ("CSDC"). H-share companies should submit relevant status reports to the CSRC within 15 days after the shares involved in the application completing the transfer registration in CSDC.

### SHAREHOLDERS' APPROVAL FOR THE GLOBAL OFFERING

Approval from holders of the Shares is required for the Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. The Company has obtained such approval at the Shareholders' meeting held on May 30, 2025.

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## FINANCIAL INFORMATION

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*You should read the following discussion and analysis in conjunction with our consolidated financial information, together with the accompanying notes, included in the Accountants' Report set out in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with HKFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not rely solely on the information contained in this section.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyzes made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual performance may differ materially from those anticipated in these forward-looking statements, as a result of various risks and uncertainties over which we do not have full control. For details, see "Forward-looking Statements" and "Risk Factors."*

### OVERVIEW

We offer GPGPU products and AI computing solutions across diverse industries. Our product portfolio primarily includes GPGPU chips and accelerators, as well as customized AI computing solutions, including GPGPU servers and clusters, that combine our hardware with proprietary software stack to address specific customer needs in training and inference scenarios. According to Frost & Sullivan, among China's chip designers, we are the first to achieve mass production of inference GPGPU chips, to mass produce training GPGPU chips, and to accomplish these milestones using advanced 7nm process technology.

Our revenue reached RMB189.4 million, RMB289.0 million, RMB539.5 million, RMB197.4 million and RMB 324.3 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. This growth is driven by our consistent product and solution iteration, mature commercialization capabilities and continuously expanding high-quality customer base. Our total number of customers increased from 22 in 2022, to 65 in 2023 and further to 181 in 2024 and from 81 in the six months ended June 30, 2024 to 106 in the six months ended June 30, 2025. As of June 30, 2025, we had served over 290 customers in various sectors. Our products and solutions have enabled over 900 deployments and applications in essential sectors including financial services, healthcare and transportation, while supporting industrial digitalization initiatives across manufacturing and retail, as well as foundational research and educational computing applications. Our GPGPU products shipment volume increased from 7.8 thousand units in 2022 to 12.7 thousand units in 2023 and further to 16.8 thousand units in 2024, and from 4.8 thousand units in the six months ended June 30, 2024 to 15.7 thousand units in the six months ended June 30, 2025.

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## FINANCIAL INFORMATION

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### BASIS OF PREPARATION

Our consolidated financial information has been prepared in accordance with HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants. All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been consistently applied by us in the preparation of the consolidated financial information throughout the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 2.2 to the Accountants' Report included in Appendix I to this prospectus.

Further details of the material accounting policy information are set out in Note 2.3 to the Accountants' Report. The consolidated financial information also complies with the relevant disclosure requirements of the Listing Rules. The accounting policies set out in the Accountants' Report have been applied consistently throughout the years presented.

For ordinary shares issued to investors (collectively the “**pre-IPO Investors**”) from whom the Company obtained several rounds of investments (collectively the “**pre-IPO Investments**”), pursuant to the supplemental agreements entered into between the Company and the pre-IPO Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights and liquidation preferences rights, which are void ab initio as described in note 30(b) to the Accountants' Report included in Appendix I to this prospectus, having taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the Directors considered that it is appropriate to present the Pre-IPO Investments as equity throughout the Track Record Period. For the details of financial impacts, see note 30(b) to the Accountants' Report included in Appendix I to this prospectus.

### KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of key factors, including the following:

#### **Industry Trends and Market Demand for GPGPU Products and AI Computing Solutions**

Our business and results of operations are driven by the demand for GPGPU products and AI computing solutions, which in turn is dependent on the growth of the AI chip and GPGPU markets. Our business and operating results are also affected by general factors affecting the AI chip and GPGPU markets, including global demand, evolution and market acceptance of AI chip and GPGPU products, the competitive landscape, and the relevant laws and regulations, governmental policies and initiatives. The development of AI applications and the commercialization of large language models have stimulated market demand for computing power, which has greatly driven the growth of China's AI chip market. According to Frost & Sullivan, the size of China's AI chip market, reached approximately RMB217.5 billion in revenue, with a CAGR of 80.3% from 2022 to 2024, and is expected to reach RMB898.1 billion in 2029, with a CAGR of 29.1% from 2025 to 2029. The size of China's GPGPU market reached RMB154.6 billion in revenue in 2024, representing a remarkable CAGR of 70.1% from 2022 to 2024. The market is projected to maintain strong growth momentum, with revenue expected to

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## FINANCIAL INFORMATION

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reach RMB715.3 billion by 2029, representing a CAGR of 30.1% from 2025 to 2029. The increasing AI-driven training and inference demands and technological advancements of GPGPU products and AI computing solutions have led to rising demand for our products and solutions. We experienced substantial revenue growth during the Track Record Period, and we expect to continue to benefit from these positive market trends. See “Industry Overview” for a detailed discussion on China’s AI chip and GPGPU markets.

### **Competitiveness of Our Offerings and Technology Leadership**

Our operating performance is closely tied to the performance of our GPGPU products and AI computing solutions. The competitiveness of GPGPU products and AI computing is dictated by technology innovation and robust product and solution performance. We have launched a series of products under each of our core product series with enhanced performance. The TG series, our flagship training-focused product line, is specifically designed to meet AI model training demands, featuring performance-optimized compute cores, memory configurations, and optimized architecture to support multi-GPGPU systems, delivering exceptional efficiency for large-scale model training workloads. The ZK series is our specialized product line designed for cloud and edge inference applications, and features crucial optimizations for efficient inference, including enhanced integer computing units and optimized data paths. We are in the process of developing next-generation TG product with enhanced performance capabilities, particularly for large-scale AI training applications. We also offer AI computing solutions, to address the growing demand for AI computing and large-scale data processing. Going forward, we expect to continue enriching our product and solution portfolio by introducing new products and solutions and upgrading existing offerings to remain competitive and appealing to customers with diverse computing demands.

Continued investment in R&D is essential to sustaining our competitive edge. We prioritize the development of general architectures, compute engines, memory subsystems, and software platforms to support demanding AI training, inference, and AI computing applications. We incurred research and development costs of RMB456.6 million, RMB615.9 million, RMB772.8 million, RMB333.7 million and RMB451.5 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 241.1%, 213.1%, 143.2%, 169.0% and 139.2% of our total revenue in the same periods, respectively. We believe that our consistent R&D efforts can continue to create entry barriers and enhance our market leadership, which in turn will enable us to achieve sustainable business growth. However, such investments on our R&D capability will increase our research and development costs in absolute amounts, which may impact our results of operations and financial condition, but we expect our research and development costs, as a percentage of our revenue, to decrease as our business scales and R&D efficiency improves.

### **Our Business and Revenue Mix**

Our gross profit margin fluctuated during the Track Record Period, primarily because our revenue from our AI computing solutions, as a percentage of our total revenue, increased from nil in 2022 to 5.4% in 2023 and further to 30.8% in 2024 and decreased from 30.3% in the six months ended June 30, 2024 to 13.2% in the six months ended June 30, 2025. Our AI computing solutions typically had a lower profit margin compared to that of our GPGPU products, primarily because our AI computing solutions integrated third-party products and components, which drove up the cost of sales associated with our AI computing solutions. Therefore, any

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significant change in our revenue composition will likely affect our profitability and results of operations. Going forward, we intend to continue to increase the profitability of our GPGPU products and AI computing solutions through ongoing product innovation and iteration and targeting use cases with stronger demand for performance and customization.

### **Commercial Scale and Customer Base**

As a GPGPU company, our financial performance is highly dependent upon our ability to maintain and expand our customer base across multiple verticals. Since our inception, we have focused on translating our advanced technologies into market-proven products and achieving broad commercial adoption across multiple application scenarios. We achieved fast growths in terms of our product shipment volume and the number of customers. For our GPGPU products, our shipment volume increased from 7.8 thousand units in 2022 to 12.7 thousand units in 2023 and further to 16.8 thousand units in 2024, and from 4.8 thousand units in the six months ended June 30, 2024 to 15.7 thousand units in the six months ended June 30, 2025. The number of customers increased from 22 in 2022 to 56 in 2023 and further to 158 in 2024, and from 70 in the six months ended June 30, 2024 to 95 in the six months ended June 30, 2025. For our AI computing solutions, the number of customers increased from 5 in 2023 to 21 in 2024, and remained stable at 10 in the six months ended June 30, 2024 and 2025. The breadth and quality of our customer base, spanning across various industries, are critical to scaling our business, enhancing our brand reputation, and generating recurring revenue. We strive to deepen our relationship with existing customers through continuous exploration of their product needs and provide comprehensive solutions to drive extensive scenario adoption and increase service penetration. We also plan to expand our customer base by establishing connections with quality companies in industry sectors that we already covered and tapping into fast-iterating, AI-driven industries.

Maintaining close partnerships with key industry players, and continuously expanding our customer and ecosystem network, are essential for mitigating business volatility and driving sustainable growth. We will continuously rely on our sales network to execute and implement our customer retention and development strategies, and we may increase investment on our sales team expansion and technical service capability improvement to effect optimal sales results.

### **Cost Structure and Operational Efficiency**

Under our fabless business model, we outsource chip fabrication and assembly to contract manufacturers to focus our internal resources on product design and innovation. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our cost of sales, representing primarily fees paid to contract manufacturers, was RMB77.0 million, RMB145.9 million, RMB274.4 million, RMB108.4 million and RMB161.8 million, respectively, accounting for 40.6%, 50.5%, 50.9%, 54.9% and 49.9% of our total revenue in the same years, respectively. Supply chain stability is critical for fabless semiconductor companies like us, as we engage third-party foundries, packaging and testing service providers, and other upstream partners for timely and reliable production. To ensure continuity and resilience in our supply chain, we have sourced multiple suppliers for most raw materials used in our operations. We also maintain appropriate inventory stock and adjust production planning based on demand forecasts and market conditions to mitigate potential disruptions.

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Our ability to manage and control our operating expenses is also critical to the success of our business. During the Track Record Period, we incurred substantial administrative expenses of RMB166.0 million, RMB242.0 million, RMB257.3 million, RMB119.5 million and RMB274.6 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 87.7%, 83.7%, 47.7%, 60.5% and 84.7% of our total revenue in the same periods, respectively. Our selling and distribution expenses were RMB48.7 million, RMB88.3 million, RMB122.4 million, RMB54.5 million and RMB67.6 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 25.7%, 30.5%, 22.7%, 27.6% and 20.9% of our total revenue in the same periods, respectively. Specifically, we incurred substantial share-based payment expenses of RMB120.8 million, RMB207.8 million, RMB247.8 million, RMB107.1 million and RMB295.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 63.8%, 71.9%, 45.9%, 54.2% and 91.2% of our total revenue in the same periods, respectively. We expect the absolute amounts of our operating expenses to continue to increase along with our business growth in the future. However, as we expand our business, improve our operating efficiency and benefit from economies of scale, we expect our operating expenses to decrease as a percentage of our total revenue.

### **MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES**

The preparation of consolidated financial information in conformity with HKFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Set out below are a summary of the material accounting policies, judgments and estimates which we believe are most important for understanding our results of operations and financial condition. See Notes 2.3 and 3 to the Accountants' Report set out in Appendix I to this prospectus for a detailed description of our material accounting policies, judgments and estimates.

#### **Revenue Recognition**

##### ***Revenue from contracts with customers***

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.



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When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

### *Sale of GPGPU products*

Revenue from sale of GPGPU products primarily arises from sale of GPGPU chips and accelerators which is recognized at the point in time when control of the products is transferred to the customer and the collection of the consideration is probable, generally on the acceptance of the products.

### *Sale of AI computing solutions*

Revenue from sale of AI computing solutions, which usually include multiple elements of hardware, software and associated services.

The solutions provide the customer with a combination of hardware, software, deployment and professional services as we provide significant integration services to integrate the hardware and the software to meet the customer's unique specifications and are accounted for as one performance obligation. Solutions revenue derived from hardware and software is recognized at a point in time upon acceptance by customer.

### *Services and others*

Services revenue and other revenue mainly generated from provision of technology services. The revenue generated from the technology services is recognized at a point in time upon the acceptance of such services by customers as customers are usually unable to obtain benefit when we are performing the services.

## **Fair Value Measurement**

We measure our wealth management products and equity investment at fair value at the end of each period of the Track Record Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Accountants' Report in Appendix I are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Accountants' Report in Appendix I on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each period of the Track Record Period.

### **Research and development costs**

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

### **Investments and Other Financial Assets**

#### ***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which we have applied the practical expedient of not adjusting the effect of a significant financing component, we initially measure a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which we have applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "— Revenue recognition."

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In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Our business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that we commit to purchase or sell the asset.

### ***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at amortized cost (debt instruments)*

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

#### *Financial assets designated at fair value through other comprehensive income (equity investments)*

Upon initial recognition, we can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

This category includes wealth management products, and equity investments which we had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in profit or loss when the right of payment has been established.

### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from our consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- we have transferred our rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) we have transferred substantially all the risks and rewards of the asset, or (b) we have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When we have transferred our rights to receive cash flows from an asset or has entered into a pass-through arrangement, we evaluate if, and to what extent, we have retained the risk and rewards of ownership of the asset. When we have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, we continue to recognize the transferred asset to the extent of our continuing involvement. In that case, we also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that we have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that we could be required to repay.

### **Impairment of financial assets**

We recognize an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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At each reporting date, we assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, we compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. We may consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

We may consider a financial asset in default when contractual payments are 90 days past due. We may consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs, except for trade and bills receivables which apply the simplified approach as detailed below:

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs;

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs;

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

For trade receivables that contain a significant financing component, we choose as our accounting policy to adopt the general approach in calculating ECLs with policies as described above.

### *Simplified approach*

For trade and bill receivables that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at the end of each period of the Track Record Period. We have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

### **Share-based payments**

We operate an employee share scheme. Our employees (including directors) receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted, further details of which are given in note 31 to the Accountants’ Report included in Appendix I to this prospectus.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the Track Record Period until the vesting date reflects the extent to which the lock-up restricted period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.



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This includes any award where non-vesting conditions within the control of either we or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

### **Fair value of unlisted equity investments**

The unlisted equity investments have been valued based on appropriate valuation techniques including the latest transaction price and asset-based valuation as detailed in note 37 to the Accountants' Report in Appendix I to this prospectus.

### **Write-down of Inventories**

Our inventories are stated at the lower of cost and net realizable value. We write down our inventories based on estimates of the realizable value with reference to the aging and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate.

### **Impairment of non-financial assets**

We assess whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, we must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

We operate as a single cash generating units ("CGU"). Our non-financial assets were mainly comprised of property, plant and equipment ("PPE"), which are mainly electronic equipment, leasehold improvements and furniture and others, right-of-use assets ("ROU"), which is mainly lease arrangement of our office premises and machinery and intangible assets ("IA"), which are mainly licensed IP and software.

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We have assessed at the end of each year/period during the Track Record Period whether there is any indication that our non-financial assets may be impaired by considering all the external and internal sources of information in accordance with HKAS 36 Impairment of Assets:

- Our net losses during the Track Record Period were primarily attributable to the substantial R&D expenses, administrative expenses and selling and distribution expenses incurred as our business expanded rapidly. The overall market trend for China's GPGPU products has experienced rapid growth in recent years. Capitalizing on this trend following the launch of our first GPGPU product in late 2021, we have continuously expanded our operations and broadened our product portfolio through sustained R&D efforts and the introduction of new products. The expansion contributed to substantial revenue growth, increasing from RMB189.4 million in 2022 to RMB289.0 million in 2023 and reaching RMB539.5 million in 2024. Consequently, our gross profit during the Track Record Period demonstrated a clear upward trend, rising from RMB112.4 million in 2022 to RMB143.2 million in 2023 and further to RMB265.1 million in 2024. Our net losses during the Track Record Period were primarily attributable to the significant investment in R&D activities and the share-based payments, which is aligned with our growth strategy. While these strategic investments resulted in reported net losses, the overall financial performance remained consistent with our expectations.
- We have assessed and do not notice any observable indications that our non-financial assets' value in the CGU has declined during the Track Record Period significantly more than would be expected as a result of the passage of time or normal use.
- We have assessed and do not notice any significant changes with an adverse effect on the CGU that have taken place during the period in the technological, market, economic or legal environment in which the CGU operates or in the market to which its non-financial assets are dedicated.
- We have assessed and do not notice any significant changes on market interest rate that are likely to affect the discount rate used in calculating the value in use of the CGU and decrease its recoverable amount materially.
- We have assessed and do not notice any evidence from internal reporting indicate that the economic performance of our non-financial assets in the CGU will be worse than expected.
- Our assets in the CGU are in good condition. There is no significant obsolescence or physical damage of our non-financial assets. Nor will these assets become idle or be discontinued.

Based on the above assessment and analysis, our Directors concluded that no impairment indicators existed for the non-financial assets were identified at the end of each year/period during the Track Record Period.

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### DESCRIPTION OF SELECTED ITEMS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected items of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated, derived from our consolidated statements of profit or loss and other comprehensive income set out in the Accountants' Report included in Appendix I to this prospectus. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages) (Unaudited)									
Revenue	189,369	100.0	289,041	100.0	539,511	100.0	197,431	100.0	324,263	100.0
Cost of sales	(76,957)	(40.6)	(145,890)	(50.5)	(274,427)	(50.9)	(108,438)	(54.9)	(161,830)	(49.9)
<b>Gross profit</b>	<b>112,412</b>	<b>59.4</b>	<b>143,151</b>	<b>49.5</b>	<b>265,084</b>	<b>49.1</b>	<b>88,993</b>	<b>45.1</b>	<b>162,433</b>	<b>50.1</b>
Other income and gains	33,770	17.8	20,105	7.0	44,985	8.3	33,078	16.8	39,539	12.2
Selling and distribution expenses	(48,715)	(25.7)	(88,259)	(30.5)	(122,358)	(22.7)	(54,471)	(27.6)	(67,609)	(20.9)
Administrative expenses	(166,044)	(87.7)	(242,020)	(83.7)	(257,287)	(47.7)	(119,469)	(60.5)	(274,592)	(84.7)
Research and development costs	(456,624)	(241.1)	(615,884)	(213.1)	(772,779)	(143.2)	(333,717)	(169.0)	(451,496)	(139.2)
Impairment losses on financial assets	(19,025)	(10.0)	(22,198)	(7.7)	(31,855)	(5.9)	(9,191)	(4.7)	(1,559)	(0.5)
Other expenses	(2,889)	(1.5)	(1,312)	(0.5)	(840)	(0.2)	(830)	(0.4)	(4,893)	(1.5)
Finance costs	(6,503)	(3.4)	(11,007)	(3.8)	(17,383)	(3.2)	(8,385)	(4.3)	(11,139)	(3.4)
<b>Loss before tax</b>	<b>(553,618)</b>	<b>(292.3)</b>	<b>(817,424)</b>	<b>(282.8)</b>	<b>(892,433)</b>	<b>(165.4)</b>	<b>(403,992)</b>	<b>(204.6)</b>	<b>(609,316)</b>	<b>(187.9)</b>
Income tax expense	—	—	—	—	—	—	—	—	—	—
<b>Loss for the year/period</b>	<b>(553,618)</b>	<b>(292.3)</b>	<b>(817,424)</b>	<b>(282.8)</b>	<b>(892,433)</b>	<b>(165.4)</b>	<b>(403,992)</b>	<b>(204.6)</b>	<b>(609,316)</b>	<b>(187.9)</b>
<b>OTHER COMPREHENSIVE INCOME</b>										
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:										
Equity investments designated at fair value through other comprehensive income:										
Changes in fair value	—	—	(2)	(0.0)	230	(0.0)	(23)	(0.0)	(228)	(0.1)
<b>Other comprehensive income for the year/period</b>	<b>—</b>	<b>—</b>	<b>(2)</b>	<b>(0.0)</b>	<b>230</b>	<b>0.0</b>	<b>(23)</b>	<b>(0.0)</b>	<b>(228)</b>	<b>(0.1)</b>
<b>Total comprehensive loss for the year/period</b>	<b>(553,618)</b>	<b>(292.3)</b>	<b>(817,426)</b>	<b>(282.8)</b>	<b>(892,203)</b>	<b>(165.4)</b>	<b>(404,015)</b>	<b>(204.6)</b>	<b>(609,544)</b>	<b>(188.0)</b>
<b>Loss attributable to:</b>										
Owners of the parent	(523,839)	(276.6)	(791,307)	(273.8)	(892,433)	(165.4)	(403,992)	(204.6)	(609,316)	(187.9)
Non-controlling interests	(29,779)	(15.7)	(26,117)	(9.0)	—	—	—	—	—	—
	<b>(553,618)</b>	<b>(292.3)</b>	<b>(817,424)</b>	<b>(282.8)</b>	<b>(892,433)</b>	<b>(165.4)</b>	<b>(403,992)</b>	<b>(204.6)</b>	<b>(609,316)</b>	<b>(187.9)</b>
<b>Total comprehensive loss attributable to:</b>										
Owners of the parent	(523,839)	(276.6)	(791,309)	(273.8)	(892,203)	(165.4)	(404,015)	(204.6)	(609,544)	(188.0)
Non-controlling interests	(29,779)	(15.7)	(26,117)	(9.0)	—	—	—	—	—	—
	<b>(553,618)</b>	<b>(292.3)</b>	<b>(817,426)</b>	<b>(282.8)</b>	<b>(892,203)</b>	<b>(165.4)</b>	<b>(404,015)</b>	<b>(204.6)</b>	<b>(609,544)</b>	<b>(188.0)</b>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>										
Basic										
— For loss for the year/period (RMB)	(3.99)	(0.0)	(5.43)	(0.0)	(5.45)	(0.0)	(2.48)	(0.0)	(3.48)	(0.0)
Diluted										
— For loss for the year/period (RMB)	(3.99)	(0.0)	(5.43)	(0.0)	(5.45)	(0.0)	(2.48)	(0.0)	(3.48)	(0.0)

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-IPO investments, see note 30(b) to the Accountants' Report included in Appendix I to this prospectus.

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### NON-HKFRS MEASURE

We define adjusted net loss (non-HKFRS measure) as net loss for the year/period adjusted by adding back share-based payment expenses.

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

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

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>						<i>(Unaudited)</i>			
<b>Reconciliation of loss for the year/period to adjusted net loss (non-HKFRS measure)</b>										
Loss for the year/period	(553,618)	(292.3)	(817,424)	(282.8)	(892,433)	(165.4)	(403,992)	(204.6)	(609,316)	(187.9)
Add:										
Share-based payment expenses <sup>(1)</sup>	120,842	63.8	207,759	71.9	247,765	45.9	107,070	54.2	295,859	91.2
Listing expenses <sup>(2)</sup>	—	—	—	—	—	—	—	—	13,686	4.2
<b>Adjusted net loss (non-HKFRS measure)</b>	<b><u>(432,776)</u></b>	<b><u>(228.5)</u></b>	<b><u>(609,665)</u></b>	<b><u>(210.9)</u></b>	<b><u>(644,668)</u></b>	<b><u>(119.5)</u></b>	<b><u>(296,922)</u></b>	<b><u>(150.4)</u></b>	<b><u>(299,771)</u></b>	<b><u>(92.4)</u></b>

*Note:*

- (1) Share based payment expenses mainly represent the non-cash employee benefit expenses incurred in connection with our award to management and key employees. Such expenses in any specific year/period are not expected to result in future cash payments.
- (2) Listing expenses were incurred in connection with the Global Offering.

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### DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

#### Revenue

Our revenue was RMB189.4 million, RMB289.0 million, RMB539.5 million, RMB197.4 million and RMB324.3 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. During the Track Record Period, we generated substantially all of our revenue in China. Our revenue was primarily derived from our GPGPU products, including our products under the TG series and ZK series, with a growing contribution from our AI computing solutions. The following table sets forth our revenue breakdown by product and service type for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>										
<i>(Unaudited)</i>										
GPGPU products	188,561	99.6	266,922	92.3	369,635	68.5	136,772	69.3	276,751	85.3
— Training series	188,130	99.3	221,181	76.5	269,414	49.9	115,164	58.3	189,736	58.5
— Inference series	431	0.3	45,741	15.8	100,221	18.6	21,608	10.9	87,015	26.8
AI computing solutions	—	—	15,523	5.4	166,213	30.8	59,805	30.3	42,644	13.2
Others <sup>(1)</sup>	808	0.4	6,596	2.3	3,663	0.7	854	0.4	4,868	1.5
<b>Total</b>	<b>189,369</b>	<b>100.0</b>	<b>289,041</b>	<b>100.0</b>	<b>539,511</b>	<b>100.0</b>	<b>197,431</b>	<b>100.0</b>	<b>324,263</b>	<b>100.0</b>

(1) Primarily including technical service income and software license income. Our revenue from others fluctuated during the Track Record Period, primarily due to changes in customer demand.

Our revenue from GPGPU products, comprising our TG and ZK series, was RMB188.6 million, RMB266.9 million, RMB369.6 million, RMB136.8 million and RMB276.8 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 99.6%, 92.3%, 68.5%, 69.3% and 85.3% of our total revenue in the same years/periods, respectively. Our revenue increased in absolute amounts during the Track Record Period, primarily due to the increases in the shipment volume of our products and the number of customers, as a result of the enhanced performance of our products, the increase in market demands for advanced computing power and our established market reputation. The increase in shipments of our GPGPU products during the Track Record Period was primarily driven by two key factors. First, the continued growth of AI applications has significantly expanded market demand, particularly in areas such as LLM training, cloud-based AI inference services and edge computing. This trend has been supported by the rapid commercialization of generative AI technologies, national policies promoting AI infrastructure development and accelerating digital transformation across sectors including internet technology, financial services, retail and education, leading customers to increase procurement to scale their AI compute infrastructure and enhance GPU capacity. However, our revenue from GPGPU products decreased as a percentage of our total revenue from 2022 to 2024, primarily due to the increase in revenue contribution from our AI computing solutions as we developed and launched our AI computing solutions in 2023 and expanded sales in 2024. Our revenue from GPGPU products increased as a percentage of our total revenue from 69.3% in the six months ended June 30, 2024 to 85.3% in the six months ended June 30, 2025, primarily because revenue from AI computing solutions declined in the six months ended June 30, 2025, due to a large customer order in the first half of 2024 which led to a high revenue base.

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Our revenue from training series increased during the Track Record Period from RMB188.1 million in 2022 to RMB221.2 million in 2023 and further to RMB269.4 million in 2024, and from RMB115.2 million in the six months ended June 30, 2024 to RMB189.7 million in the six months ended June 30, 2025. The shipment volume of our training series decreased from 7.7 thousand units in 2022 to 7.0 thousand units in 2023, primarily due to (i) intensified market competition as new training products from other market players entered the mass production stage in 2023; and (ii) the reallocation of our internal sales and marketing resources as we commenced active market promotion of our ZK series that entered the mass production stage in 2023. The shipment volume of our training series remained stable at 7.0 thousand units in 2024, and increased from 2.9 thousand units in the six months ended June 30, 2024 to 6.2 thousand units in the six months ended June 30, 2025, primarily due to (i) the increase in customer demand of our products, especially TG Gen 2, for its enhanced performance; (ii) our enhanced sales efforts for our training series; and (iii) our accelerated sales of TG Gen 1 inventories. The average sales price of our training series, calculated by dividing our revenue from training series in a given period by the number of training GPGPU products sold in the period, increased from RMB24.4 thousand in 2022 to RMB31.8 thousand in 2023 and further to RMB38.6 thousand in 2024, driven by the launch and expanded sales of TG Gen 2, which had a higher pricing than that of TG Gen 1 due to its enhanced performance, and decreased from RMB39.5 thousand in the six months ended June 30, 2024 to RMB30.4 thousand in the six months ended June 30, 2025, primarily due to the lowering of the sales prices of TG Gen 1 to accelerate its sales.

Our revenue from inference series increased from RMB0.4 million in 2022 to RMB45.7 million in 2023 and further to RMB100.2 million in 2024, and from RMB21.6 million in the six months ended June 30, 2024 to RMB87.0 million in the six months ended June 30, 2025. The shipment volume of our inference series increased significantly from 38 units in 2022 to 5.7 thousand units in 2023 and further to 9.8 thousand units in 2024, and increased from 1.9 thousand units in the six months ended June 30, 2024 to 9.5 thousand units in the six months ended June 30, 2025. The average sales price of our inference series, calculated by dividing our revenue from inference series in a given period by the number of inference GPGPU products sold in the period, decreased from RMB11.4 thousand in 2022 to RMB8.0 thousand in 2023, and increased to RMB10.2 thousand in 2024, primarily due to the increase in revenue contribution from ZK Gen 1 with higher pricing as a result of its enhanced performance. The average sales price of our inference series decreased from RMB11.4 thousand in the six months ended June 30, 2024 to RMB9.2 thousand in the six months ended June 30, 2025, primarily due to the lowering of the sales prices of ZK series to accelerate sales.

Our revenue from AI computing solutions was nil, RMB15.5 million, RMB166.2 million, RMB59.8 million and RMB42.6 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for nil, 5.4%, 30.8%, 30.3% and 13.2% of our total revenue in the same years/periods, respectively. Our revenue from AI computing solutions, as a percentage of our total revenue, increased from 5.4% in 2023 to 30.8% in 2024, primarily due to the increase in customer demand of our AI computing solutions since their launch in late 2023, and decreased from 30.3% in the six months ended June 30, 2024 to 13.2% in the six months ended June 30, 2025, primarily because revenue from AI computing solutions declined in the six months ended June 30, 2025, due to a large customer order in the first half of 2024 which led to a high revenue base. As our AI computing solutions are highly customizable, the specific configuration and component mix vary significantly depending on project demands, and as a result, the average sales price of our AI computing solutions can fluctuate materially depending



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on the performance level and scale of each deployment. As a result, the average sales price of our AI computing solutions, calculated by dividing our revenue from AI computing solutions in a given period by the number of projects in the period, increased from RMB2.6 million in 2023 to RMB6.4 million in 2024, and decreased from RMB5.4 million in the six months ended June 30, 2024 to RMB4.3 million in the six months ended June 30, 2025. The number of projects of our AI computing solutions was six, 26, 11 and 10 in 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

### Cost of Sales

Our cost of sales was RMB77.0 million, RMB145.9 million, RMB274.4 million, RMB108.4 million and RMB161.8 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 40.6%, 50.5%, 50.9%, 54.9% and 49.9% of our total revenue in the same years/periods, respectively. As a fabless company, we do not incur in-house manufacturing labor costs. Our cost of sales relating to our GPGPU products and AI computing solutions represented fees paid to contract manufacturers under our service agreements with them, which cover contract manufacturing services fees and costs of materials used in manufacturing our products on an integrated basis. For our AI computing solutions, we also procured from third-party ecosystem partners servers, networking infrastructure and customization services. The following table sets forth the breakdown of our cost of sales by business lines in absolute amounts and as a percentage of total cost of sales for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									

The following table sets forth the breakdown of our cost of sales by nature in absolute amounts and as a percentage of total cost of sales for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
	(Unaudited)									
Contract manufacturing costs	76,563	99.5	135,756	93.1	182,459	66.5	59,112	54.6	149,069	92.1
Other third-party procurement costs	—	—	8,619	5.9	91,634	33.4	48,996	45.2	12,469	7.7
Others	394	0.5	1,515	1.0	334	0.1	330	0.3	292	0.2
Total	76,957	100.0	145,890	100.0	274,427	100.0	108,438	100.0	161,830	100.0

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### Gross Profit and Gross Profit Margin

We recorded gross profit of RMB112.4 million, RMB143.2 million, RMB265.1 million, RMB89.0 million and RMB162.4 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing gross profit margin of 59.4%, 49.5%, 49.1%, 45.1% and 50.1% in the same years/periods, respectively. The following table sets forth our gross profit and gross profit margin by product and service type for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit		Gross Profit		Gross Profit		Gross Profit		Gross Profit	
	Margin (%)		Margin (%)		Margin (%)		Margin (%)		Margin (%)	
	Gross Profit		Gross Profit		Gross Profit		Gross Profit		Gross Profit	
(RMB in thousands, except for percentages)										
(Unaudited)										
GPGPU products	111,998	59.4	134,048	50.2	209,056	56.6	82,291	60.2	138,358	50.0
— Training series	111,802	59.4	117,688	53.2	162,288	60.2	70,870	61.5	110,471	58.2
— Inference series	195	45.2	16,360	35.8	46,769	46.7	11,421	52.9	27,888	32.0
AI computing solutions	—	—	4,022	25.9	52,699	31.7	6,178	10.3	19,500	45.7
Others	414	51.3	5,081	77.0	3,329	90.9	524	61.4	4,575	94.0
<b>Total</b>	<b>112,412</b>	<b>59.4</b>	<b>143,151</b>	<b>49.5</b>	<b>265,084</b>	<b>49.1</b>	<b>88,993</b>	<b>45.1</b>	<b>162,433</b>	<b>50.1</b>

Our gross profit margin decreased from 2022 to 2024, primarily due to the change in our business mix, as we launched new GPGPU products and AI computing solutions to diversify our offerings, which affected our overall margin profile. Our gross profit margin increased from 45.1% in the six months ended June 30, 2024 to 50.1% in the six months ended June 30, 2025, primarily due to the increase in revenue contribution from our GPGPU products. Our AI computing solutions typically had a lower profit margin than that of our GPGPU products, primarily because our AI computing solutions integrated third-party products and components, which drove up the cost of sales associated with our AI computing solutions. As our AI computing solutions are delivered with bundled hardware with chips, the gross profit margin of our AI computing solutions depends on the associated costs of the bundled hardware and chips, which vary across customer projects. Therefore, the gross profit margin of our AI computing solutions is inherently subject to fluctuation depending on specific project demands. The gross profit margin of others was relatively high due to the low-cost nature of our software license income.

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### Other Income and Gains

During the Track Record Period, our other income and gains primarily consisted of (1) government grants, mainly representing non-recurring subsidies received from various local authorities in relation to our R&D initiatives that qualified as activities within the integrated circuit industry; (2) interest income from our bank deposits; (3) foreign exchange gains, net; (4) gains on disposal of wealth investment products; (5) fair value gains, net, from financial assets at fair value through profit or loss; and (6) others. The following table sets forth a breakdown of our other income and gains for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>									
	<i>(Unaudited)</i>									
Government grants related to:										
— Assets	—	—	135	0.7	10,094	22.4	3,915	11.8	12,915	32.7
— Income	14,196	42.0	15,306	76.1	28,979	64.4	25,174	76.1	19,920	50.4
Interest income	4,005	11.9	3,754	18.7	4,125	9.2	2,795	8.4	5,852	14.8
Foreign exchange gains, net	14,062	41.6	—	—	—	—	—	—	—	—
Gain on disposal of wealth investment products	1,113	3.3	—	—	—	—	—	—	—	—
Fair value gains, net										
— Financial assets at fair value through profit or loss	—	—	695	3.5	844	1.9	390	1.2	—	—
Others	394	1.2	215	1.1	943	2.1	804	2.4	852	2.2
<b>Total</b>	<b>33,770</b>	<b>100.0</b>	<b>20,105</b>	<b>100.0</b>	<b>44,985</b>	<b>100.0</b>	<b>33,078</b>	<b>100.0</b>	<b>39,539</b>	<b>100.0</b>

### Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of (1) employee compensation expenses, representing wages, benefits and share-based compensation for our selling and distribution personnel; (2) depreciation and amortization; (3) office and travel expenses; (4) marketing and promotion expenses; and (5) others, mainly including consulting service fees. Our selling and distribution expenses were RMB48.7 million, RMB88.3 million, RMB122.4 million, RMB54.5 million and RMB67.6 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 25.7%, 30.5%, 22.7%, 27.6% and 20.9% of our total revenue in the same years/periods, respectively. Our share-based payment expenses included in the selling and distribution expenses were RMB1.5 million, RMB4.7 million, RMB7.5 million, RMB2.9 million and RMB8.3 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. The following table sets forth a breakdown of our selling and distribution expenses by nature in absolute amounts and as percentages of the total selling and distribution expenses for the years/periods indicated.

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	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
	(Unaudited)									
Employee compensation expenses	37,774	77.5	69,664	78.9	96,555	78.9	44,371	81.5	55,005	81.4
Depreciation and amortization	1,388	2.8	4,410	5.0	10,248	8.4	4,481	8.2	6,933	10.3
Office and travel expenses	1,952	4.0	7,253	8.2	7,946	6.5	2,741	5.0	3,501	5.2
Marketing and promotion expenses	7,333	15.1	5,191	5.9	7,507	6.1	2,709	5.0	1,955	2.9
Others	268	0.6	1,741	2.0	102	0.1	169	0.3	215	0.3
<b>Total</b>	<b>48,715</b>	<b>100.0</b>	<b>88,259</b>	<b>100.0</b>	<b>122,358</b>	<b>100.0</b>	<b>54,471</b>	<b>100.0</b>	<b>67,609</b>	<b>100.0</b>

### Administrative Expenses

Our administrative expenses primarily consisted of (1) employee compensation expenses, representing wages, benefits and share-based compensation for our administrative personnel; (2) listing expenses incurred in relation to the Global Offering; (3) depreciation and amortization; (4) office and travel expenses; (5) property management and decoration expenses; and (6) others, mainly including hospitality, recruitment and audit expenses. Our administrative expenses amounted to RMB166.0 million, RMB242.0 million, RMB257.3 million, RMB119.5 million and RMB274.6 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 87.7%, 83.7%, 47.7%, 60.5% and 84.7% of our revenue in the same years/periods, respectively. Our share-based payment expenses included in the administrative expenses were RMB69.7 million, RMB135.4 million, RMB138.6 million, RMB64.1 million and RMB194.3 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. The following table sets forth a breakdown of our administrative expenses by nature in absolute amounts and as percentages of the total administrative expenses for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
	(Unaudited)									
Employee compensation expenses	128,021	77.1	197,434	81.6	213,328	83.0	99,508	83.4	235,918	85.8
Listing fees	—	—	—	—	—	—	—	—	13,686	5.0
Depreciation and amortization	16,135	9.7	22,605	9.3	20,030	7.8	10,211	8.5	9,646	3.5
Office and travel expenses	6,512	3.9	6,758	2.8	8,847	3.4	4,100	3.4	3,517	1.3
Property management and decoration expenses	4,765	2.9	5,049	2.1	4,947	1.9	1,849	1.5	2,348	0.9
Others	10,611	6.4	10,174	4.2	10,136	3.9	3,801	3.2	9,477	3.5
<b>Total</b>	<b>166,044</b>	<b>100.0</b>	<b>242,020</b>	<b>100.0</b>	<b>257,287</b>	<b>100.0</b>	<b>119,469</b>	<b>100.0</b>	<b>274,592</b>	<b>100.0</b>

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### Research and Development Costs

Our research and development costs primarily consisted of (1) employee compensation expenses, representing wages, benefits and share-based compensation for our research and development personnel; (2) technical service fees, material consumption and tape-out expenses, comprising service fees incurred for carrying out our R&D activities, as well as procurement costs of wafers, molds, engineering materials and consumables used in the R&D stage and expenses incurred for the tape-out process when a chip design is finalized and sent to the foundry for photomasking; (3) depreciation and amortization; and (4) others, mainly including network costs and traveling expenses. Our research and development costs were RMB456.6 million, RMB615.9 million, RMB772.8 million, RMB333.7 million and RMB451.5 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 241.1%, 213.1%, 143.2%, 169.0% and 139.2% of our total revenue in the same years/periods, respectively. Our share-based payment expenses included in the research and development costs were RMB49.7 million, RMB67.7 million, RMB101.7 million, RMB40.0 million and RMB93.2 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. The following table sets forth a breakdown of our research and development costs by nature in absolute amounts and as percentages of the total research and development costs for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
	(Unaudited)									
Employee compensation expenses	282,788	61.9	372,992	60.5	469,397	60.7	214,274	64.2	299,606	66.4
Technical service fees, material consumption and tape-out expenses	100,370	22.0	150,626	24.5	177,380	23.0	64,077	19.2	77,531	17.2
Depreciation and amortization	72,581	15.9	90,850	14.8	124,232	16.1	54,353	16.3	73,729	16.3
Others	885	0.2	1,416	0.2	1,770	0.2	1,013	0.3	630	0.1
<b>Total</b>	<b>456,624</b>	<b>100.0</b>	<b>615,884</b>	<b>100.0</b>	<b>772,779</b>	<b>100.0</b>	<b>333,717</b>	<b>100.0</b>	<b>451,496</b>	<b>100.0</b>

### Impairment Losses on Financial Assets

Our impairment losses on financial assets primarily represented provisions made for expected credit losses on trade and bills receivables and other receivables. Our impairment losses on financial assets were RMB19.0 million, RMB22.2 million, RMB31.9 million, RMB9.2 million and RMB1.6 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 10.0%, 7.7%, 5.9%, 4.7% and 0.5% of our total revenue in the same years/periods, respectively.

### Other Expenses

Our other expenses represented foreign exchange loss and non-operating expenses. We had other expenses of RMB2.9 million, RMB1.3 million, RMB0.8 million, RMB0.8 million and RMB4.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 1.5%, 0.5%, 0.2%, 0.4% and 1.5% of our total revenue in the same years/periods, respectively.

## FINANCIAL INFORMATION

### Finance Costs

Our finance costs primarily consisted of interest on bank and other borrowings, lease liabilities and long-term payables. We recorded finance costs of RMB6.5 million, RMB11.0 million, RMB17.4 million, RMB8.4 million and RMB11.1 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 3.4%, 3.8%, 3.2%, 4.3% and 3.4% of our total revenue in the same years/periods, respectively. The following table sets forth a breakdown of our finance costs by nature for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>										
<i>(Unaudited)</i>										
Interest on bank and other borrowings	5,234	80.5	9,609	87.3	15,754	90.6	7,796	93.0	9,452	84.9
Interest on lease liabilities	728	11.2	447	4.1	906	5.2	198	2.4	702	6.3
Interest on long-term payables	541	8.3	951	8.6	723	4.2	391	4.7	985	8.8
<b>Total</b>	<b>6,503</b>	<b>100.0</b>	<b>11,007</b>	<b>100.0</b>	<b>17,383</b>	<b>100.0</b>	<b>8,385</b>	<b>100.0</b>	<b>11,139</b>	<b>100.0</b>

### Income Tax Expense

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and the Implementation Regulation of the EIT Law, the EIT rate of our PRC subsidiaries is 25% unless they are subject to preferential tax. Certain of our subsidiaries in the PRC have been approved as high and new technology enterprises (“HNTE”) under relevant tax rules and regulations, and accordingly, are subjected to a preferential EIT rate of 15% during the Track Record Period. Certain of our subsidiaries are approved as small and micro enterprises, and accordingly, they were subject to a reduced preferential EIT rate of 2.5% to 5% during the Track Record Period according to the applicable EIT Law.

We did not incur income tax expenses during the Track Record Period, primarily due to our loss before tax. 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.

### Loss for the Year/Period

As a result of the foregoing, we had net losses of RMB553.6 million, RMB817.4 million, RMB892.4 million, RMB404.0 million and RMB609.3 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.



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## FINANCIAL INFORMATION

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### YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

#### Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

##### *Revenue*

Our revenue increased by 64.2% from RMB197.4 million for the six months ended June 30, 2024 to RMB324.3 million for the six months ended June 30, 2025. The number of repeated customers was 20 and 42 in the six months ended June 30, 2024 and 2025, respectively, accounting for 24.7% and 39.6% of our total customer base in the same periods, respectively, and contributing to 64.0% and 58.0% of our total revenue in the same periods, respectively. The increase in the proportion of repeated customers but a decline in their revenue contribution indicated that new customers are driving stronger purchasing demand, primarily due to large-scale initial deployments, higher-value use cases and product mix upgrades, while repeated customers are in a more stable and incremental procurement phase.

- *GPGPU products.* Our revenue from GPGPU products increased significantly from RMB136.8 million for the six months ended June 30, 2024 to RMB276.8 million for the six months ended June 30, 2025, primarily due to the increase in the shipment volume of our GPGPU products from 4.8 thousand units in the six months ended June 30, 2024 to 15.7 thousand units in the six months ended June 30, 2025. Such increase was primarily attributable to (1) the increase in the number of customers from 70 in the six months ended June 30, 2024 to 95 in the six months ended June 30, 2025, driven by (1) the strong competitiveness and advanced performance of our product; and (2) our ongoing efforts in market development and strategic emphasis on acquiring and scaling relationships with key customers.
- *Training series.* Our revenue from training series increased from RMB115.2 million in the six months ended June 30, 2024 to RMB189.7 million in the six months ended June 30, 2025, primarily driven by the increase in shipment volume of our training series products from 2.9 thousand units in the six months ended June 30, 2024 to 6.2 thousand units in the six months ended June 30, 2025, as a result of (i) the increase in customer demand of our products, especially TG Gen 2, for its enhanced performance; (ii) our enhanced sales efforts of our training series; and (iii) our accelerated sales of TG Gen 1 inventories.
- *Inference series.* Our revenue from inference series increased from RMB21.6 million in the six months ended June 30, 2024 to RMB87.0 million in the six months ended June 30, 2025, primarily driven by the increase in shipment volume of our inference series products from 1.9 thousand units in the six months ended June 30, 2024 to 9.5 thousand units in the six months ended June 30, 2025, as a result of (i) the increase in market demand for inference products; and (ii) our enhanced sales efforts of our inference series.
- *AI computing solutions.* Our revenue generated from AI computing solutions decreased by 28.7% from RMB59.8 million for the six months ended June 30, 2024 to RMB42.6 million for the six months ended June 30, 2025, primarily due to a large customer order in the first half of 2024 which led to a high revenue base.

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## FINANCIAL INFORMATION

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### *Cost of Sales*

Our cost of sales increased by 49.2% from RMB108.4 million for the six months ended June 30, 2024 to RMB161.8 million for the six months ended June 30, 2025, generally in line with our revenue increase.

### *Gross Profit and Gross Profit Margin*

Our gross profit increased by 82.5% from RMB89.0 million for the six months ended June 30, 2024 to RMB162.4 million for the six months ended June 30, 2025, primarily due to revenue increase in our GPGPU products. Our gross profit margin increased from 45.1% for the six months ended June 30, 2024 to 50.1% for the six months ended June 30, 2025.

- *GPGPU products.* Our gross profit margin relating to our GPGPU products decreased from 60.2% for the six months ended June 30, 2024 to 50.0% for the six months ended June 30, 2025.
- *Training series.* Our gross profit margin for training series decreased from 61.5% in the six months ended June 30, 2024 to 58.2% in the six months ended June 30, 2025, primarily due to our lowering of sales price of TG Gen 1 to accelerate inventory sales. The average sales price of our training series products decreased from RMB39.5 thousand in the six months ended June 30, 2024 to RMB30.4 thousand in the six months ended June 30, 2025. As of the Latest Practicable Date, our inventory of TG Gen 1 had not been fully consumed, and as of June 30, 2025 and October 31, 2025, the carrying value of our TG Gen 1 inventory was RMB46.8 million and RMB19.7 million, respectively, accounting for 9.5% and 2.7% of our total inventory as of the same dates, respectively.
- *Inference series.* Our gross profit margin for inference series decreased from 52.9% in the six months ended June 30, 2024 to 32.0% in the six months ended June 30, 2025, primarily due to our lowering of sales price of ZK Gen 1 and ZK Gen 1X to accelerate inventory sales. The average sales price of our inference series products decreased from RMB11.4 thousand in the six months ended June 30, 2024 to RMB9.2 thousand in the six months ended June 30, 2025. The decrease in the average sales price of our inference series was primarily attributable to intensified market competition as new inference products from other market players entered the mass production stage since late 2024. Given that our ZK Gen 1 and ZK Gen 1X models had been on the market for nearly three years, we adjusted pricing to maintain competitiveness and to position our next-generation product of the ZK series at a distinct performance and price level.
- *AI computing solutions.* Our gross profit margin relating to our AI computing solutions increased from 10.3% for the six months ended June 30, 2024 to 45.7% for the six months ended June 30, 2025, primarily due to a decrease in the proportion of third-party procured components used in our solutions, as a result of customer demand favoring configurations that require less reliance on externally sourced components.

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## FINANCIAL INFORMATION

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### ***Other Income and Gains***

Our other income and gains remained relatively stable at RMB33.1 million for the six months ended June 30, 2024 and RMB39.5 million for the six months ended June 30, 2025.

### ***Selling and Distribution Expenses***

Our selling and distribution expenses increased by 24.1% from RMB54.5 million for the six months ended June 30, 2024 to RMB67.6 million for the six months ended June 30, 2025, primarily due to (i) an increase of RMB10.6 million in employee compensation expenses, as a result of the increase in the average compensation and share-based compensation to our selling and distribution personnel; and (ii) an increase of RMB2.5 million in depreciation and amortization, as a result of the increase in the number of GPGPU accelerators used in trial deployment, in line with our business growth.

### ***Administrative Expenses***

Our administrative expenses increased significantly from RMB119.5 million for the six months ended June 30, 2024 to RMB274.6 million for the six months ended June 30, 2025, primarily due to an increase of RMB136.4 million in employee compensation expenses, as a result of the increases in headcount of and share-based compensation to our administrative personnel.

### ***Research and Development Costs***

Our research and development costs increased by 35.3% from RMB333.7 million for the six months ended June 30, 2024 to RMB451.5 million for the six months ended June 30, 2025, primarily due to (i) an increase of RMB85.3 million in employee compensation expenses, as a result of the increases in headcount of and share-based compensation to our R&D personnel; (ii) an increase of RMB19.4 million in depreciation and amortization, as a result of the increases of R&D equipment and IP procurement in line with the increase in the number of R&D projects; and (iii) an increase of RMB13.5 million in technical service fees, material consumption and tape-out expenses, as a result of the increase in the number of R&D projects under development and the corresponding increase in procurement of technical services to develop industry-tailored functions.

### ***Impairment Losses on Financial Assets***

Our impairment losses on financial assets decreased by 83.0% from RMB9.2 million for the six months ended June 30, 2024 to RMB1.6 million for the six months ended June 30, 2025, in relation to our trade receivables.

### ***Other Expenses***

Our other expenses increased from RMB0.8 million for the six months ended June 30, 2024 to RMB4.9 million for the six months ended June 30, 2025, primarily due to foreign currency exchange loss.

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### *Finance Costs*

Our net finance costs increased from RMB8.4 million for the six months ended June 30, 2024 to RMB11.1 million for the six months ended June 30, 2025, as a result of additional bank borrowings.

### *Loss for the Period*

As a result of the foregoing, our loss for the period was RMB404.0 million for the six months ended June 30, 2024 and RMB609.3 million for the six months ended June 30, 2025, respectively.

### **Year Ended December 31, 2024 Compared with Year Ended December 31, 2023**

#### *Revenue*

Our revenue increased by 86.7% from RMB289.0 million in 2023 to RMB539.5 million in 2024. The number of repeated customers was 8 and 28 in 2023 and 2024, respectively, accounting for 12.3% and 15.5% of our total customer base in the same periods, respectively, and revenue contribution from repeated customers remained relatively stable at 47.5% and 47.6% in the same periods, respectively.

- *GPGPU products.* Our revenue from GPGPU products increased by 38.5% from RMB266.9 million in 2023 to RMB369.6 million in 2024, primarily due to the increase in the shipment volume of our GPGPU products from 12.7 thousand units in 2023 to 16.8 thousand units in 2024. Such increase was primarily attributable to (1) the increase in the number of customers from 56 in 2023 to 158 in 2024, driven by the strong competitiveness and advanced performance of our product, as well as our enhanced brand recognition; (2) our launch of new products in late 2023 and their expanded sales in 2024; and (3) the surging market demand for our products, driven by the rapid advancement in AI technologies and large language models, and the growth in demand for computing power.
- *Training series.* Our revenue from training series increased from RMB221.2 million in 2023 to RMB269.4 million in 2024, primarily driven by the launch and the increase in sales volume of TG Gen 2, as a result of its enhanced application performance, as well as the higher pricing of TG Gen 2. The average sales price of our training series products increased from RMB31.8 thousand in 2023 to RMB38.6 thousand in 2024, while the sales volume of our training series products remained stable at 7.0 thousand units in 2023 and 2024, respectively.
- *Inference series.* Our revenue from inference series increased from RMB45.7 million in 2023 to RMB100.2 million in 2024, primarily driven by the increase in shipment volume of our inference series products from 5.7 thousand units in 2023 to 9.8 thousand units in 2024, as a result of surging market demand for inference applications.

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- *AI computing solutions.* Our revenue from AI computing solutions increased significantly from RMB15.5 million in 2023 to RMB166.2 million in 2024, primarily due to (1) our enhanced capability to deliver AI computing solutions at scale as a result of our earlier-stage validation efforts, long-term investment in both hardware and software infrastructure, and the upgrade of our GPGPU products integrated in our AI computing solutions; and (2) the increase in the number of customers of our AI computing solutions from 5 in 2023 to 21 in 2024, alongside with the increase in average customer spending, driven by the rising market demands for advanced computing power, the enhancement of implementation capability of our solutions, and our enhanced sales efforts in 2024.

### ***Cost of Sales***

Our cost of sales increased by 88.1% from RMB145.9 million in 2023 to RMB274.4 million in 2024, primarily attributable to (1) an increase of RMB102.0 million in our cost of sales relating to our AI computing solutions, and (2) an increase of RMB27.7 million in cost of sales relating to our GPGPU products, both in line with our revenue growths.

### ***Gross Profit and Gross Profit Margin***

Our gross profit increased by 85.2% from RMB143.2 million in 2023 to RMB265.1 million in 2024, primarily due to our revenue growth. Our gross profit margin slightly decreased from 49.5% in 2023 to 49.1% in 2024, primarily due to the increase in revenue contribution from our AI computing solutions, which typically had a lower profit margin.

- *GPGPU products.* Our gross profit margin relating to our GPGPU products increased from 50.2% in 2023 to 56.6% in 2024, primarily due to (1) lowered unit cost of our GPGPU products as a result of our product design improvement, and (2) the increase of sales of certain types of products with higher prices as a result of the wide market popularity of such products.
- *Training series.* Our gross profit margin for training series increased from 53.2% in 2023 to 60.2% in 2024, primarily driven by the expanded sales of TG Gen 2, which had a better margin profile due to higher pricing. The average sales price of our training series products increased from RMB31.8 thousand in 2023 to RMB38.6 thousand in 2024.
- *Inference series.* Our gross profit margin for inference series increased from 35.8% in 2023 to 46.7% in 2024, primarily driven by the expanded sales of ZK Gen 1, which had a better margin profile due to higher pricing. The average sales price of our inference series products increased from RMB8.0 thousand in 2023 to RMB10.2 thousand in 2024.
- *AI computing solutions.* Our gross profit margin relating to our AI computing solutions increased from 25.9% in 2023 to 31.7% in 2024, primarily due to (1) enhanced performance of our AI computing solutions due to the adoption of more advanced accelerators and technologies, and (2) increasing market demands for AI computing and large-scale data processing.

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## FINANCIAL INFORMATION

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### ***Other Income and Gains***

Our other income and gains increased from RMB20.1 million in 2023 to RMB45.0 million in 2024, primarily due to an increase of RMB23.6 million in government grants from local authorities, as a result of our increased R&D activities.

### ***Selling and Distribution Expenses***

Our selling and distribution expenses increased by 38.6% from RMB88.3 million in 2023 to RMB122.4 million in 2024, primarily due to (1) an increase of RMB26.9 million in employee compensation, as a result of the increases in the headcount and average compensation level of our selling and distribution personnel to support our enhanced sales efforts, as well as share-based payment to incentivize our selling and distribution personnel for enhanced sales and marketing activities; (2) an increase of RMB5.8 million in depreciation and amortization, as a result of the increase in the number of GPGPU accelerators used in trial deployment, in line with our business growth.

### ***Administrative Expenses***

Our administrative expenses increased by 6.3% from RMB242.0 million in 2023 to RMB257.3 million in 2024, primarily due to (1) an increase of RMB15.9 million in employee compensation expenses, as a result of the increases in the headcount and average compensation level of our administrative personnel to support our business growth; and (2) an increase of RMB2.1 million in office and travel fees, as a result of our expanded business operations and employee activities.

### ***Research and Development Costs***

Our research and development costs increased by 25.5% from RMB615.9 million in 2023 to RMB772.8 million in 2024, primarily due to (1) an increase of RMB96.4 million in employee compensation expenses, as a result of the increases in the headcount and average compensation level of our R&D personnel, as well as share-based payment to incentivize our R&D personnel and support our R&D activities; (2) an increase of RMB33.4 million in depreciation and amortization, as a result of the increases in the software, equipment and IP used in our R&D activities; and (3) an increase of RMB26.8 million in technical service fees, material consumption and tape-out expenses, as a result of the increase in the number of R&D projects under development and the corresponding increase in procurement of technical services to develop industry-tailored functions.

### ***Impairment Losses on Financial Assets***

Our impairment losses on financial assets increased by 43.5% from RMB22.2 million in 2023 to RMB31.9 million in 2024, in relation to our other receivables in 2024.

### ***Other Expenses***

Our other expenses was RMB1.3 million in 2023 and RMB0.8 million in 2024.



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## FINANCIAL INFORMATION

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### *Finance Costs*

Our finance costs increased by 57.9% from RMB11.0 million in 2023 to RMB17.4 million in 2024, primarily due to an increase of RMB6.1 million in interest on bank and other borrowings, as a result of our additional bank borrowings.

### *Loss for the Year*

As a result of the foregoing, our loss for the year increased by 9.2% from RMB817.4 million in 2023 to RMB892.4 million in 2024.

### **Year Ended December 31, 2023 Compared with Year Ended December 31, 2022**

#### *Revenue*

Our revenue increased by 52.6% from RMB189.4 million in 2022 to RMB289.0 million in 2023. We had one and eight repeated customers in 2022 and 2023, respectively, accounting for 4.6% and 12.3% of our total customer base in the same periods, respectively, and revenue contribution from repeated customers increased from 37.7% in 2022 to 47.5% in 2023 in the same periods, respectively.

- *GPGPU products.* Our revenue from GPGPU products increased by 41.6% from RMB188.6 million in 2022 to RMB266.9 million in 2023, primarily due to the increase in the shipment volume of our GPGPU products from 7.8 thousand units in 2022 to 13.1 thousand units in 2023. Such increase was primarily attributable to (1) the increase in the number of customers from 22 in 2022 to 56 in 2023, driven by the established competitiveness and advanced performance of our product and our enhanced brand recognition; (2) our mass production of ZK series in the first quarter of 2023; and (3) the surging market demand for our products, driven by the rapid advancement of AI technologies and large language models and the growth in demand for computing power.
- *Training series.* Our revenue from training series increased from RMB188.1 million in 2022 to RMB221.2 million in 2023, primarily driven by the launch and the increase in sales volume of TG Gen 2, as a result of its enhanced application performance, as well as the higher pricing of TG Gen 2. The average sales price of our training series products increased from RMB24.4 thousand in 2022 to RMB31.8 thousand in 2023, while the sales volume of our training series products decreased from 7.7 thousand units in 2023 to 7.0 thousand units in 2024.
- *Inference series.* Our revenue from inference series increased from RMB0.4 million in 2022 to RMB45.7 million in 2023, primarily driven by the launch of ZK series in December 2022 and the mass production in the first quarter of 2023, as reflected by the increase in the shipment volume of our inference series products from 38 units in 2022 to 5.7 thousand units in 2023.
- *AI computing solutions.* Our revenue from AI computing solutions increased from nil in 2022 to RMB15.5 million in 2023, as we launched our AI computing solutions in 2023.

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## FINANCIAL INFORMATION

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### *Cost of Sales*

Our cost of sales increased by 89.6% from RMB77.0 million in 2022 to RMB145.9 million in 2023, faster than our revenue growth in the same period, primarily due to (1) the introduction of new products at competitive pricing to accelerate market penetration and expand our customer base; and (2) provision of obsolete materials in relation to our TG Gen 1, as a result of changes in our production planning and anticipated demand level.

### *Gross Profit and Gross Profit Margin*

Our gross profit increased by 27.3% from RMB112.4 million in 2022 to RMB143.2 million in 2023, generally in line with our revenue growth. Our gross profit margin decreased from 59.4% in 2022 to 49.5% in 2023, primarily attributable to the decrease in gross profit margin for our GPGPU products.

- *GPGPU products.* Our gross profit margin decreased from 59.4% in 2022 to 50.2% in 2023, primarily attributable to (1) the introduction of new products at competitive pricing to accelerate market penetration and expand our customer base; and (2) provision in relation to obsolete materials.
- *Training series.* Our gross profit margin for training series decreased from 59.4% in 2022 to 53.2% in 2023, primarily due to the provision for obsolete materials in relation to our TG Gen 1.
- *Inference series.* Our gross profit margin for inference series decreased from 45.2% in 2022 to 35.8% in 2023. Our inference series was newly launched in 2022, and the sales in 2022 were limited in volume and mainly comprised pilot transactions, and as such, such sales prices, as well as the gross profit margin, of our inference series in 2022 were not representative of our inference series' normal market performance. The average sales price of our inference series decreased from RMB11.4 thousand in 2022 to RMB8.0 thousand in 2023.
- *AI computing solutions.* Our gross profit margin for AI computing solutions was 25.9% in 2023.

### *Other Income and Gains*

Our other income and gains decreased from RMB33.8 million in 2022 to RMB20.1 million in 2023, primarily due to a decrease of RMB14.1 million in foreign exchange gains.

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### ***Selling and Distribution Expenses***

Our selling and distribution expenses increased by 81.2% from RMB48.7 million in 2022 to RMB88.3 million in 2023, primarily due to (1) an increase of RMB31.9 million in employee compensation, as a result of the increases in the headcount and average compensation level of our selling and distribution personnel; and (2) an increase of RMB5.3 million in office and travel expenses as a result of our enhanced sales and marketing efforts.

### ***Administrative Expenses***

Our administrative expenses increased by 45.8% from RMB166.0 million in 2022 to RMB242.0 million in 2023, primarily due to (1) an increase of RMB69.4 million in employee compensation expenses, as a result of the increases in the share-based payment to our administrative personnel; and (2) an increase of RMB6.5 million in depreciation and amortization, as a result of the increase in our office leases and electronic equipment.

### ***Research and Development Costs***

Our research and development costs increased by 34.9% from RMB456.6 million in 2022 to RMB615.9 million in 2023, primarily due to (1) an increase of RMB90.2 million in employee compensation expenses, as a result of the increases in the headcount of our research and development personnel, as well as share-based payment to our R&D personnel to support our R&D activities; (2) an increase of RMB50.3 million in technical service fees, material consumption and tape-out expenses, as a result of the tape-out expense incurred for our products; and (3) an increase of RMB18.3 million in depreciation and amortization, as a result of the increases in the software, equipment and IP used in our R&D activities.

### ***Impairment Losses on Financial Assets***

Our impairment losses on financial assets increased from RMB19.0 million to RMB22.2 million in 2023, primarily due to the increase in our trade and bills receivables.

### ***Other Expenses***

Our other expenses decreased by 54.6% from RMB2.9 million in 2022 to RMB1.3 million in 2023, primarily in relation to the winding-up in 2022 of two of our subsidiaries which did not engage in any actual businesses.

### ***Finance Costs***

Our finance costs increased by 69.3% from RMB6.5 million in 2022 to RMB11.0 million in 2023, primarily due to an increase of RMB4.4 million in interest on bank and other borrowings, as a result of our additional bank borrowings.

### ***Loss for the Year***

As a result of the foregoing, our loss for the year increased by 47.7% from RMB553.6 million in 2022 to RMB817.4 million in 2023.

## FINANCIAL INFORMATION

### DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of
	2022	2023	2024	June 30,
	<i>(RMB in thousands)</i>			2025
<b>Non-current assets</b>				
Property, plant and equipment	84,476	105,946	127,995	131,115
Right-of-use assets	17,903	8,550	40,658	14,674
Intangible assets	101,061	74,575	140,667	141,946
Financial assets at fair value through profit or loss (“FVPL”)	50,000	90,695	96,539	96,176
Equity investments designated at fair value through other comprehensive income	—	598	828	600
Long-term trade receivables	—	15,718	—	—
Prepayments, other receivables and other assets	8,146	9,758	16,141	4,500
	<u>261,586</u>	<u>305,840</u>	<u>422,828</u>	<u>389,011</u>
<b>Current assets</b>				
Inventories	244,020	232,604	342,643	494,920
Trade and bills receivables	88,707	200,436	377,176	388,946
Prepayments, other receivables and other assets	112,761	338,921	202,851	461,925
Financial assets at fair value through profit or loss (“FVPL”)	8,779	—	—	50,118
Due from related parties	—	184,700	—	—
Restricted cash	92,678	61	61	42,568
Pledged time deposits	18,844	—	—	—
Cash and cash equivalents	219,305	308,053	313,563	1,713,176
Long-term trade receivables due within one year	—	22,364	26,053	19,915
	<u>785,094</u>	<u>1,287,139</u>	<u>1,262,347</u>	<u>3,171,568</u>

## FINANCIAL INFORMATION

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB in thousands)			2025
<b>Current liabilities</b>				
Trade payables	85,256	18,157	45,645	29,884
Other payables and accruals	92,725	109,696	187,651	153,119
Contract liabilities	2,232	13,528	28,756	39,947
Deferred government grants	248	35,014	2,272	2,355
Lease liabilities	13,788	3,705	17,979	10,442
Long-term payables due within one year	19,529	13,949	31,592	56,016
Interest-bearing bank and other borrowings	102,930	492,417	566,060	583,812
	316,708	686,466	879,955	875,575
<b>Net current assets</b>	<b>468,386</b>	<b>600,673</b>	<b>382,392</b>	<b>2,295,993</b>
<b>Total assets less current liabilities</b>	<b>729,972</b>	<b>906,513</b>	<b>805,220</b>	<b>2,685,004</b>
<b>Non-current liabilities</b>				
Interest-bearing bank and other borrowings	50,000	—	42,000	83,500
Deferred government grants	44,670	26,041	45,106	71,900
Lease liabilities	1,935	1,859	15,156	3,931
Long-term payables	13,686	275	14,289	9,819
	110,291	28,175	116,551	169,150
<b>Net assets</b>	<b>619,681</b>	<b>878,338</b>	<b>688,669</b>	<b>2,515,854</b>

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-IPO investments, see note 30(b) to the Accountants' Report included in Appendix I to this prospectus.

## FINANCIAL INFORMATION

### Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (1) electronic equipment, including servers and GPGPU accelerators for trial deployment; (2) furniture and others, primarily representing furniture used in our office premises; and (3) leasehold improvements. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB in thousands)			2025
Electronic equipment	72,873	90,263	114,209	118,572
Furniture and others	3,403	7,633	10,551	11,172
Leasehold improvement	8,200	8,050	3,235	1,371
<b>Total</b>	<b>84,476</b>	<b>105,946</b>	<b>127,995</b>	<b>131,115</b>

Our property, plant and equipment increased from RMB84.5 million as of December 31, 2022 to RMB105.9 million as of December 31, 2023, and further to RMB128.0 million as of December 31, 2024, primarily due to the increases in electronic equipment, mainly attributable to the increases in servers and GPGPU accelerators, driven by our expanded business operations. Our property, plant and equipment increased to RMB131.1 million as of June 30, 2025, primarily due to an increase of RMB4.4 million in electronic equipment, as a result of the increases in servers, R&D equipment and GPGPU accelerators used in internal and customer trial deployments; partially offset by depreciation.

### Right-of-use Assets

Our right-of-use assets primarily consisted of buildings and machinery. The following table sets forth the breakdown of our right-of-use assets as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB in thousands)			2025
Buildings	17,903	8,550	14,880	14,674
Machinery	—	—	25,778	—
<b>Total</b>	<b>17,903</b>	<b>8,550</b>	<b>40,658</b>	<b>14,674</b>

Our right-of-use assets decreased from RMB17.9 million as of December 31, 2022 to RMB8.6 million as of December 31, 2023, primarily due to depreciation. Our right-of-use assets then increased to RMB40.7 million as of December 31, 2024, primarily due to (1) addition of leased equipment to support our expanded R&D activities; and (2) lease renewals for buildings. Our right-of-use assets decreased to RMB14.7 million as of June 30, 2025, primarily due to full settlement of a finance lease related to emulation machines.



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### Intangible Assets

Our intangible assets primarily consisted of licensed IP and software, primarily used in our R&D projects. Our software was primarily used for product design and office uses. The following table sets forth the breakdown of our intangible assets as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB in thousands)			2025
Licensed IP	49,227	44,238	86,555	81,563
Software	51,834	30,337	54,112	60,383
<b>Total</b>	<b>101,061</b>	<b>74,575</b>	<b>140,667</b>	<b>141,946</b>

Our purchase schedule for intangible assets is largely dictated by the useful life of our existing intangible assets. Our intangible assets decreased from RMB101.1 million as of December 31, 2022 to RMB74.6 million as of December 31, 2023, primarily due to the decrease of RMB21.5 million in software, as a result of amortization. Our intangible assets then increased to RMB140.7 million as of December 31, 2024, primarily due to the increase of RMB42.3 million in licensed IP for our new R&D projects. Our intangible assets remained relatively stable at RMB141.9 million as of June 30, 2025.

### Financial Assets at Fair Value Through Profit or Loss (“FVPL”)

During the Track Record Period, our financial assets at FVPL consisted of unlisted equity investment and wealth management products. The following table sets forth the breakdown of our financial assets at FVPL as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB in thousands)			2025
<b>Current</b>				
Wealth management products	8,779	—	—	50,118
<b>Non-current</b>				
Unlisted equity investment	50,000	90,695	96,539	96,176
<b>Total</b>	<b>58,779</b>	<b>90,695</b>	<b>96,539</b>	<b>146,294</b>

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As of December 31, 2022, 2023 and 2024, we had wealth management products of RMB8.8 million, nil and nil, respectively. Such decreases were primarily due to the redemption of our wealth management products. Our wealth management products increased to RMB50.1 million as of June 30, 2025. As part of our cash management policy, we purchase wealth management products to better utilize our idle cash without interfering with our business operations or capital expenditures. During the Track Record Period, we purchased wealth management products issued by reputable banks in the PRC. Our unlisted equity investment increased from RMB50.0 million as of December 31, 2022 to RMB90.7 million as of December 31, 2023, primarily due to our investment in a subsidiary of Customer L (one of our five largest customers in 2022 and 2023), which engaged in a data infrastructure development project, for potential business opportunities. Our aggregate amount of investment in such company was RMB90.0 million. See Note 20 to the Accountants' Report set out in Appendix I to this prospectus for details. Our unlisted equity investment then increased to RMB96.5 million as of December 31, 2024, primarily due to the increase in our investment in certain fund. Our unlisted equity investment remained relatively stable at RMB96.2 million as of June 30, 2025.

We have formulated policies setting out the approval process for the purchase of funds and wealth management products, and the responsible person/department for the enforcement of the policies. Our investment decisions are made on a case-by-case basis and after due and careful consideration of our cash flow and operational needs. Each transaction for the purchase of funds and wealth management products is reviewed by in-house legal staff, subject to the approval of our chief financial officer.

The fair value of our unlisted equity investments was determined by using appropriate valuation techniques including the latest transaction price and the asset-based approach as of December 31, 2022, 2023 and 2024 and June 30, 2025. We classify the fair value of the investments using the latest transaction price as level 2 and the fair value of the investments using asset-based approach as level 3. The unobservable inputs in level 3 valuation include net asset value of the investee companies. An increase/decrease of 1% in net asset value would result in a corresponding increase/decrease in the fair value of the investments by RMB0.4 million, RMB0.9 million, RMB1.0 million and RMB0.1 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The Directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, are reasonable, and that they were the most appropriate values.

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During the years ended December 31, 2022, 2023 and 2024, there were no transfers of fair value measurements between level 1 and level 2 and no transfers into or out of level 3 for both financial assets and financial liabilities. During the six months ended June 30, 2025, there was no transfers of fair value measurements between level 1 and level 2 for both financial assets and financial liabilities. During the six months ended June 30, 2025, equity transactions occurred for certain unlisted equity investments and therefore the relevant recent transaction prices were used to determine the fair value of the respective investments as of June 30, 2025. Consequently, the valuation technique for the relevant financial assets was changed and the fair value measurement was transferred from level 3 to level 2. We will comply with requirements under Chapter 14 of the Listing Rules and disclose the details of our investments or other notifiable transactions to the extent necessary and as appropriate after the Global Offering.

### **Long-term Trade Receivables**

During the Track Record Period, our long-term trade receivables, representing outstanding installment payments due from certain customer who opted for installment payment arrangements, increased from nil as of December 31, 2022 to RMB38.1 million as of December 31, 2023, primarily due to sales to certain customer who opted for installment payment arrangements. Our long-term trade receivables then decreased to RMB26.1 million as of December 31, 2024 and further to RMB19.9 million as of June 30, 2025, as a result of partial payment by the relevant customer. The installment payment arrangement with this particular customer was made on a one-off basis in alignment with the customer's underlying commercial model. As a strategic-account customer, this customer operates under a recurring cash flow model, with costs distributed over the duration of its service contracts. To accommodate this structure and support customer deployment of our products, we agreed to a customized payment schedule that aligned with their cash flow cycle. This arrangement was exceptional in nature and tailored to this customer's specific operational and financial framework. We do not expect to enter into similar installment arrangements with other customers going forward.

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### Prepayments, Other Receivables and Other Assets

During the Track Record Period, our prepayments, other receivables and other assets primarily consisted of (1) prepayments to our contract manufacturers and technical service providers; (2) value-added tax recoverable; (3) deposits and other receivables, primarily in relation to procurement arrangement with suppliers; (4) receivable from shareholders; (5) prepayment for long-term assets, representing servers and IP; and (6) contract assets, representing warranty deposits. The following table sets forth the breakdown of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB in thousands)			2025
<b>Current</b>				
Prepayments	56,570	195,673	104,554	391,152
Value-added tax recoverable	22,320	33,212	63,135	43,219
Deposits and other receivables	33,871	4,836	48,962	39,883
Deferred listing expense	—	—	—	1,471
Receivable from shareholders	—	105,200	—	—
	112,761	338,921	216,651	475,725
Impairment allowance	—	—	(13,800)	(13,800)
<b>Total — current</b>	<b>112,761</b>	<b>338,921</b>	<b>202,851</b>	<b>461,925</b>
<b>Non-current</b>				
Deposits and other receivables	3,934	497	3,242	1,880
Prepayment for long-term assets	4,212	6,678	10,349	491
Contract assets	—	2,583	2,550	2,129
<b>Total — non-current</b>	<b>8,146</b>	<b>9,758</b>	<b>16,141</b>	<b>4,500</b>

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Our prepayments, other receivables and other assets increased from RMB120.9 million as of December 31, 2022 to RMB348.7 million as of December 31, 2023, primarily due to an increase of RMB139.1 million in prepayments for contract manufacturing of TG Gen 2 and an increase of RMB105.2 million in receivables from shareholders, representing unpaid capital contributions from certain shareholder. Our prepayments, other receivables and other assets then decreased to RMB219.0 million as of December 31, 2024, primarily due to a decrease of RMB105.2 million in receivables from shareholders and a decrease of RMB91.1 million in prepayments, as a result of partial recategorization of our prepayments to other receivables due to supplier refund, as the relevant supplier was unable to fulfill its obligation under its supply contract with us as a result of its impaired capacity; partially offset by an increase of RMB44.1 million in deposits and other receivables, as a result of the recategorization of the prepayments subject to supplier refund. Our prepayments, other receivables and other assets increased significantly to RMB466.4 million as of June 30, 2025, primarily due to an increase of RMB286.6 million in prepayments as a result of the increase in the number of our R&D projects and prepaid contract manufacturing to support the anticipated growth in product sales in the second half of 2025, partially offset by a decrease in RMB19.9 million in value-added tax recoverable.

As of October 31, 2025, RMB106.1 million, or approximately 23.0% of the current portion of our prepayments, other receivables and other assets as of June 30, 2025 had been subsequently settled.

### Inventories

Our inventories primarily consisted of (1) raw materials, including wafers, memory components, and substrates used in the manufacturing of our products; (2) work in progress, representing semi-finished products; and (3) finished goods. Our GPGPU products do not have a predefined shelf life or expiration period. The following table sets forth the breakdown of our inventories as of the dates indicated.

	<b>As of December 31,</b>			<b>As of</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>June 30,</b>
				<b>2025</b>
	<i>(RMB in thousands)</i>			
Raw materials	12,496	23,589	33,514	308,399
Work in progress	167,922	65,697	166,536	107,927
Finished goods	63,602	143,318	142,593	78,594
<b>Total</b>	<b>244,020</b>	<b>232,604</b>	<b>342,643</b>	<b>494,920</b>

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Our inventories decreased from RMB244.0 million as of December 31, 2022 to RMB232.6 million as of December 31, 2023, primarily attributable to the timing of our procurement activities. In particular, we initiated bulk purchases towards the end of 2023, for which payments had been made and recorded as prepayments, while the relevant goods had not yet been delivered and therefore were not recognized as inventories as of December 31, 2023. Such decrease was partially offset by an increase of RMB79.7 million in finished goods, as a result of the increase in product stockpiling for sales. Our inventories then increased to RMB342.6 million as of December 31, 2024, primarily due to stockpiling in line with our expanded operations and growing demand for our products. Our inventories increased to RMB494.9 million as of June 30, 2025, primarily due to an increase of RMB274.9 million in raw materials, as a result of the stockpiling of raw materials to support product sales in the second half of 2025, partially offset by a decrease of RMB64.0 million in finished goods, as a result of sales of inventory products and a decrease of RMB58.6 million in work in progress, as a result of consumption of work in progress that were transferred into finished goods upon completion and subsequently delivered to customers. The following table sets forth an aging analysis of our inventories.

	<u>As of December 31,</u>			<u>As of</u> <u>June 30,</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>(RMB in thousands)</i>			
Within one year	241,937	204,025	281,424	453,466
One year to two years	2,083	26,630	38,172	35,987
Two to three years	—	1,949	23,047	5,067
Over three years	—	—	—	400
<b>Total</b>	<b><u>244,020</u></b>	<b><u>232,604</u></b>	<b><u>342,643</u></b>	<b><u>494,920</u></b>

The following table sets forth our inventory turnover days for the years/period indicated.

	<u>For the year ended December 31,</u>			<u>For the</u> <u>six months</u> <u>ended</u> <u>June 30,</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Inventory turnover days <sup>(1)</sup>	654.7	596.2	382.6	465.8

- (1) Inventory turnover days for each year/period equals the average of the beginning and ending balance of inventories for that year/period divided by the cost of sales for the relevant year/period and multiplied by 365 days (for a year) or 180 days (for the six-month period).



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Our inventory turnover days decreased from 654.7 days in 2022 and 596.2 days in 2023, and decreased to 382.6 days in 2024, primarily due to the increase in our product sales that accelerated inventory turnover, driven by the increase in customer demand for our products. Furthermore, our inventory turnover days increased to 465.8 days for the six months ended June 30, 2025, primarily due to our raw material stockpiling to ensure stable product supply, in anticipation of a significant rise in customer demand in the second half of 2025. According to Frost & Sullivan, the number of our inventory turnover days in 2024 was consistent with industry norm. Our relatively long inventory turnover days throughout the Track Record Period was primarily because (i) we had been in an active ramp-up phase from 2022 to 2024 to meet growing customer demand for our products, and to ensure timely delivery and supply chain stability, we maintained a strategically high level of inventory; and (ii) our products typically have a long production cycle of approximately nine to 10 months, and we generally deliver and sell our products within three to six months after completion of the production process, and such long production and sales cycle results in a high inventory balance as of each period end. However, as the increase in our sales volume had surpassed the increase in our inventory level, our inventory turnover days demonstrated a gradual downward trend, reflecting improved operational efficiency. To improve our inventory turnover, we have adopted a series of demand-driven inventory management measures. Specifically, we enhance demand forecasting by coordinating closely with sales and marketing teams and adjusting procurement volumes based on seasonality and market trends; and we enter into long-term framework agreements with key customers and secure production capacity in advance accordingly, thereby reducing the risk of overstocking and improving inventory efficiency. Moreover, we continuously monitor aging inventories to identify potential obsolescence risks. In the event of inventory accumulation, we implement responsive measures such as establishing cross-departmental coordination among our sales, production, procurement and finance teams to develop and execute action plans aimed at reducing excess inventories. Our inventory management, especially with respect to finished goods, demonstrated notable improvement. From 2023 to 2024, our revenue increased by 86.7%, while our finished goods slightly decreased from RMB143.3 million as of December 31, 2023 to RMB142.6 million as of December 31, 2024, indicating that our sales efforts and delivery capacity had kept pace with rapid business growth. As of June 30, 2025, our finished goods had further decreased by 44.9% to RMB78.6 million, reflecting our active measures to accelerate sales of finished products and optimize inventory levels. Fluctuations in raw materials and work-in-progress inventories mainly reflect adjustments to production schedules and procurement planning in response to market dynamics, rather than inefficiencies in inventory management.

As of October 31, 2025, RMB106.9 million, or approximately 21.6% of our inventories as of June 30, 2025 had been subsequently consumed or used. Our Directors are of the view that, despite the relatively low subsequent settlement rate, sufficient provision has been made for the following reasons. A substantial portion of our inventories consists of raw materials, which are scheduled to be consumed in the normal course of production pursuant to our established manufacturing plans. These raw materials will be processed into finished products and sold in the ordinary course of business. Our products do not have predefined expiration periods, and its production and sales cycles are relatively long. As a result, the subsequent settlement rate may appear low during certain interim periods. Taking into account the nature of the inventories, the ongoing production schedules, and the absence of product shelf-life constraints, we consider the current level of inventory provision to be adequate.

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### Trade and Bills Receivables

Our trade and bills receivables mainly represented outstanding amounts due from our customers for products and solutions we have sold. The credit period granted to our customers was generally one to 12 months during the Track Record Period. The following table 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
	<i>(RMB in thousands)</i>			
Trade receivables	107,025	240,599	435,504	448,455
Bills receivables	720	—	—	—
Impairment	(19,038)	(40,163)	(58,328)	(59,509)
<b>Total</b>	<b>88,707</b>	<b>200,436</b>	<b>377,176</b>	<b>388,946</b>

Our trade and bills receivables increased from RMB88.7 million as of December 31, 2022 to RMB200.4 million as of December 31, 2023, and further increased to RMB377.2 million as of December 31, 2024, primarily due to (i) our business and revenue growths; and (ii) the concentrated purchases by our customers during the fourth quarter of a given year, which led to an increased balance of trade receivables as of each year end. Our trade and bills receivables increased from RMB377.2 million as of December 31, 2024 to RMB388.9 million as of June 30, 2025, primarily due to our business and revenue growths.

As of the Latest Practicable Date, we had not granted any credit term extensions for any customer orders. During the Track Record Period, credit terms granted by us was progressively tightened, and in the earlier stage of our business, we extended more favorable terms to incentive customer purchases, whereas we are now adopting shorter credit term as part of our ongoing working capital management. To ensure effective management of our trade receivables, we have established tiered collection measures based on payment status: (i) for accounts that approach due date, our sales team initiates proactive communication with the relevant customer to facilitate timely payment; (ii) for accounts that are slightly overdue, we issue formal payment reminder letters; (iii) for accounts that are significantly overdue and show no indication of repayment, we engage third-party legal counsel to issue demand or initiate legal proceedings.

We apply the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on the aging analysis for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off according to management's approval. Our Directors are of the view that sufficient provision has been made based on our accounting policy. Specifically, for trade and bill receivables as of December 31, 2022, the credit

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loss allowance rate applied to high tech industries was 1.07% and applied to trade and bill receivables aging up to one year was 17.83%. For trade and bill receivables as of December 31, 2023, the credit loss allowance rate applied to high tech industries was 1.21% and applied to trade and bill receivables aging up to one year and between one year and two years was 18.01% and 27.42%, respectively. For trade and bill receivables as of December 31, 2024, the credit loss allowance rate applied to high tech and telecommunications industries was 1.32% and 1.93%, respectively, and applied to trade and bill receivables aging up to one year, between one year and two years and between two to three years was 19.06%, 29.02% and 44.40%. respectively. For trade and bill receivables as of June 30, 2025, the credit loss allowance rate applied to high tech, telecommunications and services industries was 1.30%, 1.91% and 2.00%, respectively, and applied to trade and bill receivables aging up to one year, between one year and two years and between two to three years was 14.19%, 30.58% and 43.99%. respectively. During the Track Record Period, there was no significant fluctuation of our overall expected credit loss rates. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we recorded impairment losses for trade and bills receivables of RMB19.0 million, RMB40.2 million, RMB58.3 million and RMB59.5 million, respectively. We have adopted trade and bills receivable management and collection policies and measures, including overseeing trade and bills receivables, regularly reviewing overdue balances, and assigning designated personnel to follow up on outstanding receivables on a regular basis.

The following table sets forth an aging analysis of our trade and bills receivables, net of impairment loss, based on the revenue recognition date and net of loss allowance as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	<i>(RMB in thousands)</i>			
Within one year	88,707	137,493	314,927	329,366
One year to two years	—	62,943	30,734	27,940
Two to three years	—	—	31,515	31,640
<b>Total</b>	<b>88,707</b>	<b>200,436</b>	<b>377,176</b>	<b>388,946</b>

The following table sets forth the amount of trade and bills receivables, net of impairment loss, overdue for more than three months by aging profile as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	<i>(RMB in thousand)</i>			
Within one year	2,847	5,175	38,374	121,870
One year to two years	—	50,981	30,464	27,940
Two to three years	—	—	31,515	31,640
<b>Total</b>	<b>2,847</b>	<b>56,156</b>	<b>100,353</b>	<b>181,450</b>

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The majority of such trade and bills receivables overdue for over three months were attributable to customers that are primarily of listed companies, telecom operator, or high-tech companies engaged in AI, semiconductor and other capital-intensive technology businesses. These customers typically procure our products either as part of their capital expenditure programs, which are subject to lengthy internal approval, acceptance testing and budget allocation procedures, or as components integrated into their own end-products, in which case their payment schedules are naturally aligned with their downstream sales and settlement cycles. As a result, their actual payment cycles may extend beyond the contractual credit terms in certain periods, and delays of several months are not uncommon in the industry, reflecting timing alignment across their commercial cycles rather than credit risk. These customers have demonstrated stable operating track records and sound credit profiles, and we have not experienced any material difficulties in collection and has been routinely receiving payments from these customers. Based on the above, the Directors are of the view that our trade and bills receivables overdue for over three months are recoverable.

The following table sets forth turnover days for our trade and bills receivables and long term trade receivables for the years/period indicated.

	<b>For the year ended December 31,</b>			<b>For the six months ended June 30,</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Trade and bill receivables turnover days <sup>(1)</sup>	85.6	196.7	211.8	225.4

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- (1) Trade and bills receivables turnover days for each year/period equals the average of the beginning and ending balance of trade and bill receivables and long-term trade receivables due within one year/six-month, net of impairment loss, for that year/period divided by the revenue for the relevant year/period and multiplied by 365 days (for a year) or 180 days (for the six-month period).

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The turnover days for our trade and bill receivables and long-term trade receivables increased from 85.6 days in 2022 to 196.7 days in 2023, primarily due to our business and revenue growths in 2023. We recorded relatively short turnover days in 2022, primarily because we only began to generate a significant portion of our revenue and commenced large-scale delivery of our GPGPU products in the second half of the year. The turnover days for our trade and bill receivables and long-term trade receivables then increased from 196.7 days in 2023 to 211.8 days in 2024, primarily attributable to the higher proportion of trade receivables from customers that were granted more favorable credit terms. In the early stage of our business development, given our relatively smaller scale at that time, we offered longer credit periods to certain strategic customers to support market expansion and strengthen business relationships. As our business grew, we continued to grant comparatively favorable credit terms primarily to well-established domestic enterprises, including leading server manufacturers and certain large state-owned enterprises, in light of their strong credit profiles and long-term cooperation potential. As of December 31, 2023 and 2024, trade receivables attributable to such customers were RMB65 million and RMB245 million, respectively, accounting for 27.2% and 56.2% of our total trade receivables as of the same dates, respectively. As of September 30, 2025, RMB65 million and RMB149 million, of trade receivables attributable to such customers as of December 31, 2023 and 2024, respectively, were settled. The turnover days for our trade and bill receivables and long-term trade receivables increased to 225.4 days for the six months ended June 30, 2025, primarily because customers typically settle their outstanding balances toward the end of the year, and a larger portion of receivables remained outstanding as of June 30. In addition, we have taken several steps to improve trade receivable turnover rates, including (i) implementing a differentiated credit policy under which credit terms are tailored based on the creditworthiness of each customer; (ii) increasing the proportion of upfront payments required from certain customers to reduce reliance on post-delivery collection; and (iii) actively pursuing historical receivables and negotiating settlement agreement when appropriate.

As confirmed by Frost & Sullivan, prolonged settlement cycles are not uncommon in the chip industry, particularly in the GPU segment. Purchases of GPU products generally constitute capital expenditure investments for our customers, rather than ordinary operating purchases. Capital expenditure procurement is closely tied to projects of long deployment and return cycles, such as the construction of AI computing clusters, data centers, or large-scale model training environments. These projects generally require phased planning, progressive installation and system integration before they can be fully put into productive use and begin generating economic returns. As a result, customers generally seek extended credit periods to align cash outflows with deployment milestones and capital expenditure budgeting cycles. In addition, key customers in this sector — including state-owned enterprises, large internet technology companies, cloud service providers, and emerging AI model companies — typically adopt centralized procurement, structured approval and payment processes, and staged acceptance mechanisms, all of which naturally lead to longer settlement terms compared with typical consumer or operating-expense transactions.

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During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material difficulties in collecting overdue trade receivables from customers, and we had continued to collect payments across all aging groups of our trade receivables on an ongoing basis. As of September 30, 2025, RMB63.8 million, RMB173.9 million, RMB245.1 million and RMB190.6 million, or approximately 72.5%, 86.8%, 65.0% and 49.0% of our trade and bills receivables as of December 31, 2022, 2023 and 2024 and June 30, 2025 had been subsequently settled. Our Directors are of the view that, despite the relatively low subsequent settlement rate, there is no recoverability issue for our trade and bills receivables, and sufficient provision has been made, by taking into account our comprehensive credit risk management measures, historical experience in transacting with relevant customers, and their financial position.

### **Cash and Cash Equivalents**

Our cash and cash equivalents represented cash at bank and on hand, net of restricted cash. Our cash and cash equivalents increased from RMB219.3 million as of December 31, 2022 to RMB308.1 million as of December 31, 2023, and further increased to RMB313.6 million as of December 31, 2024, primarily due to our active cash management to maintain our liquidity and a stable cash position. Our cash and cash equivalents increased significantly to RMB1,713.2 million as of June 30, 2025, primarily due to contribution from shareholders.

### **Trade Payables**

Our trade payables primarily represented outstanding amounts due to our contract manufacturers. Our trade payables were RMB85.3 million, RMB18.2 million, RMB45.6 million and RMB29.9 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively, the outstanding balance of which was affected by our procurement and production schedules. For suppliers who grant us a credit period, the typical term ranges from one to six months. We did not experience material changes in the credit period granted by the suppliers during the Track Record Period.

Our trade payables decreased from RMB85.3 million as of December 31, 2022 to RMB18.2 million as of December 31, 2023, primarily in relation to our manufacturing schedules. In 2022, a significant portion of production occurred in the fourth quarter, resulting in a higher trade payable balance at the year end. However, in 2023, as our production activities were scheduled more consistently throughout the year, and we settled trade payables with suppliers more frequently throughout the year, we did not accumulate a similarly large amount of trade payables near the year end. Our trade payables then increased to RMB45.6 million as of December 31, 2024, primarily due to our business growth as a result of expanded sales of our GPGPU products and AI computing solutions in 2024. Our trade payables decreased to RMB29.9 million as of June 30, 2025, primarily due to partial payment.



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The following table sets forth the aging analysis of our trade payables based on the invoice date as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Within 1 year	85,256	18,141	45,629	29,878
1 year to 2 years	—	16	—	6
2–3 years	—	—	16	—
<b>Total</b>	<b>85,256</b>	<b>18,157</b>	<b>45,645</b>	<b>29,884</b>

The following table sets forth our trade payables turnover days for the years/period indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Trade payables turnover days <sup>(1)</sup>	212.3	129.4	42.4	42.0

- (1) Trade payables turnover days for each year/period equals the average of the beginning and ending balance of trade payables for that year/period divided by the cost of sales for the relevant year/period and multiplied by 365 days (for a year) or 180 days (for the six-month period).

Our trade payables turnover days were generally within the credit period granted by our suppliers, and decreased from 212.3 days in 2022 to 129.4 days in 2023, primarily because our production activities were scheduled more consistently throughout 2023, and we settled with suppliers more frequently, leading to lower trade payable balance as of December 31, 2023, as compared to the relatively large trade payable balance as of December 31, 2022, as a result of concentration of manufacturing during the fourth quarter of 2022. Our trade payables turnover days further decreased to 42.4 days in 2024, primarily because the increase in our cost of sales outpaced the increase in our trade payables, and at the same time, our more consistent production and procurement schedule allowed us to settle trade payables more regularly throughout the year. Our trade payables turnover days remained relatively stable at 42.4 days in 2024 and 42.0 days for the six months ended June 30, 2025. According to Frost & Sullivan, our trade payables turnover days were consistent with industry norms, and it is also consistent with industry norms that our trade payables turnover days were substantially shorter than our trade and bills receivables turnover days and inventory turnover days.

As of October 31, 2025, RMB24.5 million, or 81.9% of our trade payables as of June 30, 2025 had been subsequently settled.

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### Other Payables and Accruals

Our other payables and accruals consisted of (1) salary payables; (2) payable for purchase of intangible assets and property, plant and equipment; (3) payable for research and development costs; (4) other tax payables; and (5) others, representing payables for administrative and technical service fees. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
	(RMB in thousands)			2025
Salary payables	66,552	73,948	120,563	85,951
Payable for purchase of intangible assets and property, plant and equipment	4,965	2,938	27,687	29,668
Payable for research and development costs	4,828	12,417	15,066	10,939
Other tax payables	6,037	6,756	7,489	9,595
Other payables and accruals	<u>10,343</u>	<u>13,637</u>	<u>16,846</u>	<u>16,966</u>
<b>Total</b>	<b><u>92,725</u></b>	<b><u>109,696</u></b>	<b><u>187,651</u></b>	<b><u>153,119</u></b>

Our other payables and accruals increased from RMB92.7 million as of December 31, 2022 to RMB109.7 million as of December 31, 2023, primarily due to an increase of RMB7.6 million in payable for research and development costs, as a result of the increase in technical service fees in line with our business growth, and an increase of RMB7.4 million in salary payables, as a result of the increases in the headcount of our employees. Our other payables and accruals then increased to RMB187.7 million as of December 31, 2024, primarily due to (1) the increase of RMB46.6 million in salary payables, as a result of the increase in compensation level for our employees; and (2) the increase of RMB24.7 million in payable for purchase of intangible assets and property, plant and equipment, as a result of the increase in procurement of licensed IP and software in relation to our R&D activities. Our other payables and accruals decreased to RMB153.1 million as of June 30, 2025, primarily due to a decrease of RMB34.6 million in salary payables as a result of payment of year-end bonuses.

As of October 31, 2025, RMB66.4 million, or 43.4% of our other payables and accruals as of June 30, 2025 had been subsequently settled.

### Contract Liabilities

Our contract liabilities consisted of short-term advances received from customers of our GPGPU products. Our contract liabilities increased from RMB2.2 million as of December 31, 2022 to RMB13.5 million as of December 31, 2023 and further to RMB28.8 million as of December 31, 2024 and RMB39.9 million as of June 30, 2025, generally in line with our revenue increase.

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As of October 31, 2025, RMB4.8 million, or 12.0% of our contract liabilities as of June 30, 2025 had been recognized as revenue.

### Long-term Payables

Our long-term payables consisted of installment payables for our intangible assets. Our current and non-current long-term payables decreased from RMB33.2 million as of December 31, 2022 to RMB14.2 million as of December 31, 2023, primarily due to our payment settlement. Our long-term payables then increased to RMB45.9 million as of December 31, 2024 and further to RMB65.8 million as of June 30, 2025, primarily due to the increase in the number of licensed IP and software, driven by the increase in our R&D activities.

### SHARE CAPITAL AND TOTAL EQUITY

Our share capital amounted to RMB171.3 million, RMB186.2 million, RMB193.8 million and RMB228.9 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, and our total equity amounted to RMB619.7 million, RMB878.3 million, RMB688.7 million and RMB2,515.9 million as of the same dates, respectively.

Pursuant to the shareholders agreement that we entered into with the then shareholders from December 2016 to May 2025, we granted the Pre-IPO Investors special rights (“**Special Rights**”) which included redemption rights and liquidation preferences rights. No Pre-IPO Investors had exercised their redemption rights or liquidation preferences rights.

On June 10, 2025, we and the Pre-IPO Investors entered into supplemental agreements, agreeing that certain of the Special Rights we granted to Pre-IPO investors, including redemption rights and liquidation preference rights, have been irrecoverably terminated and shall be void *ab initio*. Taking into account the legal and regulatory framework of the jurisdiction we are in and the governing law of the supplemental agreements, our Directors consider that it is appropriate to present the Pre-IPO Investments as equity during the Track Record Period. For details on the accounting treatment of redemption rights and liquidation preference rights of pre-IPO investments, see note 30(b) to the Accountants’ Report included in Appendix I to this prospectus.

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Had the Special Rights that we granted to the Pre-IPO Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, then:

- (i) the redemption financial liabilities, total current liabilities, net current (liabilities)/assets and net (liabilities)/assets would have been:

	<b>As of December 31,</b>			<b>As of</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>June 30,</b>
				<b>2025</b>
	<i>(RMB in thousands)</i>			
Redemption financial liabilities	2,948,553	3,938,039	5,080,904	—
Total current liabilities	3,265,261	4,624,505	5,960,859	875,575
Net current (liabilities)/assets	(2,480,167)	(3,337,366)	(4,698,512)	2,295,993
Net (liabilities)/assets	(2,328,872)	(3,059,701)	(4,392,235)	2,515,854

- (ii) the finance costs associated with the redemption financial liabilities, the net loss for the year/period, basic and diluted loss per share would have been:

	<b>Year ended 31 December</b>			<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>
	<i>(RMB in thousands)</i>				
	<i>(unaudited)</i>				
Financial costs associated with the redemption financial liabilities	(210,881)	(289,303)	(444,165)	(210,778)	(235,526)
Net loss attributable to owners of the parent	(734,720)	(1,080,610)	(1,336,598)	(614,770)	(844,842)
Basic loss per share	(5.60)	(7.41)	(8.16)	(3.78)	(4.82)
Diluted loss per share	(5.60)	(7.41)	(8.16)	(3.78)	(4.82)

## LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund our working capital requirements and other recurring expenses. During the Track Record Period, we financed our operations and other capital requirements primarily through sales of our products and solutions, capital contributions from our Shareholders and bank borrowings.

Our anticipated cash needs primarily include costs associated with the research and development of our products and solutions, the expansion of our sales network and business operations. We expect to fund our future working capital and other cash requirements with existing cash and cash equivalents, income generated from our products and solutions, the net proceeds from Global Offering and, when necessary, bank and other borrowings.

As of October 31, 2025, the most recent practicable date for determining our indebtedness, we had cash and cash equivalents of RMB1,201.4 million.

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We had cash outflows from our operating activities during the Track Record Period. Specifically, our trade and bills receivables turnover days and inventory turnover days were substantially longer than our trade payable turnover days, which contributed to our net operating cash outflows during the Track Record Period. We expect to improve our net operating cash flows through (i) increasing revenue by expanding and diversifying our product and solution offerings, deepening relationship with existing customers, and expanding our customer base; (ii) optimizing cost structure and improving operating efficiency to maintain operating expenses at a reasonable level comparable to our revenue scale; and (iii) improving working capital efficiency through enhanced receivables collection, better inventory management to ensure sufficient supply to meet the growing downstream demands, and effective and prudent utilization of financial resources. See “Business — Business Sustainability and Path to Profitability” for details. Specifically, to enhance receivables collection and inventory management, we have adopted the following measures: (i) strengthening credit risk management and payment terms discipline, including setting clearer credit policies, tightening credit limits for new customers or customers with unestablished credit profiles, and adopting progressive payment schedules to accelerate cash inflow; (ii) implementing centralized receivables monitoring to track outstanding payments and enable proactive follow-up by the finance and sales teams to reduce average collection periods; (iii) introducing demand forecasting and production planning tools to better align inventory procurement with actual order pipelines, thereby reducing inventory holding periods and minimizing the risk of excess or obsolete stock; (iv) establishing supplier agreements that allow for phased deliveries to better align procurement timing with customer delivery schedules and reduce upfront cash outlay; and (v) enhancing internal coordination between sales, R&D, and procurement teams, enabling tighter control over delivery timelines and associated inventory requirements. Considering our internal resources, our cash flow from operations and the estimated net proceeds from the Global Offering, our Directors confirm that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this prospectus.

### Current Assets and Current Liabilities

	As of December 31,			As of	As of
	2022	2023	2024	June 30,	October 31,
				2025	2025
	<i>(RMB in thousands)</i>				<i>(Unaudited)</i>
<b>Current assets</b>					
Inventories	244,020	232,604	342,643	494,920	730,093
Trade and bills receivables	88,707	200,436	377,176	388,946	347,248
Prepayments, other receivables and other assets	112,761	338,921	202,851	461,925	577,591
Financial assets at fair value through profit or loss (“FVPL”)	8,779	—	—	50,118	100,000
Due from related parties	—	184,700	—	—	—
Restricted cash	92,678	61	61	42,568	150,000
Pledged time deposits	18,844	—	—	—	—
Cash and cash equivalents	219,305	308,053	313,563	1,713,176	1,201,346
Long-term trade receivables due within one year	—	22,364	26,053	19,915	14,044
<b>Total current assets</b>	<b>785,094</b>	<b>1,287,139</b>	<b>1,262,347</b>	<b>3,171,568</b>	<b>3,120,322</b>

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	As of December 31,			As of	As of
	2022	2023	2024	June 30,	October 31,
				2025	2025
	<i>(RMB in thousands)</i>				<i>(Unaudited)</i>
<b>Current liabilities</b>					
Trade payables	85,256	18,157	45,645	29,884	55,556
Other payables and accruals	92,725	109,696	187,651	153,119	211,158
Contract liabilities	2,232	13,528	28,756	39,947	14,822
Deferred government grants	248	35,014	2,272	2,355	3,742
Lease Liabilities	13,788	3,705	17,979	10,442	6,850
Long term payables due within one year	19,529	13,949	31,592	56,016	63,535
Interest-bearing bank and other borrowings	102,930	492,417	566,060	583,812	622,486
<b>Total current liabilities</b>	<b>316,708</b>	<b>686,466</b>	<b>879,955</b>	<b>875,575</b>	<b>978,149</b>
<b>Net current assets</b>	<b>468,386</b>	<b>600,673</b>	<b>382,392</b>	<b>2,295,993</b>	<b>2,142,173</b>

Our net current assets decreased from RMB2,296.0 million as of June 30, 2025 to RMB2,142.2 million as of October 31, 2025, primarily due to the decrease in current assets. The decrease in current assets was primarily due to a decrease of RMB511.8 million in cash and cash equivalents to support our daily operations, and a decrease of RMB41.7 million in trade and bills receivables, as a result of customer payment.

Our net current assets increased from RMB382.4 million as of December 31, 2024 to RMB2,296.0 million as of June 30, 2025, primarily because the increase in current assets outpaced the decrease in current liabilities. The increase in our current assets was primarily due to the increase in cash and cash equivalents from RMB313.6 million as of December 31, 2024 to RMB1,713.2 million as of June 30, 2025 and the increase in prepayments, other receivables and other assets from RMB202.9 million as of December 31, 2024 to RMB461.9 million as of June 30, 2025. Such an increase was partially offset by an increase in interest-bearing bank and other borrowings from RMB566.1 million as of December 31, 2024 to RMB583.8 million as of June 30, 2025.

Our net current assets decreased from RMB600.7 million as of December 31, 2023 to RMB382.4 million as of December 31, 2024, primarily due to an increase in current liabilities and a decrease in current assets. The increase in our current liabilities was primarily due to the increase in other payables and accruals from RMB109.7 million as of December 31, 2023 to RMB187.7 million as of December 31, 2024 and the increase in interest-bearing bank and other borrowings from RMB492.4 million as of December 31, 2023 to RMB566.1 million as of December 31, 2024. The decrease in our current assets was primarily due to the decrease in due from related parties from RMB184.7 million as of December 31, 2023 to nil as of December 31, 2024 and the decrease in prepayments, other receivables and other assets from RMB338.9 million as of December 31, 2023 to RMB202.9 million as of December 31, 2024.



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Our net current assets increased from RMB468.4 million as of December 31, 2022 to RMB600.7 million as of December 31, 2023, primarily due to the increase in our total current assets, partially offset by an increase in our total current liabilities. The increase in our total current assets was primarily due to an increase in prepayments, other receivables and other assets from RMB112.8 million as of December 31, 2022 to RMB338.9 million as of December 31, 2023, an increase in due from related parties from nil as of December 31, 2022 to RMB184.7 million as of December 31, 2023, and an increase in cash and cash equivalents from RMB219.3 million as of December 31, 2022 to RMB308.1 million as of December 31, 2023. The increase in our total current liabilities was primarily due to the increase in interest-bearing bank and other borrowings from RMB102.9 million as of December 31, 2022 to RMB492.4 million as of December 31, 2023.

### Cash Flows

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

	For the year ended December 31,			For the six months ended	
	2022	2023	2024	June 30,	2025
	(RMB in thousands)			(Unaudited)	
Net cash used in operating activities	(653,846)	(707,026)	(617,980)	(546,332)	(715,589)
Net cash used in investing activities	(183,079)	(153,488)	(165,979)	(86,640)	(51,191)
Net cash generated from financing activities	953,161	946,481	789,469	628,939	2,168,014
Net increase in cash and cash equivalents	116,236	85,967	5,510	(4,033)	1,401,234
Cash and cash equivalents at beginning of the year/period	95,738	219,305	308,053	308,053	313,563
Effect of foreign exchange rate changes	7,331	2,781	—	—	(1,621)
Cash and cash equivalents at end of the year/period	<u>219,305</u>	<u>308,053</u>	<u>313,563</u>	<u>304,020</u>	<u>1,713,176</u>

### Operating Activities

Net cash used in operating activities was RMB715.6 million in the six months ended June 30, 2025, primarily due to our loss before tax of RMB609.3 million, as adjusted by (1) certain non-cash and non-operating items, primarily including share-based payment expenses of RMB295.9 million for key employees to enhance their commitment, depreciation of items of property, plant and equipment of RMB39.9 million and amortization of intangible assets of RMB39.0 million; and (2) changes in working capital that negatively affected the cash flow from operating activities, primarily including an increase of RMB246.0 million in prepayments, other receivables and other assets as a result of the increase in the number of our R&D projects and prepaid contract manufacturing to support the anticipated growth in product sales in the second half of 2025, and an increase of RMB153.2 million in inventories as a result of the stockpiling of

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raw materials to support product sales in the second half of 2025; partially offset by (3) changes in working capital that positively affected the cash flow from operating activities, primarily an increase in contract liabilities of RMB11.2 million in line with our revenue increase.

Net cash used in operating activities was RMB618.0 million in 2024, primarily due to our loss before tax of RMB892.4 million, as adjusted by (1) certain non-cash and non-operating items, primarily including share-based payment expense of RMB247.8 million and depreciation of property, plant and equipment of RMB70.7 million; and (2) changes in working capital that negatively affected the cash flow from operating activities, primarily including increase in inventories of RMB114.8 million and an increase in trade and bills receivables of RMB194.9 million, in line with our expanded operations and growing demand for our products; partially offset by (3) changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in other payables and accruals of RMB53.2 million.

Net cash used in operating activities was RMB707.0 million in 2023, primarily due to our loss before tax of RMB817.4 million, as adjusted by (1) certain non-cash and non-operating items, primarily including share-based payment expense of RMB207.8 million and amortization of intangible assets of RMB56.5 million; and (2) changes in working capital that negatively affected the cash flow from operating activities, primarily including an increase in prepayments, other receivables and other assets of RMB120.1 million and an increase in trade and bills receivables of RMB132.9 million, both in line with our business and revenue growths; partially offset by (3) changes in working capital that positively affected the cash flow from operating activities, primarily including a decrease in restricted cash of RMB92.6 million, which was recategorized into cash and cash equivalents upon the release of restriction.

Net cash used in operating activities was RMB653.8 million in 2022, primarily due to our loss before tax of RMB553.6 million, as adjusted by (1) certain non-cash and non-operating items, primarily including share-based payment expense of RMB120.8 million and amortization of intangible assets of RMB51.8 million; and (2) changes in working capital that negatively affected the cash flow from operating activities, primarily including an increase in inventories of RMB212.0 million, as a result of the increase in product stockpiling for sales, and an increase in trade and bills receivables of RMB107.6 million, in line with our business and revenue growths; partially offset by (3) changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in trade payables of RMB81.0 million, as a result of the stockpiling toward the end of 2022.

### *Investing Activities*

Net cash used in investing activities was RMB51.2 million in the six months ended June 30, 2025, primarily due to our purchase of wealth management products of RMB50.0 million.

Net cash used in investing activities was RMB166.0 million in 2024, primarily due to purchase of intangible assets of RMB92.6 million and purchases of property, plant and equipment of RMB84.8 million.

Net cash used in investing activities was RMB153.5 million in 2023, primarily due to purchases of property, plant and equipment of RMB70.7 million and purchase of intangible assets of RMB57.8 million.

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Net cash used in investing activities was RMB183.1 million in 2022, primarily due to purchases of property, plant and equipment of RMB82.2 million and purchase of intangible assets of RMB73.4 million.

### *Financing Activities*

Net cash from financing activities was RMB2,168.0 million in the six months ended June 30, 2025, primarily due to proceeds from shareholders of RMB2,152.4 million.

Net cash from financing activities was RMB789.5 million in 2024, primarily due to proceeds from new bank loans of RMB730.0 million and proceeds from shareholders of RMB728.4 million, partially offset by repayment of bank loans of RMB614.5 million.

Net cash from financing activities was RMB946.5 million in 2023, primarily due to proceeds from shareholders of RMB564.9 million and proceeds from new bank loans of RMB448.0 million, partially offset by repayment of bank loans of RMB108.1 million.

Net cash from financing activities was RMB953.2 million in 2022, primarily due to proceeds from shareholders of RMB935.0 million and proceeds from new bank loans of RMB203.7 million, partially offset by repayment of bank loans of RMB142.4 million.

### INDEBTEDNESS

As of December 31, 2022, 2023, 2024 and June 30, 2025, and October 31, 2025, the most recent practicable date for determining our indebtedness, except as disclosed in the table below, we did not have any material indebtedness.

	As of December 31,			As of	As of
	2022	2023	2024	June 30,	October 31,
				2025	2025
	<i>(RMB in thousands)</i>				<i>(Unaudited)</i>
<b>Current</b>					
Interest-bearing bank and other borrowings	102,930	492,417	566,060	583,812	622,486
Lease liabilities	13,788	3,705	17,979	10,442	6,850
<i>Subtotal</i>	<u>116,718</u>	<u>496,122</u>	<u>584,039</u>	<u>594,254</u>	<u>629,336</u>
<b>Non-current</b>					
Interest-bearing bank and other borrowings	50,000	—	42,000	83,500	170,500
Lease liabilities	1,935	1,859	15,156	3,931	3,986
<i>Subtotal</i>	<u>51,935</u>	<u>1,859</u>	<u>57,156</u>	<u>87,431</u>	<u>174,486</u>
<b>Total</b>	<u><u>168,653</u></u>	<u><u>497,981</u></u>	<u><u>641,195</u></u>	<u><u>681,685</u></u>	<u><u>803,822</u></u>

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### Interest-bearing Bank and Other Borrowings

As of December 31, 2022, 2023, 2024 and June 30, 2025, we had interest-bearing bank and other borrowings of RMB152.9 million, RMB492.4 million, RMB608.1 million and RMB667.3 million, respectively. During the Track Record Period, our bank borrowings came from commercial banks and financial institutions bearing effective interest rates in the range of 2.30% to 4.03% per annum. Our borrowings were primarily used to finance our increased working capital requirements driven by our business expansion during the Track Record Period. The followings table sets forth our bank and other borrowings as of the dates indicated.

	As of December 31,			As of	As of
	2022	2023	2024	June 30,	October 31,
				2025	2025
	<i>(RMB in thousands)</i>				<i>(Unaudited)</i>
<b>Current</b>					
Bank loans — secured	18,866	—	50,047	50,038	40,114
Bank loans — unsecured	84,012	388,303	490,449	482,383	492,989
Current portion of long-term bank loans — unsecured	52	104,114	25,564	51,391	89,383
<i>Subtotal</i>	<u>102,930</u>	<u>492,417</u>	<u>566,060</u>	<u>583,812</u>	<u>622,486</u>
<b>Non-current</b>					
Bank loans — secured	50,000	—	42,000	83,500	170,500
<i>Subtotal</i>	<u>50,000</u>	<u>—</u>	<u>42,000</u>	<u>83,500</u>	<u>170,500</u>
<b>Total</b>	<u><b>152,930</b></u>	<u><b>492,417</b></u>	<u><b>608,060</b></u>	<u><b>667,312</b></u>	<u><b>792,986</b></u>

As of October 31, 2025, we had borrowings of RMB793.0 million, which bearing effective interest rates in the range of 2.2% to 3.1% per annum. As of the Latest Practicable Date, we had committed unutilized bank facilities of RMB1,358.7 million.

### Lease Liabilities

During the Track Record Period, our lease liabilities were primarily in relation to our lease of office premises and machinery. The following table sets forth the details of our lease liabilities as of the dates indicated.

	As of December 31,			As of	As of
	2022	2023	2024	June 30,	October 31,
				2025	2025
	<i>(RMB in thousands)</i>				<i>(Unaudited)</i>
Current	13,788	3,705	17,979	10,442	6,850
Non-current	1,935	1,859	15,156	3,931	3,986
<b>Total</b>	<u><b>15,723</b></u>	<u><b>5,564</b></u>	<u><b>33,135</b></u>	<u><b>14,373</b></u>	<u><b>10,836</b></u>

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## FINANCIAL INFORMATION

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Save as discussed above, as of October 31, 2025, the most recent practicable date for determining our indebtedness, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which were either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. Our Directors also confirm that there had not been any material change in our indebtedness since October 31, 2025 and up to the date of this prospectus.

During the Track Record Period and up to the Latest Practicable Date, there were no material covenants on any of our outstanding debts which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenants. Our Directors further confirm that we did not experience difficulty in obtaining borrowings, default in repayment of borrowings or lessors during the Track Record Period and up to the Latest Practicable Date.

### CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditures primarily related to our purchases of IP, software, R&D servers and other R&D equipment. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our capital expenditures amounted to RMB155.6 million, RMB128.5 million, RMB177.4 million, RMB91.8 million and RMB41.6 million, respectively. These purchases were primarily for our R&D activities. We intend to fund our future capital expenditure requirements with net proceeds from the Global Offering, our cash and cash equivalents, and, if necessary, bank borrowings.

### CAPITAL COMMITMENTS

Our capital commitments at the end of each year during the Track Record Period primarily related to contracted but not provided commitments for purchase of property, plant and equipment and intangible assets. As of December 31, 2022, 2023 and 2024 and June 30, 2025, our capital commitments amounted to RMB4.0 million, RMB1.6 million, RMB56.4 million and RMB35.3 million, respectively.

### CONTINGENT LIABILITIES

As of December 31, 2022, 2023, 2024 and June 30, 2025, we did not have any material contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities since June 30, 2025 to the date of this prospectus.

### RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms of transactions with other entities that are not related parties. During the Track Record Period, we entered into a number of related party transactions. For details of our related party transactions, see Note 35 to the Accountants' Report in Appendix I to this prospectus. Our Directors are of the view that each of the related party transactions was conducted in the ordinary and usual course of business and on normal commercial terms

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## FINANCIAL INFORMATION

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between the relevant parties and does not distort our Track Record Period results or make our historical results not reflective of future performance. We did not have non-trade related balance with related parties as of June 30, 2025.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the years/period indicated.

	<u>As of/For the year ended December 31,</u>			<u>As of/ For the six months ended June 30,</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Gross profit margin (%) <sup>(1)</sup>	59.4	49.5	49.1	50.1
Current ratio <sup>(2)</sup>	2.5	1.9	1.4	3.6
Quick ratio <sup>(3)</sup>	1.7	1.5	1.0	3.1
Net debt to equity ratio <sup>(4)</sup>	(0.1)	0.2	0.5	(0.4)

(1) Gross profit margin is calculated by dividing gross profit by our revenue for the year/period indicated.

(2) Current ratio is calculated by dividing current assets by current liabilities as of the date indicated.

(3) Quick ratio is calculated by dividing current assets less inventories by current liabilities as of the date indicated.

(4) Net debt to equity ratio is calculated by dividing total indebtedness less cash and cash equivalents by total equity as of the date indicated.

### Analysis of Key Financial Ratios

#### *Gross Profit Margin*

See “— Year to Year Comparison of Results of Operations” for a discussion of the factors affecting our gross profit margin during the Track Record Period.

#### *Current and Quick Ratios*

Our current ratio decreased from 2.5 as of December 31, 2022 and 1.9 as of December 31, 2023, primarily due to the increase in interest-bearing bank and other borrowings, while our quick ratio remained relatively stable at 1.7 as of December 31, 2022 and 1.5 as of December 31, 2023.



## FINANCIAL INFORMATION

Our current ratio decreased from 1.9 as of December 31, 2023 to 1.4 as of December 31, 2024, and our quick ratio decreased from 1.5 as of December 31, 2023 to 1.0 as of December 31, 2024, primarily due to the increases in other payables and accruals and interest-bearing bank and other borrowings.

Our current ratio increased from 1.4 as of December 31, 2024 to 3.6 as of June 30, 2025, and our quick ratio increased from 1.0 as of December 31, 2024 to 3.1 as of June 30, 2025, primarily due to the increase in cash and cash equivalents.

### *Net Debt to Equity Ratio*

We had a negative net debt to equity ratio of 0.1 as of December 31, 2022, as compared to a positive net debt to equity ratio of 0.2 as of December 31, 2023, and our net debt to equity ratio further increased to 0.5 as of December 31, 2024, primarily due to the increase in our bank borrowings to support our operations. We had a negative net to debt ratio of 0.4 as of June 30, 2025, primarily due to the increase in cash and cash equivalents, representing proceeds from shareholders.

## QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to a variety of market and other financial risks, including interest risk, foreign currency risk, credit risk and liquidity risk. We manage and monitor these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

### **Interest Rate Risk**

Our exposure to the risk of changes in market interest rates relates primarily to our bank borrowings with a floating interest rate. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of our profit or loss after tax through the impact on floating rate borrowings and our equity.

	<u>Increase/ (decrease) in basis points</u>	<u>(Decrease)/ increase in loss before tax</u>	<u>(Decrease)/ increase in equity</u>
	<i>(RMB in thousands)</i>		
<b>December 31, 2022</b>			
<b>RMB</b>	100/(100)	(529)/529	(529)/529
<b>December 31, 2023</b>			
<b>RMB</b>	100/(100)	(1,315)/1,315	(1,315)/1,315
<b>December 31, 2024</b>			
<b>RMB</b>	100/(100)	(1,923)/1,923	(1,923)/1,923
<b>June 30, 2025</b>			
<b>RMB</b>	100/(100)	(1,401)/1,401	(1,401)/1,401

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## FINANCIAL INFORMATION

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### Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates fluctuations in exchange rates between Renminbi and other currencies in which we conduct business may affect our financial condition and results of operations. We seek to limit our exposure to foreign currency risk by minimizing our net foreign currency position. The following table demonstrates the sensitivity to a reasonably possible change in U.S. dollars and Renminbi exchange rates, with all other variables held constant, of our loss before tax (due to changes in the fair value of monetary assets and liabilities) and our equity.

	(Decrease)/ increase in foreign exchange rate %	(Decrease)/ increase in loss before tax	Decrease/ (increase) in equity
	<i>(RMB in thousands)</i>		
<b>December 31, 2022</b>			
<b>If Renminbi strengthens</b>			
<b>against U.S. dollars</b>	5%	4,283	4,283
<b>If Renminbi weakens against</b>			
<b>U.S. dollars</b>	(5%)	(4,283)	(4,283)
<b>December 31, 2023</b>			
<b>If Renminbi strengthens</b>			
<b>against U.S. dollars</b>	5%	(305)	(305)
<b>If Renminbi weakens against</b>			
<b>U.S. dollars</b>	(5%)	305	305
<b>December 31, 2024</b>			
<b>If Renminbi strengthens</b>			
<b>against U.S. dollars</b>	5%	(1,144)	(1,144)
<b>If Renminbi weakens against</b>			
<b>U.S. dollars</b>	(5%)	1,144	1,144
<b>June 30, 2025</b>			
<b>If Renminbi strengthens</b>			
<b>against U.S. dollars</b>	5%	37,184	37,184
<b>If Renminbi weakens against</b>			
<b>U.S. dollars</b>	(5%)	(37,184)	(37,184)

### Credit Risk

We trade only with recognized and creditworthy third parties and there is no requirement for collateral. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

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## FINANCIAL INFORMATION

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### Liquidity Risk

We monitor our exposure to liquidity risk by regularly monitoring short-term and long-term liquidity requirements, as well as compliance with borrowing agreements to ensure that adequate cash reserves and readily realizable liquidity are maintained. Our liquidity is primarily dependent on our ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and our ability to obtain external financing to meet committed future capital expenditure.

### DIVIDENDS

We did not declare or pay dividends on our Shares during the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not pay any dividends in the foreseeable future. We do not have any fixed dividend policy nor pre-determined dividend payout ratio. The declaration and payment of any dividends in the future will be subject to the approval of our Shareholders in a shareholder's meeting, our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the commercialization of our products and solutions as well as our earnings, capital requirements, overall financial condition and contractual restrictions. As confirmed by our PRC Legal Advisor, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (1) all our historically accumulated losses have been made up for; and (2) we have allocated sufficient profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future.

### DISTRIBUTABLE RESERVES

As of June 30, 2025, we did not have any reserves available for distribution to our Shareholders.

### LISTING EXPENSES

The total listing expenses to be borne by us are estimated to be approximately HK\$198.8 million, based on the Offer Price of HK\$144.6 per H Share, accounting for approximately 5.4% of the gross proceeds from the Global Offering. Approximately HK\$15.1 million of the listing expenses were charged to our consolidated statements of profit or loss during the Track Record Period. Out of our remaining listing expenses, approximately HK\$28.8 million is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$154.9 million is expected to be deducted from equity. By nature, our listing expenses are comprised of (i) underwriting commission of approximately HK\$147.1 million, (ii) fees and expenses of sponsor, accountants and legal advisers of approximately HK\$31.2 million, and (iii) other fees and expenses of approximately HK\$20.5 million. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

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## FINANCIAL INFORMATION

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### **UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

See “Appendix II — Unaudited Pro Forma Financial Information.”

### **NO MATERIAL ADVERSE CHANGE**

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

### **DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES**

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

See the section headed “Business — Our Strategies” for a detailed description of our future plans.

### USE OF PROCEEDS

Based on the Offer Price of HK\$144.60 per Offer Share, we estimate that we will receive net proceeds of approximately HK\$3,478.6 million from the Global Offering after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering:

We intend to use the net proceeds as follows:

- (a) approximately 80.0%, or HK\$2,782.9 million, will be used for our research and development of our products and solutions. Including:
  - (i) approximately 50.0%, or HK\$1,739.3 million, will be used for our research, development and commercialization of our GPGPU chips and accelerators over the next five years.

We will continuously optimize and innovate GPGPU chips and accelerators to achieve ongoing improvements in efficiency and computing power through the continuous investment in training and inference technologies. We will also continuously promote our GPGPU chips and accelerators optimized for cloud, edge, and on-device applications. The breakdown of the proceeds to be allocated as follows:

- approximately 30.0%, or HK\$1,043.6 million, will be used for the expansion of our R&D team to develop GPGPU chips and accelerators. We aim to attract more talents, including scientists and engineers from around the world for product design and development. We believe that the expansion of our R&D team will greatly improve our capability in the development of GPGPU chips and accelerators. We plan to recruit additional digital design engineers, digital verification engineers and SOC implement and mass production engineers for the research, development and commercialization of our next generations of GPGPU chips and accelerators.
- approximately 20.0%, or HK\$695.7 million, will be used for the procurement of software, IP cores, tape-out service and R&D materials. These products/services allow us to facilitate the optimization of our chip architecture, enhancing performance and efficiency, and efficiently transition from design to fabrication, ensuring our innovative designs are accurately realized in mass production.

- (ii) approximately 25.0%, or HK\$869.7 million, will be used for the research and development of our proprietary software stack through the expansion of our R&D team.

Our proprietary software stack is integral to the advancement of our GPGPU chips and accelerators. We will focus on modular full-stack software restructuring to accelerate independent iteration of key components. We will introduce support for emerging computing paradigms and expand our AI model ecosystem continuously, which allows us to deliver efficient acceleration solutions from lightweight to large language models, and allows us to expand application scenarios. Specifically:

- **Implementing modular full-stack restructuring.** The AI software stack integrates multiple software components including serving frameworks, inference engines, training frameworks, high-performance libraries, compilers, and drivers. As AI adoption grows, these components and software layers evolve at varying paces. To maintain stability of low-level software components while keeping pace with rapidly evolving AI algorithms, we are enhancing our software stack R&D with a “high cohesion, low coupling” approach. This requires focused development and testing to ensure compatibility between different versions of software components. The AI software ecosystem’s shift toward Python-centric development makes a well-decoupled software stack essential for adapting to these changes.
- **Support for emerging computing paradigms.** As generative AI leads modern AI applications, significant engineering efforts focus on optimization and profitability. Prefill decoding disaggregation is an advanced LLM inference compute paradigm, demanding new approaches to data flow design, parallelism, and AI operation implementation. Scaling up has become a central focus in AI infrastructure, driving new software compute paradigms for both inference and training applications. The growing use of low-precision data in AI models to maximize GPGPU computing power necessitates novel algorithms and implementations in high-performance libraries and compilers. We aim to deliver high-quality performance for these new-era AI compute paradigms.
- **Expanding AI model ecosystem.** While LLMs currently dominate the field, other promising AI models like Mamba and JEPA are rapidly advancing. Diffusion models for image and video generation have achieved production-ready status. Additionally, numerous industry-specific AI models leverage proprietary data through vertical fine-tuning. Our goal is to expand support across this diverse AI model landscape while maintaining production-grade performance. This approach strengthens our commercial delivery capabilities and positions us to adapt to emerging AI models.



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## FUTURE PLANS AND USE OF PROCEEDS

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Additionally, we will continuously enhance the richness of our software stack and upgrade our compiler architecture to improve the overall performance of our computing platform. To further strengthen our capabilities, we will establish a joint hardware-software pre-research mechanism. This will enable early software stack adaptation during the next generation product definition phase, facilitating a deeper integration of hardware technologies with our software solutions. Through the development of a more flexible software stack, it will enable us to respond swiftly to evolving customer demands.

We plan to recruit additional product managers, software engineers and test engineers for the purpose of the research and development of our software stack.

- (iii) approximately 5.0%, or HK\$173.9 million, will be used for the research and development of our AI computing solutions. We will continuously explore our client's product needs, deepen our industry penetration and expand our industry coverage in sectors benefiting from fast-iterating adjacent sectors and/or strong demand for domestic alternatives, such as financial services, healthcare and transportation, foundational research and educational computing applications. We aim to provide these customers with flexible architecture that can support integration with various third-party infrastructure components while maintaining optimized performance. In particular, the proceeds will be used on the expansion of our R&D team by recruiting additional solution engineers, and the establishment of a broader collaborative research and development mechanisms with universities, research institutions, upstream and downstream suppliers, and customers throughout the supply chain to explore the development of a more open and fully adaptable ecosystem.
- (b) approximately 10.0%, or HK\$347.9 million, will be used for sales and marketing over the next five years, specifically:
  - approximately 8.0%, or HK\$278.3 million, will be allocated to sales team construction and expansion. We plan to recruit additional marketing and sales personnel and technical support staff with industry knowledge over the next two years, and target to increase headcount to approximately 130 by 2027; and
  - approximately 2.0%, or HK\$69.6 million, will be allocated to sales and marketing-related expenses, such as advertising, promotion, and brand-building activities, as well as improving our sales and customer service processes. We plan to improve our service quality by conducting more frequent customer visits, establishing customer feedback channels, and setting up a tiered response mechanism throughout the next five years, with the effectiveness of the aforesaid being subject to annual assessment and refinement based on key performance indicators. We also plan to enhance our brand awareness and service penetration by optimizing brand promotion content, strengthening official channels, and participating in major AI and computing industry exhibitions, conferences, and forums throughout the next five years.

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## FUTURE PLANS AND USE OF PROCEEDS

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- (c) approximately 10.0% or HK\$347.9 million, will be used for working capital and general corporate purposes.

To the extent our net proceeds are either more or less than expected, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our plans not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering.

To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes and to the extent permitted by the relevant law and regulations, we will only place the net proceeds from the Global Offering 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. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

### THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the Cornerstone Investors set out below, 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) as set out in the table below (the “**Cornerstone Placing**”).

Based on the Offer Price of HK\$144.6 per Offer Share, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 10,940,300 Offer Shares, representing approximately 43.02% of the Offer Shares to be issued pursuant to the Global Offering and approximately 4.30% of our total issued share capital immediately upon completion of the Global Offering.

We believe that the Cornerstone Placing provides an impression of commitment, confidence and interests of the Cornerstone Investors in our Group’s business and prospects and helps raise the profile of our Company. Our Company became acquainted with each of the Cornerstone Investors through introduction by the Company’s business partners or the Overall Coordinators.

The Cornerstone Placing will form part of the International Offering, and, save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue and will be counted towards the public float of our Company under Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules. The three largest public Shareholders will not hold more than 50% of the Shares held in public hands at the time of the Listing in compliance with Rule 8.08(3) of the Listing Rules.

Immediately following the completion of the Global Offering, the Cornerstone Investors will not, by virtue of their cornerstone investments, have any Board representation in our Company; and none of the Cornerstone Investors will become a substantial Shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. As confirmed by each of the Cornerstone Investors, there are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Global Offering, 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.

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## CORNERSTONE INVESTORS

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One of the Cornerstone Investors, XN Mountain is a close associate of the existing minority Shareholders. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 5(2) of Appendix F1 to the Listing Rules and paragraph 17 of Chapter 4.15 of the Guide for New Listing Applicants to permit H Shares in the International Offering to be placed to certain existing minority Shareholders. For further details, see “Waivers from Strict Compliance with the Listing Rules — Allocation of H Shares to Existing Minority Shareholders and/or Their Close Associates”

To the best knowledge, information and belief of our Company, (i) save for XN Mountain, each of the Cornerstone Investors and their respective ultimate beneficial owner(s) is an Independent Third Party; (ii) none of the Cornerstone Investors or their respective ultimate beneficial owner(s) is accustomed to take instructions from our Company, Directors, Supervisors, chief executive, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of their subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is financed directly or indirectly by our Company, Directors, Supervisors, chief executive, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of their subsidiaries or their respective close associates.

To the best knowledge of the Company and 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.

To the best knowledge of our Company and as confirmed by each of the Cornerstone Investors, each of the Cornerstone Investors makes independent investment decisions, and their subscription under the Cornerstone Placing would be financed by their own internal resources and they have sufficient funds to settle their respective investment under the Cornerstone Placing. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange or its shareholders or other regulatory authorities is required for the relevant Cornerstone Placing.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company’s H Shares commence on the Stock Exchange. There will be no delayed delivery of the Offer Shares and no deferred settlement of the Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements.

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## CORNERSTONE INVESTORS

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The total number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. If the total demand for H Shares in the Hong Kong Public Offering falls within the circumstance as set out in the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this prospectus, our Company and the Overall Coordinators have the absolute discretion, but not obliged, to deduct the number of Offer Shares to be subscribed by the Cornerstone Investors in order to satisfy the public demands under the Hong Kong Public Offering pursuant to Practice Note 18 of the Listing Rules. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around January 7, 2026.

### THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

#### ZTE HK

ZTE (H.K.) LIMITED (“ZTE HK”) is a limited company incorporated in Hong Kong and is primarily engaged in information technology business. ZTE HK is a wholly-owned subsidiary of ZTE Corporation, a company whose shares are listed on both the Shenzhen Stock Exchange (stock code: 000063.SZ) and the Hong Kong Stock Exchange (stock code: 00763.HK)).

#### XN Mountain

XN Mountain is a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Focustar Capital. Focustar Capital is owned as to 60% by Mr. Wang Jianguo and 40% by Mr. Yin Jian. Focustar Capital’s investments primarily focus on the PRC’s consumer and technology industries, and it manages certain of our existing Shareholders, namely Nanjing Xingna Heyuan, Nanjing Xingnafeng, Focustar Fund and XN Speed. For more details, please refer to the section headed “History, Development and Corporate Structure”. Therefore, XN Mountain is a close associate of our existing Shareholders.

#### Wind Sabre Fund SPC

Wind Sabre Fund SPC on behalf of and for the account of Wind Sabre Opportunities Fund SP is a fund established in the Cayman Islands. Wind Sabre Fund SPC is a segregated portfolio company incorporated in the Cayman Islands with limited liabilities and is an Independent Third Party. 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. Other than Well Smart Developments Limited, which holds 77.86% interest in Wind Sabre Opportunities Fund SP and is wholly owned by Chow Tai Fook (Nominee) Limited, an Independent Third Party, no other investors hold 30% or more interest in Wind Sabre Opportunities Fund SP. No single ultimate beneficial owner holds 30% or more interest in Chow Tai Fook (Nominee) Limited.

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## CORNERSTONE INVESTORS

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Wind Sabre Opportunities Fund SP will hold the beneficial interest of the Offer Shares on a discretionary basis for and on behalf of its clients. To the best knowledge of our Company, Wind Sabre Opportunities Fund SP is an Independent Third Party.

### **UBS AM Singapore**

UBS Asset Management (Singapore) Ltd. (“**UBS AM Singapore**”), a company incorporated in Singapore in December 1993, has entered into a cornerstone investment agreement with the Company and UBS AG Hong Kong Branch, in its capacity as the delegate of the investment manager for and on behalf of the following fund(s): (i) UBS (Lux) Equity Fund — Greater China (USD); (ii) UBS (Lux) Equity Fund — China Opportunity (USD); (iii) UBS (HK) Fund Series — China Opportunity Equity (USD); (iv) UBS (Lux) Equity SICAV — All China (USD); (v) UBS (Lux) Investment SICAV — China A Opportunity (USD); (vi) UBS (CAY)China A Opportunity; (vii) UBS (Lux) Key Selection SICAV — China Allocation Opportunity (USD); and (viii) certain other segregated accounts and mandates. As confirmed by UBS AM Singapore, no single ultimate beneficial owner holds 30% or more interest in those funds. UBS AM Singapore will hold the beneficial interest of the Offer Shares on a discretionary basis for and on behalf of its clients.

UBS AM Singapore is a wholly owned subsidiary of UBS Asset Management AG, an investment management company, which is wholly ultimately owned by UBS Group AG, which is a company organized under Swiss law as a corporation that has issued shares of common stock to investors. UBS Group AG’s shares are listed on the SIX Swiss Exchange (stock code: UBSG) and the New York Stock Exchange (stock code: UBS).

### **Teamsun HK**

Teamsun Technology (HK) Limited (“**Teamsun HK**”) is a company incorporated in Hong Kong in 2004. It principally engages in the business of system integration, application software development and network communication products sales. Teamsun HK is the wholly owned subsidiary of Beijing Teamsun Technology Co., Ltd (“**Beijing Teamsun**”), who principally engages in the business of system integration, productized IT services, application software development, and AI related products and services. Beijing Teamsun is listed on the Shanghai Stock Exchange (stock code: 600410.SH). Save for Beijing Teamsun, no other individual or entity has 30% or more beneficial interest in Teamsun HK.

### **Qin Wan**

Qin Wan Investment Limited (“**Qin Wan**”) is a limited company incorporated in the British Virgin Islands and is primarily engaged in investment activities, focusing on the upstream and downstream industry chain of the artificial intelligence sector. It is a discretionary investment fund, of which investment decisions are made with the approval and the consent of Mr. Zhuang Yong in his capacity as a shareholder.

Qin Wan is held by Mr. Wang Jian, Mr. Zhuang Yong, Mr. Zhang Bin, and Mr. Zheng Haoran, each of whom is an Independent Third Party, as to 51%, 20%, 20% and 9% equity interests, respectively. Mr. Wang Jian has approximately 18 years of banking experience, formerly serving as the vice president of the Zhuhai Branch of China Merchants Bank. Mr. Zhuang Yong is a Senior Vice President of Beijing Kingsoft Office Software, Inc. (stock code:



688111.SH), a leading Chinese office software provider listed on the Shanghai Stock Exchange. Mr. Zhang Bin previously served as an executive director and chief financial officer of Shenzhen Hepalink Pharmaceutical Group (stock code: 002399.SZ), a pharmaceutical company listed on the Shenzhen Stock Exchange.

## **OCM**

OCM Limited (“**OCM**”) is an investment company incorporated in Hong Kong and is principally engaged in equity investments. OCM is wholly owned by Mr. Li Mingyuan, an Independent Third Party. Mr. Li Mingyuan has actively invested in the technology enterprises listed on NASDAQ and other exchanges, including UP Fintech Holding Limited (NASDAQ: TIGR).

## **Ocean Fine Industrial**

Ocean Fine Industrial Limited (“**Ocean Fine Industrial**”) is a company incorporated in Hong Kong in 2003, principally engaged in the provision of import and export of semiconductor and electronic component testing services. It is a wholly owned subsidiary of Tongfu Microelectronics Co., Ltd. (通富微電子股份有限公司) (“**Tongfu**”), a company listed on Shenzhen Stock Exchange (stock code: 002156.SZ). Tongfu is an integrated circuit packaging and testing service provider, offering global customers a one-stop service from design simulation to packaging and testing.

## **Huatai OTC Swaps — Hengxin Fund Management**

HTCI and HTSC will enter into a back-to-back total return swap transaction (the “**Huatai OTC Swap**”) in connection with a total return swap order placed by Jiujiu Hengxin (Xiamen) Private Fund Management Co., Ltd. (“**Hengxin Fund Management**”), acting in its capacity as investment manager for and on behalf of Huatai Ultimate Client to HTSC (the “**Client TRS**”), pursuant to which the HTCI will hold the beneficial interest of the Offer Shares on a non-discretionary basis for and on behalf of the Huatai Ultimate Client to hedge the Huatai OTC Swap in connection with the Client TRS, while the economic risks and returns of the underlying Offer Shares are ultimately passed to the Huatai Ultimate Client, subject to customary fees and commissions. HTCI is considered as a “connected client” of Huatai Financial Holdings (Hong Kong) Limited pursuant to paragraph 1B(7) of the Placing Guidelines for Equity Securities (Appendix F1 of the Listing Rules). The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, its consent under paragraph 1C of Appendix F1 to the Listing Rules to permit us to allocate the Offer Shares to HTCI. See “Waivers — Consent under paragraph 1c(1) of the placing guidelines to be granted for allocation of securities to HTCI.”

The Huatai OTC Swap will be fully funded by the Huatai Ultimate Client. During the terms of the Huatai OTC Swap, all economic returns of the Offer Shares subscribed by the HTCI will be passed to the Huatai Ultimate Client and all economic loss shall be borne by the Huatai Ultimate Client through the Huatai OTC Swap and the Client TRS, and the HTCI will not take part in any economic return or bear any economic loss in relation to the Offer Shares, subject to customary fees and commissions.

Huatai OTC Swap is linked to the Offer Shares and the Huatai Ultimate Client may, after expiration of the lock-up period beginning from the date of the relevant cornerstone agreement and ending on the date which is six months from the Listing Date, request to early terminate the Huatai OTC Swap at its own discretions, upon which HTCI may dispose of the Offer Shares on the secondary market and the Huatai Ultimate Client will receive a final settlement amount of the Huatai OTC Swap in cash in accordance with the terms and conditions of the Huatai OTC Swap and the Client TRS. 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 Huatai OTC Swap.

The Huatai Ultimate Client is a domestic private securities investment fund managed by Hengxin Fund Management in its capacity as fund manager. Hengxin Fund Management is a private fund management company registered with the Asset Management Association of China. Hengxin Fund Management was filed and established on September 9, 2016, with a fund size of over RMB500 million. Its principal business is private securities investment, with over 90% of its investment portfolio invested in the secondary stock market. The investment strategy focuses on companies with strong fundamentals and long-term growth potential, without limitation to specific industries.

The Huatai Ultimate Client has one investor holding 30% or more of the interests, namely Mr. Zheng Youxin, who currently holds 68.74% beneficial interest. Save for Mr. Zheng Youxin, no other individual or entity has 30% or more beneficial interest in the Huatai Ultimate Client.

To the best of the HTCI's knowledge after having made all reasonable inquiries, each of Hengxin Fund Management and the Huatai Ultimate Client is an Independent Third Party of HTCI and the companies which are members of the same group of HTCI.

### **Fourth Paradigm**

Fourth Paradigm International Limited ("**Fourth Paradigm**") is a wholly-owned subsidiary of Beijing Fourth Paradigm Technology Co., Ltd. ("**Beijing Fourth Paradigm**"), which is a joint stock limited liability company incorporated in the PRC with its H shares listed on the Main Board of the Stock Exchange (stock code: 6682.HK).

Fourth Paradigm is a leading AI company specializing in developing and delivering innovative AI solutions to address complex industry challenges, enhance efficiency, drive technological advancements and empower customers to create greater business value.

While Dr. Dai Wenyuan is the controlling shareholder of Beijing Fourth Paradigm, Fourth Paradigm only holds 29.9% interest in Beijing Paradigm Private Equity Investment Management Co., Ltd., which is the general partner of Paradigm Fund, an existing shareholder of the Company. Accordingly, to the best knowledge of our Company, Fourth Paradigm is independent from and is not considered as a close associate of the Company or any of its shareholders.

**Engine International**

Engine International Technology Co., Limited (“**Engine International**”), established in Hong Kong on September 25, 2019, and is a wholly-owned subsidiary of Enginotech Computer Co., LTD (安擎計算機信息股份有限公司) (“**Enginotech**”). Engine International primarily serves as the business platform and window of Enginotech in Hong Kong, undertaking tasks such as connecting with international markets, expanding trade, and executing procurement functions. The ultimate beneficial owner of Engine International is Mr. Yu Yueyuan, holding 62.73% of the shares in Engine International. Mr. Yu Yueyuan is a director of Enginotech, responsible for business and technology development. Save for Mr. Yu Yueyuan, no other individual or entity has 30% or more beneficial interest in Engine International.

To the best knowledge of our Company, each of Engine International and Mr. Yu Yueyuan is an Independent Third Party.

**Duckling Fund**

Duckling Fund, L.P. (“**Duckling Fund**”) is an exempted limited partnership registered under the laws of Cayman Islands. The general partner of Duckling Fund is Grandiflora Hook GP Limited, which is 100% ultimately controlled by Mr. Eric Li. The only limited partner of Duckling Fund is Lionet Fund, L.P., which is a fund focusing on logistics, healthcare, telecommunication, media, technology and consumer industries investment. The general partner of Lionet Fund, L.P. is Grandiflora Hook GP Limited. Lionet Fund, L.P. has more than 15 limited partners, none of which holds 30% or more partnership interest in Lionet Fund, L.P. Duckling Fund will hold the beneficial interest of the Offer Shares on a discretionary basis for and on behalf of its clients. To the best knowledge of our Company, Duckling Fund is an Independent Third Party.

**DeepRoot Alpha**

DeepRoot Alpha Ltd (“**DeepRoot Alpha**”) is a business company incorporated in the British Virgin Islands with limited liability. It is the investment holding vehicle of DeepRoot Partners Ltd (“**DeepRoot Partners**”), which holds 100 management shares (non-participating, non-redeemable, voting shares of DeepRoot Alpha) in DeepRoot Alpha.

DeepRoot Partners is a business company incorporated in the British Virgin Islands and is owned as to 80% by Ms. Ma Hailan. DeepRoot Partners acts as the investment manager of DeepRoot Alpha, and its investments primarily focus on companies with high growth potential.

The beneficial interests in DeepRoot Alpha, through participating shares (participating, redeemable, non-voting shares in the capital of DeepRoot Alpha), are held by XN Crane International Limited (“**XN Crane**”) as to 28.57% and several entities. None of the shareholders of DeepRoot Alpha holds 30% or more of the beneficial interests.

Although Mr. Yin Jian is the sole shareholder of XN Crane and the ultimate controlling shareholder of Nanjing Xingnafeng, one of the Company’s existing shareholders, XN Crane does not constitute a fellow subsidiary of a holding company of DeepRoot Alpha. Accordingly, to the best knowledge of our Company, DeepRoot Alpha is independent from and is not considered as a close associate of the Company or any of its shareholders.

**China Universal (HK)**

China Universal Asset Management (Hong Kong) Company Limited (“**China Universal (HK)**”), founded in November 2009, is a wholly owned subsidiary of China Universal Asset Management Company Limited. China Universal (HK) is among the first group of Chinese fund management company subsidiaries established outside of the Chinese Mainland. China Universal (HK) is licensed by the SFC to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under Part V of the SFO. China Universal (HK) manages investment funds, provides investment advisory services, and manages discretionary accounts. Save as Orient Securities Company Limited, a company holding 35.41% of the shareholding interests of China Universal Asset Management Company Limited, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600958) and Hong Kong Stock Exchange (stock: code 3958), there is no other shareholder holding 30% or more shareholding interests of China Universal Asset Management Company Limited.

As confirmed by China Universal (HK), the subscription of the Offer Shares as a cornerstone investor will be made by it in its capacity as the investment manager for and on behalf of the fund and discretionary investment account. China Universal (HK) will subscribe the shares for and on behalf of both Better Supply Chain (HK) Holdings Co. Limited and China Universal Special Situation Fund SPC-CUAM Flexible Strategy Fund SP. The ultimate beneficial owner of Better Supply Chain (HK) Holdings Co. Limited is Peng Zimei. The ultimate beneficial owners of China Universal Special Situation Fund SPC-CUAM Flexible Strategy Fund SP include securities company, investment funds and other corporate clients. There is no single entity holding 30% or more interest in China Universal Special Situation Fund SPC-CUAM Flexible Strategy Fund SP.

To the best knowledge of our Company, China Universal (HK) is an Independent Third Party.

**China Orient International**

China Orient International Asset Management Limited (“**China Orient International**”) acts as the investment manager of China Orient Enhanced Income Fund (“**China Orient EIF**”) and China Orient Multi-Strategy Master Fund (“**China Orient MSMF**”), both being registered in the Cayman Islands. China Orient International was incorporated in Hong Kong with limited liability and is licensed with the SFC to carry on business in type 1 (dealing on securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. China Orient International Fund Management Limited, a company incorporated in the Cayman Islands with limited liability, is the sole management shareholder of China Orient EIF and China Orient MSMF. China Orient Asset Management (International) Holding Limited holds 30% or more interests in the funds. Both China Orient International Fund Management Limited and China Orient International are wholly-owned subsidiaries of China Orient Asset Management (International) Holding Limited. China Orient Asset Management (International) Holding Limited is ultimately controlled by Central Huijin Investment Ltd, a state-owned investment company, established in December 2003 and mandated to exercise the rights and the obligations as an investor in major state-owned financial enterprises, on behalf of the People’s Republic of China. China Orient EIF and China Orient MSMF will hold the beneficial interest of the Offer Shares on a discretionary basis for and on behalf of their clients.

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## CORNERSTONE INVESTORS

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To the best knowledge of our Company, each of China Orient International, China Orient EIF and China Orient MSMF is an Independent Third Party.

### **China AMC (HK)**

China Asset Management (Hong Kong) Limited (“**China AMC (HK)**”) was established and incorporated in Hong Kong in September 2008. It is a wholly-owned subsidiary of China Asset Management Co., Ltd. (“**China AMC**”). China AMC is a qualified domestic institutional investor and provides a full range of services to retail and institutional investors at home and abroad, covering equity, fixed income, money markets, etc.. With US\$20.6 billion in Assets under Management (including that of subsidiaries) as of July 31, 2025, it is one of the largest asset managers in China. China AMC provides services to the National Social Security Fund, corporate pensions, separate accounts, sovereign funds in Europe, America, and Asia, central banks, pensions, banks, asset managers, securities companies and other overseas institutional clients. CITIC Securities Co., Ltd. (“**CITIC Securities**”), whose shares are listed on both the Shanghai Stock Exchange (stock code: 600030.SH) and the Stock Exchange (stock code: 06030.HK), holds 62.2% interests in China AMC. Other than CITIC Securities, there is no other shareholder holding 30% or more shareholding interests of China AMC. China AMC (HK) has participated in the Global Offering for and on behalf of certain mutual funds and mandate accounts. The underlying investors of such mutual funds and mandate accounts are Independent Third Parties.

China AMC (HK) provides diverse asset management services, offering equity, fixed income, ETFs, hedge funds, leveraged/inverse products, segregated accounts, and innovative tokenized funds, catering to retail and institutional clients with expertise in Greater China and global markets. China AMC(HK) will hold the beneficial interest of the Offer Shares on a discretionary basis for and on behalf of its clients.

To the best knowledge of our Company, China AMC (HK) and China AMC are Independent Third Parties.

### **CFIG**

CFIG Holdings Limited (“**CFIG**”) is a limited company incorporated in Hong Kong. It is wholly owned by Sino IC Leasing Co., Ltd. (“**Sino IC Leasing**”). None of Sino IC Leasing’s shareholders holds 30% or more of its equity.

CFIG operates as an investment holding platform with its principal business being equity investments. As of December 31, 2024, CFIG’s long-term equity investments amounted to approximately US\$65 million, with total assets of approximately US\$230 million. Its investment portfolio consists of equity investments in sectors such as semiconductors and advanced manufacturing. Sino IC Leasing is a domestic financial leasing company focused on the integrated circuit industry.

To the best knowledge of our Company, both CFIG and Sino IC Leasing are Independent Third Parties.

## CORNERSTONE INVESTORS

### Alphahill Capital

Alphahill Capital Limited (“**Alphahill Capital**”), on a discretionary basis, acting for and on behalf of Alphahill Future Fund, Manifold Master Fund and York House Investment Limited in the capacity as the investment manager, is a licensed corporation incorporated in Hong Kong. It is regulated by the SFC and holds licences for type 4 (advising on securities) and type 9 (asset management) regulated activities. The principal business of Alphahill Capital is asset management.

Alphahill Capital has sole discretion over the investment decision in the investment funds. Alphahill Future Fund has a total of 9 limited partners, and is held approximately 39% by Maverick Asia Limited (“**Maverick**”) and 31% by Mr. Lai Shenjun. The ultimate beneficial owner of Maverick is Wang Xinting, an Independent Third Party, who holds 50% interest of Maverick and no other person holds 30% or more interest of Maverick. There are 16 limited partners in Manifold Master Fund, none of which holds 30% or more interest. York House Investment Limited is wholly owned by Mr. Leung Chi Kit. Save for Mr. Leung Chi Kit, no other person holds 30% or more interest of York House Investment Limited.

The table below sets forth the details of the Cornerstone Placing:

Cornerstone Investor	Total investment amount	Number of Offer Shares <sup>(1)</sup>	Based on the Offer Price of HK\$144.6 per H Share	
			Approximate % of the total Offer Shares	Approximate % of the total issued Shares immediately upon the completion of the Global Offering
ZTE HK	RMB20,000,000 <sup>(3)</sup>	151,000	0.59	0.06
XN Mountain	US\$17,000,000 <sup>(2)</sup>	914,700	3.60	0.36
Wind Sabre	US\$20,000,000 <sup>(2)</sup>	1,076,100	4.23	0.42
UBS AM Singapore	US\$10,000,000 <sup>(2)</sup>	538,000	2.12	0.21
Teamsun HK	HK\$33,000,000 <sup>(2)</sup>	228,200	0.90	0.09
Qin Wan	RMB100,000,000 <sup>(2)</sup>	762,600	3.00	0.30
OCM	US\$10,000,000 <sup>(3)</sup>	532,700	2.09	0.21
Ocean Fine Industrial	US\$10,000,000 <sup>(2)</sup>	537,100	2.11	0.21
Huatai OTC Swaps — Hengxin Fund Management	US\$21,000,000 <sup>(2)</sup>	1,129,900	4.44	0.44
Fourth Paradigm	HK\$100,000,000 <sup>(2)</sup>	691,500	2.72	0.27
Engine International	RMB30,000,000 <sup>(2)</sup>	228,800	0.90	0.09
Duckling Fund	US\$20,000,000 <sup>(2)</sup>	1,076,100	4.23	0.42
DeepRoot Alpha	US\$4,000,000 <sup>(2)</sup>	215,200	0.85	0.08
China Universal (HK)	US\$20,000,000 <sup>(2)</sup>	1,076,100	4.23	0.42
China Orient EIF	US\$7,000,000 <sup>(2)</sup>	376,600	1.48	0.15
China Orient MSMF	US\$3,000,000 <sup>(2)</sup>	161,400	0.63	0.06
<b>China Orient Subtotal</b>	<b>HK\$77,805,349</b>	<b>538,000</b>	<b>2.12</b>	<b>0.21</b>
China AMC (HK)	US\$6,000,000 <sup>(2)</sup>	322,800	1.27	0.13
CFIG	RMB15,000,000 <sup>(2)</sup>	114,400	0.45	0.04
Alphahill Capital	US\$15,000,000 <sup>(2)</sup>	807,100	3.17	0.32
<b>Total</b>	<b>HK\$1,583,195,754</b>	<b>10,940,300</b>	<b>43.02</b>	<b>4.30</b>



*Notes:*

- (1) Subject to rounding down to the nearest whole board lot of 100 Offer Shares. Calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Exchange Rate Conversion”. The exact number of H Shares to be subscribed by the Cornerstone Investors will be subject to the exchange rate as prescribed in the relevant cornerstone investment agreement.
- (2) The investment amount excludes brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, and is calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Exchange Rate Conversion” in this Prospectus.
- (3) The investment amount includes brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, and is calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Exchange Rate Conversion” in this Prospectus.

### CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (a) the Underwriting Agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;
- (b) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters);
- (c) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (d) the CSRC having accepted the CSRC filings and published the filing results on its website, and such notice of acceptance and/or filing results published not having otherwise been rejected, withdrawn, revoked or invalidated prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (e) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

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## CORNERSTONE INVESTORS

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- (f) the respective representations, warranties, acknowledgements, undertakings and confirmations of the relevant Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading or deceptive and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

### RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of our Company, the Sole Sponsor and the Overall Coordinators, it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-up Period**”), dispose of, in any way, any Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

Huatai Financial Holdings (Hong Kong) Limited  
CMB International Capital Limited  
Guosen Securities (HK) Brokerage Company, Limited  
Zhongtai International Securities Limited  
Bowlea Securities Limited  
Carnegie Hill Capital Partners Limited  
Star River Securities Limited

### UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 2,543,200 Hong Kong Offer Shares and the International Offering of initially 22,888,600 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering”.

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### **Hong Kong Public Offering**

#### ***Hong Kong Underwriting Agreement***

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 2,543,200 Hong Kong Offer Shares (subject to reallocation) for subscription by way of the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not having been withdrawn; and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to apply or procure applications, on the terms and conditions of this prospectus, for their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

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## UNDERWRITING

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### *Grounds for Termination*

The Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters and the Capital Market Intermediaries) shall be entitled, in its absolute discretion and by giving notice to our Company, to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

- (i) there shall develop, occur, exist or come into effect:
  - (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 (as defined in the Hong Kong Underwriting Agreement) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, or other jurisdictions relevant to our 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 (as defined in the Hong Kong Underwriting Agreement), 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 (including without limitation COVID-19, SARS, MERS, H5N1, H1N1, swine or avian influenza or such related/mutated forms), 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

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## UNDERWRITING

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- (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 (A) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (B) the trading in any securities of our 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 Sponsor-Overall Coordinator, the issue or requirement to issue by our 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 (as defined in the Hong Kong Underwriting Agreement) or other regulatory or political body or organization of any public action or investigation against a member of our Group or a director or a senior management member of any member of our Group or announcing an intention to take any such action; or
- (h) save as disclosed in this prospectus, the imposition of sanctions or export controls in whatever form, directly or indirectly, on any member of our Group or Shanghai Shuqi or 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 our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (j) 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 (as defined in the Hong Kong Underwriting Agreement); or
- (k) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of our Group or Shanghai Shuqi or any Director or senior management members as named in this prospectus; or

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## UNDERWRITING

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- (l) any contravention by any member of our Group or any Director of the Listing Rules or applicable Laws (as defined in the Hong Kong Underwriting Agreement); or
- (m) any change or prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus, which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):
  - (A) has or will or may have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company or our Group as a whole;
  - (B) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or
  - (C) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (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



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## UNDERWRITING

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- (ii) there has come to the notice of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) that:
- (a) any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the “**Global Offering Documents**”) was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or
  - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission or misstatement in any Global Offering Documents; or
  - (c) any breach of, or any event or circumstance rendering untrue or incorrect in any material respect or misleading, any of the representations, warranties and undertakings given by our Company or Shanghai Shuqi in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
  - (d) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties pursuant to the indemnities in the Hong Kong Underwriting Agreement; or
  - (e) any breach of any of the obligations or undertakings imposed upon our Company or any member of Shanghai Shuqi or any cornerstone investor (as applicable) to the Hong Kong Underwriting Agreement, the International Underwriting Agreement or the Cornerstone Investment Agreements (as defined in the Hong Kong Underwriting Agreement); or
  - (f) 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
  - (g) that the chairman of the Board, any Director or any member of senior management of our Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office; or
  - (h) any Director or any member of senior management of our 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

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## UNDERWRITING

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- (i) our Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (j) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering 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
- (k) any person (other than the Sole Sponsor) 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
- (l) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (m) any person (other than the Sole Sponsor and the Sponsor-Overall Coordinator) has withdrawn or sought to withdraw its consent to being named in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or
- (n) an order or petition is presented for the winding-up or liquidation of any member of our Group, or any member of our 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 our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (o) (A) the notice of acceptance of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) issued by the CSRC and/or the results of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Sponsor-Overall Coordinator, the issue or requirement to issue by our Company of a supplement or amendment to the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) pursuant to the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) with the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or any other applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

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## UNDERWRITING

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- (p) (A) a material portion of the orders placed or confirmed in the bookbuilding process; or (B) any investment commitment made by any Cornerstone Investors under the Cornerstone Investment Agreements (as defined in the Hong Kong Underwriting Agreement) signed with such Cornerstone Investors, has been withdrawn, terminated or cancelled; or the payment of the relevant order or investment amount has not been received or settled in the stipulated time and manner or otherwise.

### **Undertakings to the Stock Exchange pursuant to the Listing Rules**

#### ***Undertakings by our Company***

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not issue any further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for (a) pursuant to the Global Offering; or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

### **Undertakings pursuant to the Hong Kong Underwriting Agreement**

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six Month Period**”), it will not, without the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself 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, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of our Company, as applicable), or deposit any share capital or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

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## UNDERWRITING

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- (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 the Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) and (ii) above; or
- (iv) offer to or agree to do any of the foregoing specified in paragraphs (i), (ii) and (iii) above, or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six Month Period). Our Company further agrees that, in the event our Company is allowed to enter into any of the transactions described in paragraphs (i), (ii) and (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires, it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company.

Pursuant to the Hong Kong Underwriting Agreement, Shanghai Shuqi has also undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that it shall procure our Company to comply with the undertakings set out above.

## INTERNATIONAL OFFERING

### International Underwriting Agreement

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the Sole Sponsor, the Sponsor-Overall Coordinator and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for, or to purchase, their respective proportions of the International Offer Shares being offered under the International Offering (subject to, among other, any reallocation between the International Offering and the Hong Kong Public Offering).

It is expected that the International Underwriting Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Our Company has agreed to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

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## UNDERWRITING

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### UNDERWRITING COMMISSIONS AND LISTING EXPENSES

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission equal to 3.0% of the aggregate Offer Price payable for the Offer Shares, out of which they will pay any sub-underwriting commissions and other fees (the “**Fixed Fees**”). Our Company may, at our sole and absolute discretion, pay to one or more Underwriters or Capital Market Intermediaries an additional incentive fee up to 1.0% of the Offer Price payable for the Offer Shares. For the purpose of disclosure of the ratio of fixed and discretionary fees payable (the “**Fee Split Ratio**”) as required under paragraph 3B of Appendix D1A to the Listing Rules, the Fee Split Ratio will be approximately 57:43 (on the basis that the discretionary fees will be fully paid). For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters. The Sole Sponsor is entitled to sponsor fee in the amount of US\$850,000.

The aggregate underwriting commissions and fees (including the incentive fees and assuming full payment), together with the Stock Exchange listing fees, the SFC transaction levy, AFRC transaction levy the Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to be approximately HK\$198.8 million (based on the Offer Price of HK\$144.60 per Offer Share, and the full payment of the discretionary incentive fee) in aggregate, and are to be borne by us.

### ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that each of the Underwriters and the Capital Market Intermediaries of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates, may individually undertake, and which do not form part of the underwriting process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- (a) under the agreement among the Syndicate Members, all of them must not make bids or purchases or effect any other transactions (including but not limited to issuing any option or derivative or structured product which has, as its underlying asset, any Offer Shares), whether in the open market or otherwise, for the purpose of or with a view to creating actual, or apparent, active trading in the Offer Shares or raising, stabilizing or maintaining the price of the Offer Shares to or at levels other than those which might otherwise prevail in the open market; and
- (b) all of them must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to the H Shares, those

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## UNDERWRITING

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activities could include acting as agent for buyers and sellers of the H Shares, entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares, and the volatility of the H Shares' share price, and the extent to which this occurs from day to day cannot be estimated.

### **UNDERWRITERS' AND CAPITAL MARKET INTERMEDIARIES' INTEREST IN OUR GROUP**

Except as disclosed in this prospectus and the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Underwriters and the Capital Market Intermediaries has any shareholding interest in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

### **SOLE SPONSOR'S INDEPENDENCE**

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.



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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of initially 2,543,200 Offer Shares (subject to reallocation) in Hong Kong, as described in “— The Hong Kong Public Offering” below in this section; and
- (ii) the International Offering of initially 22,888,600 Offer Shares (subject to reallocation) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur, as described in “— The International Offering” below in this section.

Investors may either apply for the Hong Kong Offer Shares under the Hong Kong Public Offering, or apply for or indicate an interest for the International Offer Shares under the International Offering, but may not do both.

The 25,431,800 Offer Shares in the Global Offering will represent approximately 10.0% of our enlarged share capital immediately after the completion of the Global Offering. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed “Underwriting” in this prospectus.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in “— The Hong Kong Public Offering — Reallocation” below in this section.

References in this prospectus to applications, application or subscription monies or procedure for applications relate solely to the Hong Kong Public Offering.

### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares Initially Offered

Our Company is initially offering 2,543,200 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering. The Hong Kong Offer Shares will represent approximately 1.0% of our Company’s enlarged share capital immediately after completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in “— Conditions of the Global Offering” below in this section.

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## STRUCTURE OF THE GLOBAL OFFERING

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### Allocation

Allocation of the Hong Kong Offer Shares to applicants under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools (subject to reallocation at odd lot size): pool A and pool B, both of which are available on an equitable basis to successful applicants with any odd board lots being allocated to pool A:

- |         |   |
|---------|---|
| Pool A: | the Offer Shares will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less; and                                   |
| Pool B: | the Offer Shares will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B. |

Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly.

For the purpose of this subsection only, the “subscription price” for the Offer Shares means the price payable on application therefor. Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than approximately 50% of the Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering (being 1,271,600 Hong Kong Offer Shares) will be rejected.

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## STRUCTURE OF THE GLOBAL OFFERING

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### Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. 2,543,200 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 10% of the Offer Shares initially available for subscription under the Global Offering. Pursuant to Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange, if the Offer Shares under the International Offering are fully subscribed or over-subscribed and if the Hong Kong Public Offering is not fully subscribed for, the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Sponsor-Overall Coordinator deems appropriate.

If (i) the Offer Shares under the International Offering are fully subscribed or over-subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100% of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering; or (ii) the Offer Shares under the International Offering are not fully subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100% of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, provided that the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering following such reallocation shall not be more than 3,814,700 Offer Shares, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, in accordance with Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange. If both the International Offer Shares and Hong Kong Offer Shares are under-subscribed, the Global Offering will not proceed unless the shortfall is taken up by the Underwriters.

Subject to the above, the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) shall have the discretion to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether any reallocation pursuant to paragraph 4.2(b) of Practice Note 18 of the Listing Rules is triggered. In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sponsor-Overall Coordinator deems appropriate.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide and the provision of paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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### **Applications**

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application under the International Offering is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the Offer Price of HK\$144.60 per Offer Share in addition to any brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$14,605.83 for one board lot of 100 H Shares. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

### **THE INTERNATIONAL OFFERING**

#### **Number of Offer Shares Offered**

Subject to the reallocation as described above, our Company will be initially offering for subscription under the International Offering 22,888,600 Offer Shares, representing approximately 90% of the Offer Shares initially available under the Global Offering and approximately 9.0% of our enlarged issued share capital immediately after completion of the Global Offering.

#### **Allocation**

The International Offering will include selective marketing of the International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares in other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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Allocation of International Offer Shares pursuant to the International Offering will be determined by the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and will be based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered the International Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sponsor-Overall Coordinator so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that they are excluded from any application of the Offer Shares under the International Offering.

### **Reallocation**

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the arrangement described in the sub-section headed “— The Hong Kong Public Offering — Reallocation” above.

### **PRICING AND ALLOCATION**

The Offer Price will be HK\$144.60 per Offer Share. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the Offer Price of HK\$144.60 per Offer Share, plus 1.0% brokerage, 0.0027% SFC transaction levy, 0.00015% AFRC transaction levy and 0.00565% Stock Exchange trading fee, amounting to a total of HK\$14,605.83 for one board lot of 100 H Shares.

The International Underwriter will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire at the Offer Price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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The Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the prior consent of our Company, reduce the number of Offer Shares and/or the Offer Price below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, an announcement will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.iluvatar.com](http://www.iluvatar.com) and the Global Offering will be canceled and relaunched on FINI at the revised number of Offer Shares and/or the revised Offer Price and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new prospectus (as appropriate)), 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. The supplemental or new Prospectus should include at least the following: updated (i) revised Offer Price and market capitalization; (ii) listing timetable and underwriting obligations; (iii) unaudited pro forma and adjusted net tangible assets; and (iv) use of proceeds and confirmation of the working capital adequacy based on the revised estimated proceeds.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any notice of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the last day for lodging applications under the Hong Kong Public Offering. 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 this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, will be at HK\$144.60.

The Offer Price, the indication of the level of interest in the International Offering, the basis of allotment of the Offer Shares available under the Hong Kong Public Offering and the results of allocations in the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies” in this prospectus.

### UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around Monday, January 5, 2026. The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting” in this prospectus.



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## STRUCTURE OF THE GLOBAL OFFERING

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### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Hong Kong Offer Shares is conditional on, among others:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date; and
- (b) the obligations of the Hong Kong Underwriters and the Capital Market Intermediaries under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters and the Capital Market Intermediaries under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse, and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of our Company ([www.iluvatar.com](http://www.iluvatar.com)) on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set forth in the section headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of 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).

### APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued by us pursuant to the Global Offering.

Except that we have applied for the Listing on the Stock Exchange, no part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

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## STRUCTURE OF THE GLOBAL OFFERING

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### **H SHARES WILL BE ELIGIBLE FOR CCASS**

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

### **DEALING ARRANGEMENTS**

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, January 8, 2026, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, January 8, 2026.

Our H Shares will be traded in board lots of 100 H Shares each and the stock code of the H Shares is 9903.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES FULLY ELECTRONIC APPLICATION PROCESS

*We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.*

*This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKEXnews > New Listings > New Listing Information” section, and our website at [www.iluvatar.com](http://www.iluvatar.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 **White Form eIPO** 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 Offering period will begin at 9:00 am on Tuesday, December 30, 2025 and end at 12:00 noon on Monday, January 5, 2026 (Hong Kong time).**

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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To apply for Hong Kong Offer Shares, you may use one of the following application channels:

<u>Application Channel</u>	<u>Platform</u>	<u>Target Investors</u>	<u>Application Time</u>
<b>White Form eIPO service</b>	<a href="http://www.eipo.com.hk"><u>www.eipo.com.hk</u></a>	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Tuesday, December 30, 2025 to 11:30 a.m. on Monday, January 5, 2026, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Monday, January 5, 2026, Hong Kong time.
<b>HKSCC EIPO channel</b>	Your broker or custodian who is a HKSCC Participant will submit electronic application instructions on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

### 3. Information Required to Apply

You must provide the following information with your application:

<u>For Individual/Joint Applicants</u>	<u>For Corporate Applicants</u>
<ul style="list-style-type: none"><li>• Full name(s)<sup>2</sup> as shown on your identity document</li><li>• Identity document's issuing country or jurisdiction</li><li>• Identity document type, with order of priority:<ul style="list-style-type: none"><li>i. HKID card; or</li><li>ii. National identification document; or</li><li>iii. Passport; and</li></ul></li><li>• Identity document number</li></ul>	<ul style="list-style-type: none"><li>• Full name(s)<sup>2</sup> as shown on your identity document</li><li>• Identity document's issuing country or jurisdiction</li><li>• Identity document type, with order of priority:<ul style="list-style-type: none"><li>i. LEI registration document; or</li><li>ii. Certificate of incorporation; or</li><li>iii. Business registration certificate; or</li><li>iv. Other equivalent document; and</li></ul></li><li>• Identity document number</li></ul>

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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*Notes:*

- (1) If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.
- (2) The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
- (3) If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
- (4) The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.
- (5) If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
- (6) If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

  - control the composition of the board of directors of the company;
  - control more than half of the voting power of the company; or
  - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Sponsor-Overall Coordinator, 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.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 4. Permitted Number of Hong Kong Offer Shares for Application

**Board lot size** : 100 H Shares

**Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment** : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The Offer Price is HK\$144.60 per Share. If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

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

## HOW TO APPLY FOR HONG KONG OFFER SHARES

No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application <i>HK\$</i>
100	14,605.83	2,000	292,116.58	10,000	1,460,582.91	300,000	43,817,487.30
200	29,211.65	2,500	365,145.72	20,000	2,921,165.82	400,000	58,423,316.40
300	43,817.49	3,000	438,174.87	30,000	4,381,748.74	500,000	73,029,145.50
400	58,423.32	3,500	511,204.01	40,000	5,842,331.65	600,000	87,634,974.60
500	73,029.14	4,000	584,233.17	50,000	7,302,914.56	700,000	102,240,803.70
600	87,634.97	4,500	657,262.31	60,000	8,763,497.45	800,000	116,846,632.80
700	102,240.80	5,000	730,291.45	70,000	10,224,080.36	900,000	131,452,461.90
800	116,846.63	6,000	876,349.75	80,000	11,684,663.28	1,000,000	146,058,291.00
900	131,452.46	7,000	1,022,408.04	90,000	13,145,246.19	1,100,000	160,664,120.10
1,000	146,058.29	8,000	1,168,466.33	100,000	14,605,829.10	1,271,600 <sup>(1)</sup>	185,727,722.83
1,500	219,087.44	9,000	1,314,524.62	200,000	29,211,658.20		

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

### 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 **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise 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 **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Relevant Persons<sup>1</sup>, the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

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<sup>1</sup> Relevant Persons would include the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediates and any of their or the Company's respective directors, officers, employees, partners, agents or representatives and any other parties involved in the Global Offering.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (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 “— G. Personal Data — 4. Transfer of personal data” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— B. Publication of Results” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (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 application channel of the H Share Registrar or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### B. PUBLICATION OF RESULTS

#### Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

<u>Platform</u>	<u>Date/Time</u>
Applying through <b>White Form eIPO</b> service or <b>HKSCC EIPO</b> channel:	
<b>Website</b>	
The designated results of allocation at <a href="http://www.iporeresults.com.hk">www.iporeresults.com.hk</a> (alternatively: <a href="http://www.eipo.com.hk/eIPOAllotment">www.eipo.com.hk/eIPOAllotment</a> ) with a “search by ID” function.	24 hours, from 11:00 p.m. and Wednesday, January 7, 2026 to 12:00 midnight on Tuesday, January 13, 2026 (Hong Kong time)
The full list of (i) wholly or partially successful applicants using the <b>White Form eIPO</b> service and <b>HKSCC EIPO</b> channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the “Allotment Results” page of the <b>White Form eIPO</b> service at <a href="http://www.iporeresults.com.hk">www.iporeresults.com.hk</a> (alternatively: <a href="http://www.eipo.com.hk/eIPOAllotment">www.eipo.com.hk/eIPOAllotment</a> ).	
The Stock Exchange’s website at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> and our website at <a href="http://www.iluvatar.com">www.iluvatar.com</a> which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Wednesday, January 7, 2026 (Hong Kong time).
<b>Telephone</b>	
+ 852 2862 8555 — the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., on Thursday, January 8, 2026, Friday, January 9, 2026, Monday, January 12, 2026, and Tuesday, January 13, 2026

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Tuesday, January 6, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Tuesday, January 6, 2026 on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### **Allocation Announcement**

We expect to announce the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.iluvatar.com](http://www.iluvatar.com) by no later than 11:00 p.m. on Wednesday, January 7, 2026 (Hong Kong time).

### **C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES**

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

**1. If your application is revoked:**

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**2. If we or our agents exercise our discretion to reject your application:**

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**3. If the allocation of Hong Kong Offer Shares is void:**

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

**4. If:**

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

### 5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

**There is a risk of money settlement failure.** In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

### D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one 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 Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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The following sets out the relevant procedures and time:

	<u>White Form eIPO service</u>	<u>HKSCC EIPO channel</u>
<b>Despatch/collection of Share certificate<sup>3</sup></b>		
<b>For physical share certificates of 900,000 or more Offer Shares issued under your own name</b>	<b>Collection in person:</b> from Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong	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.
	<b>Time:</b> from 9:00 a.m. to 1:00 p.m. on Thursday, January 8, 2026 (Hong Kong time)	No action by you is required
	<p>If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation’s chop.</p> <p>Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.</p> <p><i>Note:</i> If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk</p>	

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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	<u>White Form eIPO service</u>	<u>HKSCC EIPO channel</u>
<b>For physical share certificates of less than 900,000 Offer Shares issued under your own name</b>	<p>Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk</p> <p>Time: Wednesday, January 7, 2026</p>	
<b>Refund mechanism for surplus application monies paid by you</b>		
<b>Date</b>	Thursday, January 8, 2026	Subject to the arrangement between you and your broker or custodian
<b>Responsible party</b>	H Share Registrar	Your broker or custodian
<b>Application monies paid through single bank account</b>	<b>White Form</b> e-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
<b>Application monies paid through multiple bank accounts</b>	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

### E. SEVERE WEATHER ARRANGEMENTS

#### The Opening and Closing of the Application Lists

The application lists will not open or close on Monday, January 5, 2026 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an “extreme conditions” announcement issued after a super typhoon (“**Extreme Conditions**”),

(collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, January 5, 2026.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.iluvatar.com](http://www.iluvatar.com) of the revised timetable.

If a Severe Weather Signal is hoisted on Wednesday, January 7, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository’s service counter so that they would be available for trading on Thursday, January 8, 2026.

If a Severe Weather Signal is hoisted on Wednesday, January 7, 2026: for physical share certificates of less than 900,000 Hong Kong Offer Shares issued under your own name, you may collect your Share certificate in person from the H Share Registrar’s office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, January 7, 2026 or on Thursday, January 8, 2026).

If a Severe Weather Signal is hoisted on Thursday, January 8, 2026: for physical share certificates of 900,000 or more of Hong Kong Offer Shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, January 8, 2026 or on Friday, January 9, 2026).

**Prospective investors should be aware that if they choose to receive physical share certificates issued in their own name, there may be a delay in receiving the share certificates.**

### **F. ADMISSION OF THE SHARES INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

### G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

#### 1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

#### 2. Reasons for the Collection of Your Personal Data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

#### 3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

#### **4. Transfer of Personal Data**

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- 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 fulfil 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 received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.*



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## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI ILUVATAR COREX SEMICONDUCTOR CO., LTD., AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

### Introduction

We report on the historical financial information of Shanghai Iluvatar CoreX Semiconductor Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-114, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 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-114 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 December 2025 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

### Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' 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 set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

### **Review of interim comparative financial information**

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative 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 Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange 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 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

30 December 2025

**I. HISTORICAL FINANCIAL INFORMATION****Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.



**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
					(unaudited)	
REVENUE	5	189,369	289,041	539,511	197,431	324,263
Cost of sales		<u>(76,957)</u>	<u>(145,890)</u>	<u>(274,427)</u>	<u>(108,438)</u>	<u>(161,830)</u>
Gross profit		112,412	143,151	265,084	88,993	162,433
Other income and gains	5	33,770	20,105	44,985	33,078	39,539
Selling and distribution expenses		(48,715)	(88,259)	(122,358)	(54,471)	(67,609)
Administrative expenses		(166,044)	(242,020)	(257,287)	(119,469)	(274,592)
Research and development costs		(456,624)	(615,884)	(772,779)	(333,717)	(451,496)
Impairment losses on financial assets		(19,025)	(22,198)	(31,855)	(9,191)	(1,559)
Other expenses		(2,889)	(1,312)	(840)	(830)	(4,893)
Finance costs	7	<u>(6,503)</u>	<u>(11,007)</u>	<u>(17,383)</u>	<u>(8,385)</u>	<u>(11,139)</u>
LOSS BEFORE TAX	6	(553,618)	(817,424)	(892,433)	(403,992)	(609,316)
Income tax expense	10	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
LOSS FOR THE YEAR/PERIOD		<u>(553,618)</u>	<u>(817,424)</u>	<u>(892,433)</u>	<u>(403,992)</u>	<u>(609,316)</u>
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:						
Equity investments designated at fair value through other comprehensive income:						
Changes in fair value		<u>—</u>	<u>(2)</u>	<u>230</u>	<u>(23)</u>	<u>(228)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>—</u>	<u>(2)</u>	<u>230</u>	<u>(23)</u>	<u>(228)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		<u>(553,618)</u>	<u>(817,426)</u>	<u>(892,203)</u>	<u>(404,015)</u>	<u>(609,544)</u>

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
					(unaudited)	
Loss attributable to:						
Owners of the parent	12	(523,839)	(791,307)	(892,433)	(403,992)	(609,316)
Non-controlling interests		<u>(29,779)</u>	<u>(26,117)</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>(553,618)</u>	<u>(817,424)</u>	<u>(892,433)</u>	<u>(403,992)</u>	<u>(609,316)</u>
Total comprehensive loss attributable to:						
Owners of the parent		(523,839)	(791,309)	(892,203)	(404,015)	(609,544)
Non-controlling interests		<u>(29,779)</u>	<u>(26,117)</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>(553,618)</u>	<u>(817,426)</u>	<u>(892,203)</u>	<u>(404,015)</u>	<u>(609,544)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic						
— For loss for the year/period (RMB)		<u>(3.99)</u>	<u>(5.43)</u>	<u>(5.45)</u>	<u>(2.48)</u>	<u>(3.48)</u>
Diluted						
— For loss for the year/period (RMB)		<u>(3.99)</u>	<u>(5.43)</u>	<u>(5.45)</u>	<u>(2.48)</u>	<u>(3.48)</u>

For the details of Pre-IPO Investments, please refer to note 30(b) to this report.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2022	2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	84,476	105,946	127,995	131,115
Right-of-use assets	14	17,903	8,550	40,658	14,674
Intangible assets	15	101,061	74,575	140,667	141,946
Financial assets at fair value through profit or loss	20	50,000	90,695	96,539	96,176
Equity investments designated at fair value through other comprehensive income	16	—	598	828	600
Long-term trade receivables	22	—	15,718	—	—
Prepayments, other receivables and other assets	19	8,146	9,758	16,141	4,500
Total non-current assets		261,586	305,840	422,828	389,011
CURRENT ASSETS					
Inventories	17	244,020	232,604	342,643	494,920
Trade and bills receivables	18	88,707	200,436	377,176	388,946
Prepayments, other receivables and other assets	19	112,761	338,921	202,851	461,925
Financial assets at fair value through profit or loss	20	8,779	—	—	50,118
Due from related parties	35	—	184,700	—	—
Restricted cash	21	92,678	61	61	42,568
Pledged time deposits	21	18,844	—	—	—
Cash and cash equivalents	21	219,305	308,053	313,563	1,713,176
Long-term trade receivables due within one year	22	—	22,364	26,053	19,915
Total current assets		785,094	1,287,139	1,262,347	3,171,568

		As at 31 December			As at 30 June
		2022	2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES					
Trade payables	23	85,256	18,157	45,645	29,884
Other payables and accruals	24	92,725	109,696	187,651	153,119
Contract liabilities	25	2,232	13,528	28,756	39,947
Deferred government grants	28	248	35,014	2,272	2,355
Lease liabilities	14	13,788	3,705	17,979	10,442
Long-term payables due within one year	29	19,529	13,949	31,592	56,016
Interest-bearing bank and other borrowings	26	102,930	492,417	566,060	583,812
Total current liabilities		316,708	686,466	879,955	875,575
NET CURRENT ASSETS		468,386	600,673	382,392	2,295,993
TOTAL ASSETS LESS					
CURRENT LIABILITIES		729,972	906,513	805,220	2,685,004
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	26	50,000	—	42,000	83,500
Deferred government grants	28	44,670	26,041	45,106	71,900
Lease liabilities	14	1,935	1,859	15,156	3,931
Long-term payables	29	13,686	275	14,289	9,819
Total non-current liabilities		110,291	28,175	116,551	169,150
Net assets		619,681	878,338	688,669	2,515,854
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital/Share capital	30	171,314	186,216	193,814	228,886
Treasury shares	30	(31,854)	(28,616)	(40,846)	(39,649)
Reserves	32	521,519	765,137	535,701	2,326,617
		660,979	922,737	688,669	2,515,854
Non-controlling interests		(41,298)	(44,399)	—	—
Total equity		619,681	878,338	688,669	2,515,854

For the details of Pre-IPO Investments, please refer to note 30(b) to this report.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

Notes	Attributable to owners of the parent								Non-controlling interests	Total equity
	Paid-in capital	Treasury shares	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30	Note 30	Note 32	Note 31	Note 32					
At 1 January 2022	148,897	(32,621)	1,324,313	229,548	—	(1,320)	(1,535,453)	133,364	(12,581)	120,783
Loss for the year	—	—	—	—	—	—	(523,839)	(523,839)	(29,779)	(553,618)
Total comprehensive loss for the year	—	—	—	—	—	—	(523,839)	(523,839)	(29,779)	(553,618)
Contribution from shareholders	32	22,417	—	912,589	—	—	—	935,006	—	935,006
Expense in relation to capital injection	32	—	—	(5,714)	—	—	—	(5,714)	—	(5,714)
Share-based payment expenses	31	—	—	—	120,842	—	—	120,842	—	120,842
Restricted shares vested during the year	—	767	(767)	—	—	—	—	—	—	—
Wind up of subsidiaries	—	—	—	—	—	1,320	—	1,320	1,062	2,382
At 31 December 2022	171,314	(31,854)	2,230,421*	350,390*	—*	—*	(2,059,292)*	660,979	(41,298)	619,681

Year ended 31 December 2023

Attributable to owners of the parent									
					Fair value reserve of financial assets at fair value through other comprehensive income	Accumulated losses	Non-controlling interests		Total equity
Notes	Paid-in capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000			Total RMB'000		
	Note 30	Note 30	Note 32	Note 31	Note 32				
At 1 January 2023	171,314	(31,854)	2,230,421	350,390	—	(2,059,292)	660,979	(41,298)	619,681
Loss for the year	—	—	—	—	—	(791,307)	(791,307)	(26,117)	(817,424)
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	32	—	—	—	(2)	—	(2)	—	(2)
Total comprehensive loss for the year	—	—	—	—	(2)	(791,307)	(791,309)	(26,117)	(817,426)
Contribution from shareholders	32	9,763	—	810,333	—	—	820,096	—	820,096
Expense in relation to capital injection	32	—	—	(2,132)	—	—	(2,132)	—	(2,132)
Share-based payment expenses	31	—	—	—	207,759	—	207,759	—	207,759
Acquisition of non-controlling interests	32	—	—	(23,016)	—	—	(23,016)	23,016	—
Restricted shares vested during the year	—	—	3,238	(3,238)	—	—	—	—	—
Conversion of convertible liabilities	32	5,139	—	45,221	—	—	50,360	—	50,360
At 31 December 2023	186,216	(28,616)	3,057,589*	558,149*	(2)*	(2,850,599)*	922,737	(44,399)	878,338

## Year ended 31 December 2024

Notes	Attributable to owners of the parent								
	Paid-in capital	Treasury shares	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30	Note 30	Note 32	Note 31	Note 32				
At 1 January 2024	186,216	(28,616)	3,057,589	558,149	(2)	(2,850,599)	922,737	(44,399)	878,338
Loss for the year	—	—	—	—	—	(892,433)	(892,433)	—	(892,433)
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	32	—	—	—	230	—	230	—	230
Total comprehensive loss for the year		—	—	—	230	(892,433)	(892,203)	—	(892,203)
Contribution from shareholders	32	7,598	—	465,610	—	—	473,208	—	473,208
Expense in relation to capital injection	32	—	—	(3,622)	—	—	(3,622)	—	(3,622)
Share-based payment expenses	31	—	—	247,765	—	—	247,765	—	247,765
Restricted shares vested during the year		—	2,587	(2,587)	—	—	—	—	—
Shares repurchased		—	(14,817)	—	—	—	(14,817)	—	(14,817)
Acquisition of non-controlling interests	32	—	—	(44,399)	—	—	(44,399)	44,399	—
At 31 December 2024		193,814	(40,846)	3,472,591*	805,914*	228*	(3,743,032)*	688,669	688,669

## Six months ended 30 June 2024

Note	Attributable to owners of the parent								
	Paid-in capital	Treasury shares	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30	Note 30	Note 32	Note 31	Note 32				
At 1 January 2024	186,216	(28,616)	3,057,589	558,149	(2)	(2,850,599)	922,737	(44,399)	878,338
Loss for the period (unaudited)	—	—	—	—	—	(403,992)	(403,992)	—	(403,992)
Other comprehensive income for the period (unaudited):									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax (unaudited)		—	—	—	(23)	—	(23)	—	(23)
Total comprehensive loss for the period (unaudited)		—	—	—	(23)	(403,992)	(404,015)	—	(404,015)
Contribution from shareholders (unaudited)		5,885	—	366,448	—	—	372,333	—	372,333
Expense in relation to capital injection (unaudited)		—	—	(792)	—	—	(792)	—	(792)
Share-based payment expenses (unaudited)		—	—	107,070	—	—	107,070	—	107,070
Restricted shares vested during the period (unaudited)		—	1,633	(1,633)	—	—	—	—	—
Shares repurchased (unaudited)	6	—	(1,916)	—	—	—	(1,916)	—	(1,916)
Acquisition of non-controlling interests (unaudited)		—	—	(44,399)	—	—	(44,399)	44,399	—
At 30 June 2024 (unaudited)		192,101	(28,899)	3,377,213	665,219	(25)	(3,254,591)	951,018	951,018



Six months ended 30 June 2025

Attributable to owners of the parent									
					Fair value reserve of financial assets at fair value through other comprehensive income	Accumulated losses		Non-controlling interests	Total equity
	Paid-in capital/ share capital	Treasury shares	Capital reserve	Share-based payment reserve			Total		
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30	Note 30	Note 32	Note 31	Note 32				
At 1 January 2025	193,814	(40,846)	3,472,591	805,914	228	(3,743,032)	688,669	—	688,669
Loss for the period	—	—	—	—	—	(609,316)	(609,316)	—	(609,316)
Other comprehensive income for the period:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	32	—	—	—	(228)	—	(228)	—	(228)
Total comprehensive loss for the period		—	—	—	(228)	(609,316)	(609,544)	—	(609,544)
Issuance of shares	32	35,072	—	2,112,815	—	—	2,147,887	—	2,147,887
Conversion into a joint-stock company	32	—	—	(2,555,069)	(507,458)	—	3,062,527	—	—
Share issue expenses	32	—	—	(5,794)	—	—	(5,794)	—	(5,794)
Share-based payment expenses	31	—	—	—	295,859	—	295,859	—	295,859
Restricted shares vested during the period		—	2,819	(2,819)	—	—	—	—	—
Shares repurchased		—	(1,622)	399	—	—	(1,223)	—	(1,223)
At 30 June 2025		228,886	(39,649)	3,022,123*	594,315*	—*	(1,289,821)*	2,515,854	2,515,854

\* These reserve accounts comprise the consolidated reserves of RMB521,519,000, RMB765,137,000, RMB535,701,000 and RMB2,326,617,000 in the consolidated statements of financial position as of 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
					(unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Loss before tax		(553,618)	(817,424)	(892,433)	(403,992)	(609,316)
Adjustments for:						
Finance costs	7	6,503	11,007	17,383	8,385	11,139
Interest income	5	(4,005)	(3,754)	(4,125)	(2,795)	(5,852)
Gain on disposal of wealth investment products	5	(1,113)	—	—	—	—
Loss on disposal of items of property, plant and equipment	13	34	4,547	1,263	1,261	57
Loss on deregistration of subsidiaries		2,382	—	—	—	—
Depreciation of items of property, plant and equipment	13	27,914	47,977	70,653	33,502	39,948
Depreciation of right-of-use assets	14	10,636	13,752	14,946	5,691	11,314
Amortisation of intangible assets	15	51,810	56,538	69,374	30,160	39,046
Amortisation of deferred government grants	5	—	(135)	(10,094)	(3,915)	(12,915)
Provision/(reversal of provision) for trade and bills receivables, net	18	19,023	21,125	18,165	(4,592)	1,181
Provision for prepayments, other receivables and other assets, net	19	—	—	13,800	13,800	—
Provision/(reversal of provision) for long-term trade receivables, net	22	—	468	(121)	(79)	(81)
Impairment of inventories	6	—	15,269	4,792	4,792	934
Fair value (gains)/loss on financial assets at fair value through profit or loss		—	(695)	(844)	(390)	245
Fair value losses on convertible liabilities	6	—	360	—	—	—
Share-based payment expenses	6	<u>120,842</u>	<u>207,759</u>	<u>247,765</u>	<u>107,070</u>	<u>295,859</u>
		<u>(319,592)</u>	<u>(443,206)</u>	<u>(449,476)</u>	<u>(211,102)</u>	<u>(228,441)</u>

continued/...

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Notes				(unaudited)	
Increase in trade and bills receivables	(107,593)	(132,854)	(194,905)	(97,287)	(12,951)
(Increase)/decrease in prepayments, other receivables and other assets	(38,083)	(120,106)	14,357	(160,945)	(245,962)
(Increase)/decrease in amounts due from related parties	—	(30,600)	30,600	30,600	—
Increase in inventories	(211,953)	(3,853)	(114,831)	(118,203)	(153,211)
Increase/(decrease) in trade payables	80,989	(67,099)	27,488	5,223	(15,761)
(Increase)/decrease in long-term trade receivables	—	(38,185)	13,110	9,087	6,461
Increase/(decrease) in other payables and accruals	16,063	16,217	53,206	4,935	(39,446)
(Decrease)/increase in contract liabilities	(9,297)	11,296	15,228	5,001	11,191
Increase/(decrease) in deferred government grants	24,293	5,358	(15,922)	(15,961)	(572)
(Increase)/decrease in restricted cash	(92,678)	92,617	—	—	(42,507)
Cash used in operating activities	(657,851)	(710,415)	(621,145)	(548,652)	(721,199)
Interest received	4,005	3,389	3,165	2,320	5,610
<b>Net cash flows used in operating activities</b>	<b>(653,846)</b>	<b>(707,026)</b>	<b>(617,980)</b>	<b>(546,332)</b>	<b>(715,589)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of items of property, plant and equipment	(82,172)	(70,681)	(84,835)	(41,903)	(23,494)
Purchase of intangible assets	(73,396)	(57,800)	(92,583)	(49,926)	(18,061)
Receipt of government grants for property, plant and equipment	10,155	10,914	12,339	6,089	40,364
Proceeds from disposal of wealth investment products	12,334	8,779	—	—	—
Purchase of wealth management products	—	—	—	—	(50,000)
Purchase of unlisted equity investments	(50,000)	(40,600)	(5,000)	(5,000)	—
(Increase)/decrease in amounts due from related parties	—	(4,100)	4,100	4,100	—
<b>Net cash flows used in investing activities</b>	<b>(183,079)</b>	<b>(153,488)</b>	<b>(165,979)</b>	<b>(86,640)</b>	<b>(51,191)</b>

continued/...

	Year ended 31 December			Six months ended	
				30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Notes</i>				(unaudited)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from shareholders	935,006	564,896	728,408	627,533	2,152,434
Expense in relation to capital injection	(5,714)	(2,132)	(3,622)	(792)	—
Share issue expense	—	—	—	—	(5,794)
Proceeds from convertible liabilities issued	—	50,000	—	—	—
Purchase of treasury shares	—	—	(14,817)	(1,916)	(1,223)
New bank loans	203,687	448,000	730,000	400,000	422,000
Repayment of bank loans	(142,401)	(108,149)	(614,500)	(384,000)	(362,700)
Placement of pledged time deposits	(18,844)	—	—	—	—
Withdrawal of pledged time deposits	—	18,844	—	—	—
Interest paid	(6,026)	(10,420)	(16,517)	(8,055)	(10,202)
Payment of listing expenses	—	—	—	—	(1,471)
Principal portion of lease payments	(12,547)	(14,558)	(19,483)	(3,831)	(25,030)
<b>Net cash flows generated from financing activities</b>	<u>953,161</u>	<u>946,481</u>	<u>789,469</u>	<u>628,939</u>	<u>2,168,014</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	116,236	85,967	5,510	(4,033)	1,401,234
Cash and cash equivalents at beginning of year/period	95,738	219,305	308,053	308,053	313,563
Effect of foreign exchange rate changes, net	<u>7,331</u>	<u>2,781</u>	<u>—</u>	<u>—</u>	<u>(1,621)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>	<u>219,305</u>	<u>308,053</u>	<u>313,563</u>	<u>304,020</u>	<u>1,713,176</u>

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at
		2022	2023	2024	30 June
	Notes	RMB'000	RMB'000	RMB'000	2025
					RMB'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	13	58,287	80,026	111,713	119,046
Right-of-use assets	14	10,577	2,351	38,272	7,698
Intangible assets	15	92,936	47,062	90,168	94,739
Financial assets at fair value through profit or loss	20	—	—	4,915	6,176
Equity investments designated at fair value through other comprehensive income	16	—	598	828	600
Prepayments, other receivables and other assets	19	6,822	9,260	15,199	3,014
Investments in subsidiaries	1	1,000	109,000	90,000	185,000
Total non-current assets		169,622	248,297	351,095	416,273
<b>CURRENT ASSETS</b>					
Inventories	17	84,945	195,030	293,788	457,951
Trade and bills receivables	18	20,769	83,947	195,002	235,810
Prepayments, other receivables and other assets	19	40,363	316,696	132,171	393,270
Financial assets at fair value through profit or loss	20	8,779	—	—	50,118
Due from related parties	35	382,951	719,788	593,779	653,208
Restricted cash	21	83,180	61	61	1,374
Pledged time deposits	21	18,844	—	—	—
Cash and cash equivalents	21	216,240	298,254	298,313	1,621,876
Total current assets		856,071	1,613,776	1,513,114	3,413,607
<b>CURRENT LIABILITIES</b>					
Trade payables	23	27,178	14,406	42,052	23,662
Other payables and accruals	24	52,697	69,758	126,196	100,310
Contract liabilities	25	2,232	11,361	17,712	6,984
Deferred government grants	28	248	35,014	2,272	—
Lease liabilities	14	8,695	323	16,123	7,784
Long-term payables due within one year	29	19,457	13,949	9,737	24,289
Interest-bearing bank and other borrowings	26	102,930	492,417	506,003	523,766
Due to related parties	35	78,916	290,984	343,063	431,629
Total current liabilities		292,353	928,212	1,063,158	1,118,424
NET CURRENT ASSETS		563,718	685,564	449,956	2,295,183
TOTAL ASSETS LESS CURRENT LIABILITIES		733,340	933,861	801,051	2,711,456

		As at 31 December			As at 30 June
		2022	2023	2024	2025
<i>Notes</i>		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
<b>NON-CURRENT LIABILITIES</b>					
Interest-bearing bank and other borrowings	26	50,000	—	42,000	83,500
Deferred government grants	28	34,670	10,041	24,006	47,427
Lease liabilities	14	321	—	15,133	120
Long-term payables	29	<u>13,686</u>	<u>275</u>	<u>9,307</u>	<u>9,819</u>
Total non-current liabilities		<u>98,677</u>	<u>10,316</u>	<u>90,446</u>	<u>140,866</u>
Net assets		<u>634,663</u>	<u>923,545</u>	<u>710,605</u>	<u>2,570,590</u>
<b>EQUITY</b>					
Paid-in capital/Share capital	30	171,314	186,216	193,814	228,886
Reserves	32	<u>463,349</u>	<u>737,329</u>	<u>516,791</u>	<u>2,341,704</u>
Total equity		<u>634,663</u>	<u>923,545</u>	<u>710,605</u>	<u>2,570,590</u>

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. CORPORATE AND GROUP INFORMATION

Shanghai Iluvatar CoreX Semiconductor Co., Ltd. (the “Company”, formerly known as “上海天數智芯半導體有限公司”) was established as a limited liability company in the People’s Republic of China (the “PRC”) on 29 December 2015. Upon approval at the shareholders’ general meeting held on 13 January 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and was renamed as Shanghai Iluvatar CoreX Semiconductor Co., Ltd. (“上海天數智芯半導體股份有限公司”). The registered office of the Company is located at Room 101, Building 3, No. 2168 Chenhang Road, Minhang District, Shanghai.

During the Relevant Periods, the Company and its subsidiaries (together, the “Group”) were principally engaged in offering advanced general-purpose graphics processing unit (“GPGPU”) products and computing solutions optimised for AI applications across diverse industries.

As at the date of this report, the Company had direct and indirect interests in its principal subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name*	Notes	Place and date of establishment	Registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Beijing Iluvatar CoreX Semiconductor Technology Co., Ltd.* (“北京天數智芯半導體科技有限公司”) (“Beijing Iluvatar”)	(a)	Beijing 8 September 2021	RMB10,000,000	100	—	Sale and development of GPGPU products and the provision of computing solutions for AI applications
Shanghai Iluvatar Suanli Electronic Technology Co., Ltd.* (“上海天數算力電子科技有限公司”) (“Shanghai Iluvatar Suanli”)	(b)	Shanghai 9 June 2021	RMB90,000,000	100	—	Development of GPGPU products
Iluvatar CoreX Inc. Shanghai* (“上海芷銳電子科技有限公司”) (“Iluvatar Shanghai”)	(c)	Shanghai 2 January 2018	RMB20,000,000	100	—	Sale and development of GPGPU products

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the relevant periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

*Notes:*

- (a) The statutory financial statements of the entity for the year ended 31 December 2022 prepared in accordance with PRC accounting principles and regulations were audited by Baker Tilly Tiancheng Certified Public Accountants, a certified public accounting firm registered in the PRC. The statutory financial statements of the entity for the year ended 31 December 2023 prepared in accordance with PRC accounting principles and regulations were audited by Beijing Bochen Yiheng Certified Public Accountants (General Partnership), a certified public accounting firm registered in the PRC. The statutory financial statements of the entity for the year ended 31 December 2024 prepared in accordance with PRC accounting principles and regulations were audited by Shanghai Honghua Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.
- (b) No audited financial statements have been prepared for the entity for the years ended 31 December 2022, 2023 and 2024 as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of establishment.



- (c) The statutory financial statements of the entity for the years ended 31 December 2022 and 2023 prepared in accordance with PRC accounting principles and regulations were audited by Baker Tilly Tiancheng Certified Public Accountants, a certified public accounting firm registered in the PRC. The statutory financial statements of the entity for the year ended 31 December 2024 prepared in accordance with PRC accounting principles and regulations were audited by Shanghai Honghua Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.

- \* The English names of these companies represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

#### Investment 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, at cost	14,700	127,000	112,000	207,000
Deemed investment arising from share-based payment	158,041	269,237	407,893	564,462
Impairment	(171,741)	(287,237)	(429,893)	(586,462)
Total	1,000	109,000	90,000	185,000

## 2.1 BASIS OF PREPARATION

For ordinary shares issued to investors (collectively the “pre-IPO Investors”) from whom the Company obtained several rounds of investments (collectively the “pre-IPO Investments”), pursuant to the supplemental agreements entered into between the Company and the pre-IPO Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights and liquidation preferences rights, which are void ab initio as described in note 30(b) to this report, having taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the Pre-IPO Investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 30(b) of this report.

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value.

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

#### Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application. HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. So far, the Group considers that other new and amended standards listed above are unlikely to have a significant impact on the Group's results of operations and financial position.

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION

### Fair value measurement

The Group measures its wealth management products and equity investment at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

**Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

**Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### **Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Electronic equipment	33.00% to 47.50%
Furniture and others	9.50% to 25.00%
Leasehold improvements	33.33% to 44.44%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each of the reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### ***Licensed IP***

Purchased licensed IP is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 5 years.

**Software**

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

**Research and development costs**

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(a) Right-of-use assets**

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 4 years
Machinery	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

**(b) Lease liabilities**

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

*(c) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

**Investments and other financial assets**

***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.



***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

***Financial assets at amortised cost (debt instruments)***

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

***Financial assets designated at fair value through other comprehensive income (equity investments)***

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes wealth management products, and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

**Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

***General approach***

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs, except for trade and bills receivables which apply the simplified approach as detailed below:

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the general approach in calculating ECLs with policies as described above.

***Simplified approach***

For trade and bill receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Classification as equity and financial liabilities**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**Financial liabilities*****Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, certain other payables and accruals, amounts due to related parties, and interest-bearing bank and other borrowings.

***Subsequent measurement***

The subsequent measurement of financial liabilities depends on their classification as follows:

***Financial liabilities at amortised cost (trade and other payables, and borrowings)***

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

**Treasury shares**

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

**Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

**Revenue recognition*****Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

***(a) Sale of GPGPU products***

Revenue from sale of GPGPU products primarily arises from sale of GPGPU chips and accelerators which is recognised at the point in time when control of the products is transferred to the customer and the collection of the consideration is probable, generally on the acceptance of the products.

***(b) Sale of AI computing solutions***

Revenue from sale of AI computing solutions, which usually include multiple elements of hardware, software and associated services.

The solutions provide the customer with a combination of hardware, software, deployment and professional services as the Group provides significant integration services to integrate the hardware and the software to meet the customer's unique specifications and are accounted for as one performance obligation. Solutions revenue derived from hardware and software is recognised at a point in time upon acceptance by customer.

***(c) Services and others***

Services revenue and other revenue mainly generated from provision of technology services. The revenue generated from the technology services is recognised at a point in time upon the acceptance of such services by customers as customers are usually unable to obtain benefit when the Group is performing the services.

***Other income***

Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

**Contract assets**

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

**Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Share-based payments**

The Company operates an employee share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted, further details of which are given in note 31 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the lock-up restricted period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.



**Other employee benefits*****Social pension plans***

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. The Group's liability in respect of these funds is limited to the contributions payable in each reporting period.

***Housing fund and other social insurances***

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each reporting period.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**Events after the reporting period**

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

**Foreign currencies**

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### **Judgements**

##### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB2,382,156,000, RMB3,322,656,000, RMB4,465,169,000 and RMB5,007,107,000 carried forward for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, respectively. These losses related to the entities of the Group that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB371,386,000, RMB524,378,000, RMB717,244,000 and RMB820,217,000 for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, respectively. Further details on deferred taxes are disclosed in note 27 to the Historical Financial Information.

**Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

***Provision for expected credit losses on trade and bills receivables and contract assets***

The Group uses a provision matrix to calculate ECLs for trade and bills receivables and contract assets. The provision rates are based on the ageing or credit rating of groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bill receivables and contract assets is disclosed in note 18 and note 19 to the Historical Financial Information, respectively.

***Leases — Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

***Impairment of non-financial assets***

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

*Fair value of unlisted equity investments*

The unlisted equity investments have been valued based on appropriate valuation techniques including the latest transaction price and asset-based valuation as detailed in note 37 to the Historical Financial Information. The fair values of the unlisted equity investments at 31 December 2022, 2023 and 2024 and 30 June 2025 were RMB50,000,000, RMB91,293,000, RMB97,367,000 and RMB96,776,000, respectively. Further details are included in note 16 and note 20 to the Historical Financial Information.

*Write-down of inventories*

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate. Further details of the inventories are set out in note 17 to the Historical Financial Information.

**4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into one single business unit that is the sale of and development of GPGPU products and AI computing solutions. Management reviews the overall results and financial position of the Group as a whole based on the same accounting policies set out in note 2.3. Accordingly, the Group has only a single operating segment and no further analysis of the single segment is presented.

**Geographical information**

As the Group generated all of its revenues in the PRC and its non-current assets were located in the PRC during the Relevant Periods, no geographical information is presented.

**Information about major customers**

The major customers from which the revenue amounted to 10% or more of the Group's revenue for the Relevant Periods and the six months ended 30 June 2024 are set out below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	*	*	*	*	44,779
Customer F	*	51,423	242,181	112,561	*
Customer J	*	55,752	*	*	*
Customer K	*	35,619	*	*	*
Customer L	44,248	35,398	*	*	*
Customer M	*	33,850	*	*	*
Customer N	71,427	*	*	*	*
Customer O	30,973	*	*	*	*
Customer P	24,779	*	*	*	*
Customer I	*	*	*	39,498	*

\* Representing the amounts less than 10% of the Group's total revenue.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue from contracts with customers	189,369	289,041	539,511	197,431	324,263

## Revenue from contracts with customers

## (i) Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>Types of goods or services</b>					
Sale of GPGPU products	188,561	266,922	369,635	136,772	276,751
Sale of AI computing solutions	—	15,523	166,213	59,805	42,644
Services and others	808	6,596	3,663	854	4,868
<b>Total</b>	189,369	289,041	539,511	197,431	324,263

## Timing of revenue recognition

Goods or service transferred at a point in time	189,369	289,041	539,511	197,431	324,263
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The following table shows the amounts of revenue recognised in each of the Relevant Periods and the six months ended 30 June 2024 that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous years:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sale of GPGPU products	11,528	2,232	13,528	9,732	16,904

## (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

## Sale of GPGPU products

The performance obligation is satisfied upon the acceptance of GPGPU chips and accelerators by customers and payment is generally due within 30 to 365 days from delivery, except for certain sales orders, where payment in advance is required.

*Sale of AI computing solutions*

The performance obligation is satisfied upon the acceptance of solutions by customers and payment is generally due within 30 to 90 days from delivery, except for certain sales orders, where payment in advance is required.

*Services and others*

Service revenue and other revenue are mainly generated from provision of technology services. Based on the terms of contracts, the performance obligation is satisfied at the point in time as the services are accepted and payment is generally due within 30 to 60 days from acceptance by customers.

All the amounts of transaction prices allocated to the remaining performance obligations as at the end of each of the Relevant Periods are expected to be recognised as revenue within one year.

**Other income and gains**

An analysis of other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Government grants related to					
— Assets (i)	—	135	10,094	3,915	12,915
— Income	14,196	15,306	28,979	25,174	19,920
Interest income	4,005	3,754	4,125	2,795	5,852
Foreign exchange gains, net	14,062	—	—	—	—
Gain on disposal of wealth investment products	1,113	—	—	—	—
Fair value gains, net					
— Financial assets at fair value through profit or loss	—	695	844	390	—
Others	394	215	943	804	852
Total	33,770	20,105	44,985	33,078	39,539

- (i) The Group has received certain government grants mainly related to electronic equipment and licensed IP. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets. Details of these grants related to assets are set out in note 28.

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	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
Cost of inventories sold*		76,957	145,890	274,427	108,438	161,830
Depreciation of property, plant and equipment	13	27,914	47,977	70,653	33,502	39,948
Depreciation of right-of-use assets	14	10,636	13,752	14,946	5,691	11,314
Amortisation of intangible assets	15	51,810	56,538	69,374	30,160	39,046
Lease payments not included in the measurement of lease liabilities	14	9	9	9	5	23
Listing expense		—	—	—	—	13,686
Auditor's remuneration		332	696	925	230	330
Employee benefit expense (including directors', supervisors' and chief executive's remuneration (note 8)):						
— Wages and salaries		278,684	358,624	442,539	210,922	246,476
— Pension scheme contributions		49,057	73,686	88,976	40,161	48,220
— Share-based payment expense		120,842	207,759	247,765	107,070	295,859
		448,583	640,069	779,280	358,153	590,555
Foreign exchange differences, net		(14,062)	820	476	580	4,061
Fair value losses on convertible liabilities		—	360	—	—	—
Impairment of trade and bills receivables, net	18	19,023	21,125	18,165	(4,592)	1,181
Impairment of prepayments, other receivables and other assets, net	19	—	—	13,800	13,800	—
Impairment of long-term trade receivables, net	22	—	468	(121)	(79)	(81)
Write-down of inventories to net realisable values		—	15,269	4,792	4,792	934

\* Cost of inventories sold includes write-down of inventories to net realisable values, which is disclosed separately above.



## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank and other borrowings	5,234	9,609	15,754	7,796	9,452
Interest on lease liabilities	728	447	906	198	702
Interest on long-term payables	541	951	723	391	985
Total	6,503	11,007	17,383	8,385	11,139

For the details of Pre-IPO Investments, please refer to note 30(b) to this report.

## 8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of directors, supervisors and the chief executive of the Company recorded in each of the Relevant Periods and the six months ended 30 June 2024 is set out below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	—	—	—	—	132
Other emoluments:					
Salaries, allowances and benefits in kind	9,867	10,774	8,639	4,319	4,583
Performance related bonuses	2,105	1,062	2,737	1,368	1,247
Pension scheme contributions	519	568	689	343	404
Share-based payment expenses	44,117	96,144	59,610	22,930	153,908
Subtotal	56,608	108,548	71,675	28,960	160,142
Total	56,608	108,548	71,675	28,960	160,274

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, certain directors were granted restricted shares in respect of their services to the Group, further details of which are set out in note 31 to the Historical Financial Information. The fair value of such restricted shares determined as at the date of grant has been recognised in profit or loss over the vesting or service period. The relevant amounts included in the Historical Financial Information for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 are included in the above directors', supervisors' and chief executives' remuneration disclosures.

**(a) Independent non-executive directors**

The fees paid to independent non-executive directors during the Relevant Periods are set out below:

	<b>Six months ended 30 June 2025 RMB'000</b>
Mr. TENG Yong	33
Mr. LIANG Weidong	33
Mr. REN Jintao	33
Ms. WANG Yan	33
Total	<u>132</u>

Mr. TENG Yong, Mr. LIANG Weidong, Mr. REN Jintao and Ms. WANG Yan were appointed as the independent non-executive directors on 30 May 2025.

**(b) Directors and supervisors**

The remuneration of each of the directors, supervisors and the chief executive of the Company during the Relevant Periods and the six months ended 30 June 2024 is set out below:

***Year ended 31 December 2022***

		<b>Salaries, allowances and benefits in kind RMB'000</b>	<b>Performance related bonuses RMB'000</b>	<b>Pension scheme contributions RMB'000</b>	<b>Share-based payment expenses RMB'000</b>	<b>Total remuneration RMB'000</b>
<b>Directors:</b>						
Mr. GAI Lujiang	(i)	1,562	600	68	10,777	13,007
Mr. CAI Quangen	(xvi)	2,092	349	—	13,509	15,950
Mr. DIAO Shijing	(ii)	2,400	400	167	19,055	22,022
Mr. ZHENG Jinshan	(xvi)	2,327	660	142	420	3,549
Mr. LIN Xiaoqin	(xvi)	—	—	—	—	—
Mr. CHEN Guiyi	(iii)	—	—	—	—	—
Mr. LI Ronghui	(iii)	—	—	—	—	—
Mr. BAO Yi	(iv)	—	—	—	—	—
Ms. Ning Ching Rachel	(v)	—	—	—	—	—
Mr. SUI Zihang	(vi)	—	—	—	—	—
Mr. LIM SZE HAN	(vii)	—	—	—	—	—
Dr. Lu Chien-Ping	(viii)	800	—	—	—	800
Mr. XI Jianpeng	(viii)	—	—	—	—	—
Subtotal		<u>9,181</u>	<u>2,009</u>	<u>377</u>	<u>43,761</u>	<u>55,328</u>
<b>Supervisors:</b>						
Mr. LONG Xiaobo	(xi)	—	—	—	—	—
Mr. GUO Xiaopeng	(xviii)	—	—	—	—	—
Ms. ZHANG Liwen	(xvii)	686	96	142	356	1,280
Subtotal		<u>686</u>	<u>96</u>	<u>142</u>	<u>356</u>	<u>1,280</u>
Total		<u>9,867</u>	<u>2,105</u>	<u>519</u>	<u>44,117</u>	<u>56,608</u>

*Year ended 31 December 2023*

		Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors:						
Mr. GAI Lujiang	(i)	2,210	400	88	34,174	36,872
Mr. CAI Quangen	(xvi)	2,092	175	—	13,509	15,776
Mr. DIAO Shijing	(ii)	2,400	400	152	47,596	50,548
Mr. ZHENG Jinshan	(xvi)	1,988	—	164	420	2,572
Mr. LIN Xiaoqin	(xvi)	—	—	—	—	—
Mr. BAO Yi	(iv)	—	—	—	—	—
Mr. SUI Zihang	(vi)	—	—	—	—	—
Mr. LIM SZE HAN	(vii)	—	—	—	—	—
Dr. Lu Chien-Ping	(viii)	1,378	—	—	—	1,378
Mr. XI Jianpeng	(viii)	—	—	—	—	—
Mr. WANG Chen	(ix)	—	—	—	—	—
Mr. LIU Zheng	(x)	—	—	—	—	—
Ms. KOU Xiaoxiao	(x)	—	—	—	—	—
Subtotal		10,068	975	404	95,699	107,146
Supervisors:						
Mr. GUO Xiaopeng	(xviii)	—	—	—	—	—
Mr. LONG Xiaobo	(xi)	—	—	—	—	—
Ms. LIAO Chenxi	(xii)	—	—	—	—	—
Ms. ZHANG Liwen	(xvii)	706	87	164	445	1,402
Subtotal		706	87	164	445	1,402
Total		10,774	1,062	568	96,144	108,548

*Year ended 31 December 2024*

		Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors:						
Mr. GAI Lujiang	(i)	2,410	900	167	13,565	17,042
Mr. CAI Quangen	(xvi)	1,243	80	—	4,631	5,954
Mr. DIAO Shijing	(ii)	2,400	900	160	29,147	32,607
Mr. ZHENG Jinshan	(xvi)	16	—	28	(1,182)	(1,138)
Mr. LIN Xiaoqin	(xvi)	—	—	—	—	—
Mr. SUI Zihang	(vi)	—	—	—	—	—
Mr. LIM SZE HAN	(vii)	—	—	—	—	—
Mr. WANG Chen	(ix)	—	—	—	—	—
Mr. LIU Zheng	(x)	1,810	750	167	13,004	15,731
Ms. KOU Xiaoxiao	(x)	—	—	—	—	—
Subtotal		7,879	2,630	522	59,165	70,196
Supervisors:						
Mr. GUO Xiaopeng	(xviii)	—	—	—	—	—
Ms. LIAO Chenxi	(xii)	—	—	—	—	—
Ms. ZHANG Liwen	(xvii)	760	107	167	445	1,479
Subtotal		760	107	167	445	1,479
Total		8,639	2,737	689	59,610	71,675

*Six months ended 30 June 2024 (unaudited)*

		Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors:						
Mr. GAI Lujiang	(i)	1,205	450	83	4,534	6,272
Mr. CAI Quangen	(xvi)	621	40	—	4,503	5,164
Mr. DIAO Shijing	(ii)	1,200	450	80	8,485	10,215
Mr. ZHENG Jinshan	(xvi)	8	—	14	(1,182)	(1,160)
Mr. LIN Xiaoqin	(xvi)	—	—	—	—	—
Mr. SUI Zihang	(vi)	—	—	—	—	—
Mr. LIM SZE HAN	(vii)	—	—	—	—	—
Mr. WANG Chen	(ix)	—	—	—	—	—
Mr. LIU Zheng	(x)	905	375	83	6,367	7,730
Ms. KOU Xiaoxiao	(x)	—	—	—	—	—
Subtotal		3,939	1,315	260	22,707	28,221
Supervisors:						
Mr. GUO Xiaopeng	(xviii)	—	—	—	—	—
Ms. LIAO Chenxi	(xii)	—	—	—	—	—
Ms. ZHANG Liwen	(xvii)	380	53	83	223	739
Subtotal		380	53	83	223	739
Total		4,319	1,368	343	22,930	28,960

*Six months ended 30 June 2025*

		Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Share-based payment expenses RMB'000	Total remuneration RMB'000
Directors:						
Mr. GAI Lujiang	(i)	1,205	450	84	45,708	47,447
Mr. CAI Quangen	(xvi)	35	—	—	11	46
Mr. DIAO Shijing	(ii)	1,000	—	68	91,591	92,659
Mr. SUN Yile	(xiii)	713	207	84	4,935	5,939
Mr. SUI Zihang	(vi)	—	—	—	—	—
Mr. LIM SZE HAN	(vii)	—	—	—	—	—
Mr. WANG Chen	(ix)	—	—	—	—	—
Mr. LIU Zheng	(x)	905	375	84	7,855	9,219
Ms. KOU Xiaoxiao	(x)	—	—	—	—	—
Mr. YANG Lei	(xiv)	121	40	14	867	1,042
Subtotal		3,979	1,072	334	150,967	156,352
Supervisors:						
Mr. GUO Xiaopeng	(xviii)	—	—	—	—	—
Ms. LIAO Chenxi	(xii)	—	—	—	—	—
Ms. DING Na	(xv)	604	175	70	2,941	3,790
Subtotal		604	175	70	2,941	3,790
Total		4,583	1,247	404	153,908	160,142

- (i) Mr. GAI Lujiang was appointed as a director on 19 October 2020 and was appointed as the chief executive on 19 April 2023. He was re-designated as an executive director on 30 May 2025.
- (ii) Mr. DIAO Shijing was the chief executive from 7 May 2021 to 19 April 2023, and has tendered his resignation as a director with effect from 20 May 2025.
- (iii) Mr. CHEN Guiyi and Mr. LI Ronghui tendered their resignations as directors with effect from 22 February 2022.
- (iv) Mr. BAO Yi tendered his resignation as a director with effect from 31 October 2023.
- (v) Ms. Ning Ching Rachel tendered her resignation as a director with effect from 29 April 2022.
- (vi) Mr. SUI Zihang was appointed as a director on 22 February 2022, and tendered his resignation with effect from 22 May 2025.
- (vii) Mr. LIM SZE HAN was appointed as a director on 29 April 2022 and tendered his resignation with effect from 16 June 2025.
- (viii) Dr. Lu Chien-Ping and Mr. XI Jianpeng were appointed as directors on 8 July 2022 and tendered their resignations as directors with effect from 31 October 2023.

- (ix) Mr. WANG Chen was appointed as a director on 31 October 2023 and was re-designated as a non-executive director on 30 May 2025.
- (x) Mr. LIU Zheng and Ms. KOU Xiaoxiao were appointed as directors on 29 December 2023. Mr. LIU Zheng and Ms. KOU Xiaoxiao was re-designated as an executive director and a non-executive director, respectively, on 30 May 2025.
- (xi) Mr. LONG Xiaobo tendered his resignation as a supervisor with effect from 31 October 2023.
- (xii) Ms. LIAO Chenxi was appointed as a supervisor on 31 October 2023 and tendered her resignation with effect from 30 May 2025.
- (xiii) Mr. SUN Yile was appointed as a director on 13 January 2025.
- (xiv) Mr. YANG Lei was appointed as a director on 30 May 2025.
- (xv) Ms. DING Na was appointed as a supervisor on 13 January 2025 and tendered her resignation with effect from 30 May 2025.
- (xvi) Mr. CAI Quangen, Mr. ZHENG Jinshan and Mr. LIN Xiaoqin tendered their resignations as directors with effect from 13 January 2025.
- (xvii) Ms. ZHANG Liwen tendered her resignation as a supervisor with effect from 13 January 2025.
- (xviii) Mr. GUO Xiaopeng tendered his resignation as a supervisor with effect from 30 May 2025.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2024.

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended December 31 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 included three, three, three, four, and three directors, respectively, details of whose remuneration are set out in note 8 to the Historical Financial Information.

Details of the remuneration for the remaining two, two, two, one, and two highest paid employees who are neither directors, supervisors nor the chief executive of the Company during the year ended December 31 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	2,922	3,172	2,317	725	1,157
Performance related bonuses	710	498	480	240	240
Pension scheme contributions	207	162	161	80	82
Share incentive plan expenses	9,239	16,201	22,034	3,297	25,800
Total	13,078	20,033	24,992	4,342	27,279



The numbers of non-director, non-supervisors and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024 (unaudited)	2025
HKD4,500,001 to HKD5,000,000	1	—	—	1	—
HKD5,500,001 to HKD6,000,000	—	1	—	—	—
HKD6,500,001 to HKD7,000,000	—	—	—	—	1
HKD10,500,001 to HKD11,000,000	1	—	—	—	—
HKD11,000,001 to HKD11,500,000	—	—	1	—	—
HKD15,500,001 to HKD16,000,000	—	—	1	—	—
HKD16,500,001 to HKD17,000,000	—	1	—	—	—
HKD22,500,001 to HKD23,000,000	—	—	—	—	1
Total	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>2</u>

During the year ended December 31 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, restricted shares were granted to two, two, two, one, and two non-director, non-supervisors and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the Historical Financial Information. The fair value of such restricted shares determined as at the date of grant has been recognised in profit or loss over the vesting period. The relevant amounts included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2024 are included in the above non-director, non-supervisors and non-chief executive highest paid employees' remuneration disclosures.

#### 10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries or jurisdictions in which members of the Group are domiciled and operate.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% except for the ones which were subject to preferential tax as set out below:

Certain subsidiaries of the Company in the PRC have been approved as High and New Technology Enterprises ("HNTE") under relevant tax rules and regulations, and accordingly, were subjected to a preferential EIT rate of 15% during the Relevant Periods and the six months ended 30 June 2024.

Certain subsidiaries of the Company in the PRC are approved as Small and Micro Enterprises, and accordingly, they were subject to reduced preferential EIT rates of 2.5% to 5% during the Relevant Periods and the six months ended 30 June 2024 according to the applicable EIT Law.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current	—	—	—	—	—
Deferred (note 27)	—	—	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

A reconciliation of the tax credit applicable to loss before tax using the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled and operate to the tax expense at the effective tax rate, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Loss before tax	(553,618)	(817,424)	(892,433)	(403,992)	(609,316)
Tax at the statutory tax rate of 25%	(138,405)	(204,356)	(223,108)	(100,998)	(152,329)
Effect of different tax rates of the subsidiaries	65,771	94,150	90,943	40,913	58,422
Expenses not deductible for tax*	14,563	24,998	37,333	16,183	45,666
Additional deductible allowance for research and development costs	(39,793)	(65,254)	(82,932)	(36,779)	(46,890)
Effect of deductible temporary difference not recognised	23,133	15,244	5,194	7,091	12,140
Tax losses not recognised	74,731	135,218	172,570	73,590	82,991
Tax charge at the Group's effective rate	—	—	—	—	—

\* Expenses not deductible for tax mainly represent expenses that exceed the tax-deductible limitation such as entertainment and non-deductible share-based payment expenses. These expenses are not to be deductible for tax.

## 11. DIVIDENDS

The board of directors did not recommend the payment of any dividend during the Relevant Periods and the six months ended 30 June 2024.

**12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic loss per share amounts is based on the loss for the Relevant Periods and the six months ended 30 June 2024 attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods and the six months ended 30 June 2024.

The weighted average numbers of ordinary shares outstanding during the Relevant Periods and the six months ended 30 June 2024 were determined assuming that the Company's paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company in January 2025.

The calculation of basic and diluted loss per share amounts is based on:

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
				(unaudited)	
<b>Loss</b>					
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation ( <i>RMB'000</i> )	<u>(523,839)</u>	<u>(791,307)</u>	<u>(892,433)</u>	<u>(403,992)</u>	<u>(609,316)</u>
<b>Shares</b>					
Weighted average number of ordinary shares outstanding during the year/period used in the basic and diluted loss per share calculation	<u>131,269,938</u>	<u>145,852,104</u>	<u>163,822,289</u>	<u>162,648,957</u>	<u>175,300,638</u>

As the Group incurred losses during the Relevant Periods and the six months ended 30 June 2024, the potential ordinary shares were not included in the calculation of diluted loss per share amounts as the potential ordinary shares had an anti-dilutive effect on the basic loss per share amounts. Accordingly, the diluted loss per share amounts for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 were the same as the basic loss per share amounts. The weighted average numbers of shares were after taking into account the effect of treasury shares held.

For the details of Pre-IPO Investments, please refer to note 30(b) to this report.

## 13. PROPERTY, PLANT AND EQUIPMENT

## The Group

	Electronic equipment RMB'000	Furniture and others RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>31 December 2022</b>				
At 1 January 2022:				
Cost	54,077	2,336	11,059	67,472
Accumulated depreciation and impairment	(31,676)	(177)	(1,620)	(33,473)
Net carrying amount	22,401	2,159	9,439	33,999
At 1 January 2022, net of accumulated depreciation and impairment	22,401	2,159	9,439	33,999
Additions	73,944	1,788	2,693	78,425
Disposals	(16)	(18)	—	(34)
Depreciation provided during the year	(23,456)	(526)	(3,932)	(27,914)
At 31 December 2022, net of accumulated depreciation and impairment	72,873	3,403	8,200	84,476
At 31 December 2022:				
Cost	127,450	4,086	13,752	145,288
Accumulated depreciation and impairment	(54,577)	(683)	(5,552)	(60,812)
Net carrying amount	72,873	3,403	8,200	84,476

	<u>Electronic equipment</u> <u>RMB'000</u>	<u>Furniture and others</u> <u>RMB'000</u>	<u>Leasehold improvements</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>31 December 2023</b>				
At 1 January 2023:				
Cost	127,450	4,086	13,752	145,288
Accumulated depreciation and impairment	<u>(54,577)</u>	<u>(683)</u>	<u>(5,552)</u>	<u>(60,812)</u>
Net carrying amount	<u>72,873</u>	<u>3,403</u>	<u>8,200</u>	<u>84,476</u>
At 1 January 2023, net of accumulated depreciation and impairment	72,873	3,403	8,200	84,476
Additions	62,230	5,625	6,139	73,994
Disposals	(4,547)	—	—	(4,547)
Depreciation provided during the year	<u>(40,293)</u>	<u>(1,395)</u>	<u>(6,289)</u>	<u>(47,977)</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>90,263</u>	<u>7,633</u>	<u>8,050</u>	<u>105,946</u>
At 31 December 2023:				
Cost	183,383	9,710	19,891	212,984
Accumulated depreciation and impairment	<u>(93,120)</u>	<u>(2,077)</u>	<u>(11,841)</u>	<u>(107,038)</u>
Net carrying amount	<u>90,263</u>	<u>7,633</u>	<u>8,050</u>	<u>105,946</u>

	<u>Electronic equipment</u> <u>RMB'000</u>	<u>Furniture and others</u> <u>RMB'000</u>	<u>Leasehold improvements</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>31 December 2024</b>				
At 1 January 2024:				
Cost	183,383	9,710	19,891	212,984
Accumulated depreciation and impairment	<u>(93,120)</u>	<u>(2,077)</u>	<u>(11,841)</u>	<u>(107,038)</u>
Net carrying amount	<u>90,263</u>	<u>7,633</u>	<u>8,050</u>	<u>105,946</u>
At 1 January 2024, net of accumulated depreciation and impairment	90,263	7,633	8,050	105,946
Additions	88,071	5,005	889	93,965
Disposals	(1,259)	(4)	—	(1,263)
Depreciation provided during the year	<u>(62,866)</u>	<u>(2,083)</u>	<u>(5,704)</u>	<u>(70,653)</u>
At 31 December 2024, net of accumulated depreciation and impairment	<u>114,209</u>	<u>10,551</u>	<u>3,235</u>	<u>127,995</u>
At 31 December 2024:				
Cost	269,237	14,704	20,781	304,722
Accumulated depreciation and impairment	<u>(155,028)</u>	<u>(4,153)</u>	<u>(17,546)</u>	<u>(176,727)</u>
Net carrying amount	<u>114,209</u>	<u>10,551</u>	<u>3,235</u>	<u>127,995</u>

	<u>Electronic equipment</u> <u>RMB'000</u>	<u>Furniture and others</u> <u>RMB'000</u>	<u>Leasehold improvements</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>30 June 2025</b>				
At 1 January 2025:				
Cost	269,237	14,704	20,781	304,722
Accumulated depreciation and impairment	<u>(155,028)</u>	<u>(4,153)</u>	<u>(17,546)</u>	<u>(176,727)</u>
Net carrying amount	<u>114,209</u>	<u>10,551</u>	<u>3,235</u>	<u>127,995</u>
At 1 January 2025, net of accumulated depreciation and impairment	114,209	10,551	3,235	127,995
Additions	20,102	2,078	—	22,180
Transfers from right-of-use assets (note 14)	20,945	—	—	20,945
Disposals	(11)	(46)	—	(57)
Depreciation provided during the period	<u>(36,673)</u>	<u>(1,411)</u>	<u>(1,864)</u>	<u>(39,948)</u>
At 30 June 2025, net of accumulated depreciation and impairment	<u>118,572</u>	<u>11,172</u>	<u>1,371</u>	<u>131,115</u>
At 30 June 2025:				
Cost	309,931	16,716	20,781	347,428
Accumulated depreciation and impairment	<u>(191,359)</u>	<u>(5,544)</u>	<u>(19,410)</u>	<u>(216,313)</u>
Net carrying amount	<u>118,572</u>	<u>11,172</u>	<u>1,371</u>	<u>131,115</u>



## The Company

	Electronic equipment RMB'000	Furniture and others RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>31 December 2022</b>				
At 1 January 2022:				
Cost	23,939	1,837	10,919	36,695
Accumulated depreciation and impairment	(14,038)	(118)	(1,574)	(15,730)
Net carrying amount	9,901	1,719	9,345	20,965
At 1 January 2022, net of accumulated depreciation and impairment	9,901	1,719	9,345	20,965
Additions	50,830	1,471	2,164	54,465
Disposals	(8)	—	—	(8)
Depreciation provided during the year	(12,903)	(402)	(3,830)	(17,135)
At 31 December 2022, net of accumulated depreciation and impairment	47,820	2,788	7,679	58,287
At 31 December 2022:				
Cost	74,619	3,308	13,083	91,010
Accumulated depreciation and impairment	(26,799)	(520)	(5,404)	(32,723)
Net carrying amount	47,820	2,788	7,679	58,287

	<u>Electronic equipment</u> <u>RMB'000</u>	<u>Furniture and others</u> <u>RMB'000</u>	<u>Leasehold improvements</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>31 December 2023</b>				
At 1 January 2023:				
Cost	74,619	3,308	13,083	91,010
Accumulated depreciation and impairment	<u>(26,799)</u>	<u>(520)</u>	<u>(5,404)</u>	<u>(32,723)</u>
Net carrying amount	<u>47,820</u>	<u>2,788</u>	<u>7,679</u>	<u>58,287</u>
At 1 January 2023, net of accumulated depreciation and impairment	47,820	2,788	7,679	58,287
Additions	44,497	5,217	6,139	55,853
Disposals	(6)	—	—	(6)
Depreciation provided during the year	<u>(26,849)</u>	<u>(1,161)</u>	<u>(6,098)</u>	<u>(34,108)</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>65,462</u>	<u>6,844</u>	<u>7,720</u>	<u>80,026</u>
At 31 December 2023:				
Cost	119,105	8,525	19,222	146,852
Accumulated depreciation and impairment	<u>(53,643)</u>	<u>(1,681)</u>	<u>(11,502)</u>	<u>(66,826)</u>
Net carrying amount	<u>65,462</u>	<u>6,844</u>	<u>7,720</u>	<u>80,026</u>

	Electronic equipment RMB'000	Furniture and others RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>31 December 2024</b>				
At 1 January 2024:				
Cost	119,105	8,525	19,222	146,852
Accumulated depreciation and impairment	<u>(53,643)</u>	<u>(1,681)</u>	<u>(11,502)</u>	<u>(66,826)</u>
Net carrying amount	<u>65,462</u>	<u>6,844</u>	<u>7,720</u>	<u>80,026</u>
At 1 January 2024, net of accumulated depreciation and impairment	65,462	6,844	7,720	80,026
Additions	81,913	4,855	146	86,914
Disposals	(11)	—	—	(11)
Depreciation provided during the year	<u>(48,099)</u>	<u>(1,820)</u>	<u>(5,297)</u>	<u>(55,216)</u>
At 31 December 2024, net of accumulated depreciation and impairment	<u>99,265</u>	<u>9,879</u>	<u>2,569</u>	<u>111,713</u>
At 31 December 2024:				
Cost	200,960	13,380	19,368	233,708
Accumulated depreciation and impairment	<u>(101,695)</u>	<u>(3,501)</u>	<u>(16,799)</u>	<u>(121,995)</u>
Net carrying amount	<u>99,265</u>	<u>9,879</u>	<u>2,569</u>	<u>111,713</u>

	<u>Electronic equipment</u> <u>RMB'000</u>	<u>Furniture and others</u> <u>RMB'000</u>	<u>Leasehold improvements</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>30 June 2025</b>				
At 1 January 2025:				
Cost	200,960	13,380	19,368	233,708
Accumulated depreciation and impairment	<u>(101,695)</u>	<u>(3,501)</u>	<u>(16,799)</u>	<u>(121,995)</u>
Net carrying amount	<u>99,265</u>	<u>9,879</u>	<u>2,569</u>	<u>111,713</u>
At 1 January 2025, net of accumulated depreciation and impairment	99,265	9,879	2,569	111,713
Additions	17,786	1,956	—	19,742
Transfers from right-of-use assets (note 14)	20,945	—	—	20,945
Disposals	(482)	—	—	(482)
Depreciation provided during the period	<u>(29,959)</u>	<u>(1,274)</u>	<u>(1,639)</u>	<u>(32,872)</u>
At 30 June 2025, net of accumulated depreciation and impairment	<u>107,555</u>	<u>10,561</u>	<u>930</u>	<u>119,046</u>
At 30 June 2025:				
Cost	237,978	15,336	19,368	272,682
Accumulated depreciation and impairment	<u>(130,423)</u>	<u>(4,775)</u>	<u>(18,438)</u>	<u>(153,636)</u>
Net carrying amount	<u>107,555</u>	<u>10,561</u>	<u>930</u>	<u>119,046</u>

## 14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

**The Group as a lessee**

The Group has lease contracts mainly for various items of buildings and machinery used in its operations. Leases of buildings generally have lease terms between 2 and 4 years, while machinery generally have lease terms of 3 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

**(a) Right-of-use assets**

The carrying amounts of the Group's right-of-use assets and the movements during each of the Relevant Periods are as follows:

*The Group*

	<u>Buildings</u> <u>RMB'000</u>	<u>Machinery</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
As at 1 January 2022	1,129	—	1,129
Additions	27,410	—	27,410
Depreciation charge	<u>(10,636)</u>	<u>—</u>	<u>(10,636)</u>
As at 31 December 2022 and 1 January 2023	17,903	—	17,903
Additions	4,399	—	4,399
Depreciation charge	<u>(13,752)</u>	<u>—</u>	<u>(13,752)</u>
As at 31 December 2023 and 1 January 2024	8,550	—	8,550
Additions	18,054	29,000	47,054
Depreciation charge	<u>(11,724)</u>	<u>(3,222)</u>	<u>(14,946)</u>
As at 31 December 2024 and 1 January 2025	14,880	25,778	40,658
Additions	6,554	—	6,554
Depreciation charge	(6,481)	(4,833)	(11,314)
Disposals	(279)	—	(279)
Transfer to property, plant and equipment (note 13)	<u>—</u>	<u>(20,945)</u>	<u>(20,945)</u>
As at 30 June 2025	<u><u>14,674</u></u>	<u><u>—</u></u>	<u><u>14,674</u></u>

*The Company*

	<b>Buildings</b>	<b>Machinery</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
As at 1 January 2022	249	—	249
Additions	16,417	—	16,417
Depreciation charge	(6,089)	—	(6,089)
As at 31 December 2022 and 1 January 2023	10,577	—	10,577
Depreciation charge	(8,226)	—	(8,226)
As at 31 December 2023 and 1 January 2024	2,351	—	2,351
Additions	18,056	29,000	47,056
Depreciation charge	(7,913)	(3,222)	(11,135)
As at 31 December 2024 and 1 January 2025	12,494	25,778	38,272
Additions	—	—	—
Depreciation charge	(4,796)	(4,833)	(9,629)
Transfer to property, plant and equipment (note 13)	—	(20,945)	(20,945)
As at 30 June 2025	<u>7,698</u>	<u>—</u>	<u>7,698</u>

**(b) Lease liabilities**

The carrying amounts of lease liabilities and the movements during each of the Relevant Periods are as follows:

*The Group*

	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Carrying amount at the beginning of the year/period	750	15,723	5,564	33,135
New leases	27,407	4,399	41,251	6,554
Accretion of interest recognised during the year/period	728	447	906	702
Payments	(13,162)	(15,005)	(14,586)	(25,732)
Disposals	—	—	—	(286)
Carrying amount at the end of the year/ period	<u>15,723</u>	<u>5,564</u>	<u>33,135</u>	<u>14,373</u>
Analysed into:				
Current portion	13,788	3,705	17,979	10,442
Non-current portion	<u>1,935</u>	<u>1,859</u>	<u>15,156</u>	<u>3,931</u>

*The Company*

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	144	9,016	323	31,256
New leases	16,417	—	41,251	—
Accretion of interest recognised during the year/period	394	251	746	688
Payments	(7,939)	(8,944)	(11,064)	(24,040)
Carrying amount at the end of the year/period	9,016	323	31,256	7,904
Analysed into:				
Current portion	8,695	323	16,123	7,784
Non-current portion	321	—	15,133	120

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

- (c) The amounts recognised in profit or loss in relation to leases are as follows:

*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
Interest on lease liabilities	728	447	906	198	702
Depreciation charge of right-of-use assets	10,636	13,752	14,946	5,691	11,314
Expense relating to leases of low-value assets	9	9	9	5	23
Total amount recognised in profit or loss	11,373	14,208	15,861	5,894	12,039

*The Company*

	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
Interest on lease liabilities	394	251	746	101	688
Depreciation charge of right-of-use assets	6,089	8,226	11,135	3,556	9,629
Total amount recognised in profit or loss	6,483	8,477	11,881	3,657	10,317

- (d) The total cash outflow for leases is disclosed in note 33 to the Historical Financial Information.



## 15. INTANGIBLE ASSETS

## The Group

	<u>Licensed IP</u> <u>RMB'000</u>	<u>Software</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>31 December 2022</b>			
At 1 January 2022:			
Cost	128,980	20,812	149,792
Accumulated amortisation	<u>(89,568)</u>	<u>(12,962)</u>	<u>(102,530)</u>
Net carrying amount	<u>39,412</u>	<u>7,850</u>	<u>47,262</u>
Cost at 1 January 2022, net of accumulated amortisation	39,412	7,850	47,262
Additions	47,754	57,855	105,609
Amortisation provided during the year	<u>(37,939)</u>	<u>(13,871)</u>	<u>(51,810)</u>
At 31 December 2022	<u>49,227</u>	<u>51,834</u>	<u>101,061</u>
At 31 December 2022:			
Cost	176,734	78,667	255,401
Accumulated amortisation	<u>(127,507)</u>	<u>(26,833)</u>	<u>(154,340)</u>
Net carrying amount	<u>49,227</u>	<u>51,834</u>	<u>101,061</u>
<b>31 December 2023</b>			
At 1 January 2023:			
Cost	176,734	78,667	255,401
Accumulated amortisation	<u>(127,507)</u>	<u>(26,833)</u>	<u>(154,340)</u>
Net carrying amount	<u>49,227</u>	<u>51,834</u>	<u>101,061</u>
Cost at 1 January 2023, net of accumulated amortisation	49,227	51,834	101,061
Additions	26,862	3,190	30,052
Amortisation provided during the year	<u>(31,851)</u>	<u>(24,687)</u>	<u>(56,538)</u>
At 31 December 2023	<u>44,238</u>	<u>30,337</u>	<u>74,575</u>
At 31 December 2023:			
Cost	203,596	81,857	285,453
Accumulated amortisation	<u>(159,358)</u>	<u>(51,520)</u>	<u>(210,878)</u>
Net carrying amount	<u>44,238</u>	<u>30,337</u>	<u>74,575</u>

	<u>Licensed IP</u> <u>RMB'000</u>	<u>Software</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>31 December 2024</b>			
At 1 January 2024:			
Cost	203,596	81,857	285,453
Accumulated amortisation	<u>(159,358)</u>	<u>(51,520)</u>	<u>(210,878)</u>
Net carrying amount	<u>44,238</u>	<u>30,337</u>	<u>74,575</u>
Cost at 1 January 2024, net of accumulated amortisation	44,238	30,337	74,575
Additions	80,268	55,198	135,466
Amortisation provided during the year	<u>(37,951)</u>	<u>(31,423)</u>	<u>(69,374)</u>
At 31 December 2024	<u>86,555</u>	<u>54,112</u>	<u>140,667</u>
At 31 December 2024:			
Cost	283,864	137,055	420,919
Accumulated amortisation	<u>(197,309)</u>	<u>(82,943)</u>	<u>(280,252)</u>
Net carrying amount	<u>86,555</u>	<u>54,112</u>	<u>140,667</u>
<b>30 June 2025</b>			
At 1 January 2025:			
Cost	283,864	137,055	420,919
Accumulated amortisation	<u>(197,309)</u>	<u>(82,943)</u>	<u>(280,252)</u>
Net carrying amount	<u>86,555</u>	<u>54,112</u>	<u>140,667</u>
Cost at 1 January 2025, net of accumulated amortisation	86,555	54,112	140,667
Additions	15,035	25,290	40,325
Amortisation provided during the period	<u>(20,027)</u>	<u>(19,019)</u>	<u>(39,046)</u>
At 30 June 2025	<u>81,563</u>	<u>60,383</u>	<u>141,946</u>
At 30 June 2025:			
Cost	298,899	161,263	460,162
Accumulated amortisation	<u>(217,336)</u>	<u>(100,880)</u>	<u>(318,216)</u>
Net carrying amount	<u>81,563</u>	<u>60,383</u>	<u>141,946</u>

## The Company

	<u>Licensed IP</u> <u>RMB'000</u>	<u>Software</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>31 December 2022</b>			
At 1 January 2022:			
Cost	64,212	20,520	84,732
Accumulated amortisation	<u>(36,555)</u>	<u>(12,865)</u>	<u>(49,420)</u>
Net carrying amount	<u>27,657</u>	<u>7,655</u>	<u>35,312</u>
Cost at 1 January 2022, net of accumulated amortisation	27,657	7,655	35,312
Additions	47,754	57,418	105,172
Amortisation provided during the year	<u>(33,909)</u>	<u>(13,639)</u>	<u>(47,548)</u>
At 31 December 2022	<u>41,502</u>	<u>51,434</u>	<u>92,936</u>
At 31 December 2022:			
Cost	111,966	77,938	189,904
Accumulated amortisation	<u>(70,464)</u>	<u>(26,504)</u>	<u>(96,968)</u>
Net carrying amount	<u>41,502</u>	<u>51,434</u>	<u>92,936</u>
<b>31 December 2023</b>			
At 1 January 2023:			
Cost	111,966	77,938	189,904
Accumulated amortisation	<u>(70,464)</u>	<u>(26,504)</u>	<u>(96,968)</u>
Net carrying amount	<u>41,502</u>	<u>51,434</u>	<u>92,936</u>
Cost at 1 January 2023, net of accumulated amortisation	41,502	51,434	92,936
Additions	—	3,190	3,190
Amortisation provided during the year	<u>(24,619)</u>	<u>(24,445)</u>	<u>(49,064)</u>
At 31 December 2023	<u>16,883</u>	<u>30,179</u>	<u>47,062</u>
At 31 December 2023:			
Cost	111,966	81,128	193,094
Accumulated amortisation	<u>(95,083)</u>	<u>(50,949)</u>	<u>(146,032)</u>
Net carrying amount	<u>16,883</u>	<u>30,179</u>	<u>47,062</u>

	<u>Licensed IP</u> <u>RMB'000</u>	<u>Software</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>31 December 2024</b>			
At 1 January 2024:			
Cost	111,966	81,128	193,094
Accumulated amortisation	<u>(95,083)</u>	<u>(50,949)</u>	<u>(146,032)</u>
Net carrying amount	<u>16,883</u>	<u>30,179</u>	<u>47,062</u>
Cost at 1 January 2024, net of accumulated amortisation	16,883	30,179	47,062
Additions	42,490	55,198	97,688
Amortisation provided during the year	<u>(23,304)</u>	<u>(31,278)</u>	<u>(54,582)</u>
At 31 December 2024	<u>36,069</u>	<u>54,099</u>	<u>90,168</u>
At 31 December 2024:			
Cost	154,456	136,326	290,782
Accumulated amortisation	<u>(118,387)</u>	<u>(82,227)</u>	<u>(200,614)</u>
Net carrying amount	<u>36,069</u>	<u>54,099</u>	<u>90,168</u>
<b>30 June 2025</b>			
At 1 January 2025:			
Cost	154,456	136,326	290,782
Accumulated amortisation	<u>(118,387)</u>	<u>(82,227)</u>	<u>(200,614)</u>
Net carrying amount	<u>36,069</u>	<u>54,099</u>	<u>90,168</u>
Cost at 1 January 2025, net of accumulated amortisation	36,069	54,099	90,168
Additions	6,604	25,290	31,894
Amortisation provided during the period	<u>(8,317)</u>	<u>(19,006)</u>	<u>(27,323)</u>
At 30 June 2025	<u>34,356</u>	<u>60,383</u>	<u>94,739</u>
At 30 June 2025:			
Cost	161,060	161,263	322,323
Accumulated amortisation	<u>(126,704)</u>	<u>(100,880)</u>	<u>(227,584)</u>
Net carrying amount	<u>34,356</u>	<u>60,383</u>	<u>94,739</u>

# 16. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

## The Group and the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income				
— Unlisted equity investments	—	598	828	600
Total	—	598	828	600

During 2023, the Group invested RMB600,000 for approximately 7.8125% equity interests in a private company, which was established in the PRC and principally engaged in the development of unit chip ecosystem. The investment is not held for trading but for long-term strategic purposes. The fair values of the equity investment at 31 December 2023 and 2024 and 30 June 2025 were RMB598,000, RMB828,000 and RMB600,000, respectively.

# 17. INVENTORIES

## The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	12,496	23,589	33,514	308,399
Work in progress	167,922	65,697	166,536	107,927
Finished goods	63,602	143,318	142,593	78,594
Total	244,020	232,604	342,643	494,920

## The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	2,909	22,527	28,981	305,046
Work in progress	57,952	60,849	157,450	97,923
Finished goods	24,084	111,654	107,357	54,982
Total	84,945	195,030	293,788	457,951

## 18. TRADE AND BILLS RECEIVABLES

## The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	107,025	240,599	435,504	448,455
Bills receivable	720	—	—	—
Impairment	(19,038)	(40,163)	(58,328)	(59,509)
Total	88,707	200,436	377,176	388,946

The Group's trading terms with its customers are mainly on credit. The credit term is generally one to twelve months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's bills receivable were all aged within six months and were neither past due nor impaired.

An ageing analysis of the Group's trade and bills receivables, based on the revenue recognition date and net of loss allowance, as at the end of each of the Relevant Periods is 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	88,707	137,493	314,927	329,366
1 to 2 years	—	62,943	30,734	27,940
2 to 3 years	—	—	31,515	31,640
Total	88,707	200,436	377,176	388,946

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	15	19,038	40,163	58,328
Impairment losses, net	19,023	21,125	18,165	1,181
At the end of the year/period	19,038	40,163	58,328	59,509

The Group applies the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off according to management's approval.

During the Relevant Periods, there was no significant fluctuation of the overall expected credit loss rates, so the Group adopted similar expected credit loss rate.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**The Group**

*As at 31 December 2022*

	<b>Expected credit loss rate (%)</b>	<b>Gross carrying amount RMB'000</b>	<b>Expected credit losses RMB'000</b>	<b>Net carrying amount RMB'000</b>
For credit loss allowance measured by industry				
— High Tech Industries	1.07	280	(3)	277
For credit loss allowance measured by aging				
— Up to 1 year	17.83	106,745	(19,035)	87,710
Total		107,025	(19,038)	87,987

*As at 31 December 2023*

	<b>Expected credit loss rate (%)</b>	<b>Gross carrying amount RMB'000</b>	<b>Expected credit losses RMB'000</b>	<b>Net carrying amount RMB'000</b>
For credit loss allowance measured by industry				
— High Tech Industries	1.21	67,442	(818)	66,624
For credit loss allowance measured by aging				
— Up to 1 year	18.01	86,434	(15,565)	70,869
— 1 year to 2 years	27.42	86,723	(23,780)	62,943
		173,157	(39,345)	133,812
Total		240,599	(40,163)	200,436



*As at 31 December 2024*

	<u>Expected credit loss rate (%)</u>	<u>Gross carrying amount RMB'000</u>	<u>Expected credit losses RMB'000</u>	<u>Net carrying amount RMB'000</u>
For credit loss allowance measured by industry				
— High Tech Industries	1.32	214,898	(2,828)	212,070
— Telecommunications	1.93	30,462	(588)	29,874
		<u>245,360</u>	<u>(3,416)</u>	<u>241,944</u>
For credit loss allowance measured by aging				
— Up to 1 year	19.06	90,165	(17,182)	72,983
— 1 year to 2 years	29.02	43,298	(12,564)	30,734
— 2 years to 3 years	44.40	56,681	(25,166)	31,515
		<u>190,144</u>	<u>(54,912)</u>	<u>135,232</u>
Total		<u>435,504</u>	<u>(58,328)</u>	<u>377,176</u>

*As at 30 June 2025*

	<u>Expected credit loss rate (%)</u>	<u>Gross carrying amount RMB'000</u>	<u>Expected credit losses RMB'000</u>	<u>Net carrying amount RMB'000</u>
For credit loss allowance measured by industry				
— High Tech Industries	1.30	182,710	(2,383)	180,327
— Telecommunications	1.91	13,128	(251)	12,877
— Services-Business	2.00	499	(10)	489
		<u>196,337</u>	<u>(2,644)</u>	<u>193,693</u>
For credit loss allowance measured by aging				
— Up to 1 year	14.19	169,608	(24,059)	145,549
— 1 year to 2 years	30.58	26,019	(7,956)	18,063
— 2 years to 3 years	43.99	56,491	(24,850)	31,641
		<u>252,118</u>	<u>(56,865)</u>	<u>195,253</u>
Total		<u>448,455</u>	<u>(59,509)</u>	<u>388,946</u>

## The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	25,276	103,871	226,307	271,881
Impairment	(4,507)	(19,924)	(31,305)	(36,071)
Net carrying amount	20,769	83,947	195,002	235,810

The Company's trading terms with its customers are mainly on credit. The credit period is generally from one to six months. The Company seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the Company's trade and bills receivables, based on the revenue recognition date and net of loss allowance, as at the end of each of the Relevant Periods is 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	20,769	71,986	164,201	203,737
1 to 2 years	—	11,961	30,479	27,940
2 to 3 years	—	—	322	4,133
Total	20,769	83,947	195,002	235,810

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/ period	15	4,507	19,924	31,305
Impairment losses, net	4,492	15,417	11,381	4,766
At the end of the year/period	4,507	19,924	31,305	36,071

The Company apply the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off according to management's approval.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

**The Company**

*As at 31 December 2022*

	<b>Expected credit loss rate (%)</b>	<b>Gross carrying amount RMB'000</b>	<b>Expected credit losses RMB'000</b>	<b>Net carrying amount RMB'000</b>
For credit loss allowance measured by aging				
— Up to 1 year	17.83	25,276	(4,507)	20,769
Total		25,276	(4,507)	20,769

*As at 31 December 2023*

	<b>Expected credit loss rate (%)</b>	<b>Gross carrying amount RMB'000</b>	<b>Expected credit losses RMB'000</b>	<b>Net carrying amount RMB'000</b>
For credit loss allowance measured by industry				
— High Tech Industries	1.21	1,974	(24)	1,950
For credit loss allowance measured by aging				
— Up to 1 year	18.01	85,417	(15,381)	70,036
— 1 year to 2 years	27.42	16,480	(4,519)	11,961
		101,897	(19,900)	81,997
Total		103,871	(19,924)	83,947

*As at 31 December 2024*

	<u>Expected credit loss rate (%)</u>	<u>Gross carrying amount RMB'000</u>	<u>Expected credit losses RMB'000</u>	<u>Net carrying amount RMB'000</u>
For credit loss allowance measured by industry				
— High Tech Industries	1.32	62,161	(818)	61,343
— Telecommunications	1.93	30,462	(588)	29,874
		92,623	(1,406)	91,217
For credit loss allowance measured by aging				
— Up to 1 year	19.06	90,166	(17,182)	72,984
— 1 year to 2 years	29.02	42,939	(12,460)	30,479
— 2 years to 3 years	44.40	579	(257)	322
		133,684	(29,899)	103,785
Total		226,307	(31,305)	195,002

*As at 30 June 2025*

	<u>Expected credit loss rate (%)</u>	<u>Gross carrying amount RMB'000</u>	<u>Expected credit losses RMB'000</u>	<u>Net carrying amount RMB'000</u>
For credit loss allowance measured by industry				
— High Tech Industries	1.30	57,052	(744)	56,308
— Telecommunications	1.91	13,128	(251)	12,877
		70,180	(995)	69,185
For credit loss allowance measured by aging				
— Up to 1 year	14.19	168,303	(23,874)	144,429
— 1 year to 2 years	30.58	26,019	(7,956)	18,063
— 2 years to 3 years	43.99	7,379	(3,246)	4,133
		201,701	(35,076)	166,625
Total		271,881	(36,071)	235,810

## 19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

## The Group

		As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current</b>					
Prepayments	(i)	56,570	195,673	104,554	391,152
Value-added tax recoverable	(ii)	22,320	33,212	63,135	43,219
Deposits and other receivables	(iii)	33,871	4,836	48,962	39,883
Deferred listing expense		—	—	—	1,471
Receivable from shareholders		—	105,200	—	—
		112,761	338,921	216,651	475,725
Impairment allowance		—	—	(13,800)	(13,800)
Total — current		<u>112,761</u>	<u>338,921</u>	<u>202,851</u>	<u>461,925</u>
<b>Non-current</b>					
Deposits and other receivables	(iii)	3,934	497	3,242	1,880
Prepayment for long-term assets		4,212	6,678	10,349	491
Contract assets		—	2,583	2,550	2,129
Total — non-current		<u>8,146</u>	<u>9,758</u>	<u>16,141</u>	<u>4,500</u>

## The Company

		As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current</b>					
Prepayments	(i)	30,458	182,922	69,688	355,364
Value-added tax recoverable	(ii)	8,874	24,830	35,487	18,341
Deposits and other receivables	(iii)	1,031	3,744	40,796	31,894
Deferred listing expense		—	—	—	1,471
Receivable from shareholders		—	105,200	—	—
		40,363	316,696	145,971	407,070
Impairment allowance		—	—	(13,800)	(13,800)
Total — current		<u>40,363</u>	<u>316,696</u>	<u>132,171</u>	<u>393,270</u>
<b>Non-current</b>					
Deposits and other receivables	(iii)	2,610	—	2,825	395
Prepayment for long-term assets		4,212	6,677	9,824	490
Contract assets		—	2,583	2,550	2,129
Total — non-current		<u>6,822</u>	<u>9,260</u>	<u>15,199</u>	<u>3,014</u>

- (i) The Group's prepayments relate to prepayment for processing fee for products and prepayment for research and development activities.
- (ii) The Group's revenue from sales of goods and rendering of services are subject to PRC value-added-tax ("VAT"). Input VAT on purchases can be deducted from output VAT payable.

- (iii) Impairment of other receivables is measured as either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECLs. As of 30 June 2025, other receivables of RMB28,800,000 were categorised in stage 3 and an impairment allowance of RMB13,800,000 was provided based on individual basis. Except for these receivables, the financial assets included in the above balances relate to receivables for which there were no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal.

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

### The Group

		As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current</b>					
Wealth management products	(i)	8,779	—	—	50,118
<b>Non-current</b>					
Unlisted equity investment	(ii)	50,000	90,695	96,539	96,176

### The Company

		As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current</b>					
Wealth management products	(i)	8,779	—	—	50,118
<b>Non-current</b>					
Unlisted equity investment	(ii)	—	—	4,915	6,176

- (i) As at 31 December 2022 and 30 June 2025, the wealth management products were issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The wealth management products were disposed of in 2023 and in July 2025, respectively.
- (ii) During 2022 and 2023, the Group invested RMB50,000,000 and RMB40,000,000, respectively, for approximately 18% equity interests in a private company, which was established in the PRC and principally engaged in a data infrastructure development project. The fair values of the equity investment at 31 December 2022, 2023 and 2024 and 30 June 2025 were RMB50,000,000, RMB90,695,000, RMB91,624,000 and RMB90,000,000, respectively. On 18 August 2025, the Group and the private company entered into a supplemental agreement, agreeing that the Group reduced its investment in the private company by RMB30,000,000, and the funds were received on 16 September 2025.

During 2024, the Group invested RMB5,000,000 for approximately 14.2857% equity interests in a limited partnership which was established in the PRC. The fair values of the equity investment at 31 December 2024 and 30 June 2025 were RMB4,915,000 and RMB6,176,000, respectively.

## 21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

## The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	311,983	308,114	313,624	1,032,717
Time deposits	18,844	—	—	723,027
Total	<u>330,827</u>	<u>308,114</u>	<u>313,624</u>	<u>1,755,744</u>
Less:				
Pledged time deposits for bank loan	26	18,844	—	—
Restricted bank balance	(i)	<u>92,678</u>	<u>61</u>	<u>42,568</u>
Cash and cash equivalents	<u>219,305</u>	<u>308,053</u>	<u>313,563</u>	<u>1,713,176</u>
Denominated in RMB	97,206	308,042	313,553	934,538
Denominated in USD	<u>122,099</u>	<u>11</u>	<u>10</u>	<u>778,638</u>
Total	<u>219,305</u>	<u>308,053</u>	<u>313,563</u>	<u>1,713,176</u>

(i) As at 31 December 2022, the restricted cash included:

- A balance of RMB21,244,000 which was temporarily restricted by China Merchants Bank pending the Group's completion of the reconciliation process required by the bank; and
- A balance RMB71,434,000 in its capital account which was restricted due to the regulatory controls under China's capital account framework.

As at 30 June 2025, the restricted cash mainly included a balance of RMB41,195,000 which was temporarily restricted by China Zheshang Bank pending the Group's submission of administrative documents required by the bank. The restricted cash was released upon the submission of the required documents in July 2025.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposits rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.



## The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	299,420	298,315	298,374	900,223
Time deposits	18,844	—	—	723,027
Total	318,264	298,315	298,374	1,623,250
Less:				
Pledged time deposits for bank loan	18,844	—	—	—
Restricted bank balance	83,180	61	61	1,374
Cash and cash equivalents	216,240	298,254	298,313	1,621,876
Denominated in RMB	94,141	298,243	298,303	843,238
Denominated in USD	122,099	11	10	778,638
Total	216,240	298,254	298,313	1,621,876

## 22. LONG-TERM TRADE RECEIVABLES

## The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Long-term trade receivables	—	38,550	26,400	20,181
Impairment	—	(468)	(347)	(266)
Total	—	38,082	26,053	19,915
Analysed into:				
Current portion	—	22,364	26,053	19,915
Non-current portion	—	15,718	—	—

According to the payment terms in the sales contracts of GPGPU products with a customer, instalment repayments are allowed and part of the sales consideration will be collected after one year.

An ageing analysis of the Group's long-term trade receivables, based on the revenue recognition date and net of loss allowance, as at the end of each of the Relevant Periods is 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	—	38,082	—	—
1 to 2 years	—	—	26,053	19,915
Total	—	38,082	26,053	19,915

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	—	—	468	347
Impairment losses, net	—	468	(121)	(81)
At the end of the year/period	—	468	347	266

Impairment of long-term trade receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. As at the end of each of the Relevant Periods, there was no information indicating that the long-term trade receivables had a significant increase in credit risk since initial recognition.

### 23. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

#### The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	85,256	18,141	45,629	29,878
1 to 2 years	—	16	—	6
2 to 3 years	—	—	16	—
Total	85,256	18,157	45,645	29,884

#### 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	27,178	14,406	42,052	23,662
Total	27,178	14,406	42,052	23,662

The trade payables are non-interest-bearing and are normally settled on 30 to 180 day terms.

## 24. OTHER PAYABLES AND ACCRUALS

## The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Salary payables	66,552	73,948	120,563	85,951
Payable for purchase of intangible assets and property, plant and equipment	4,965	2,938	27,687	29,668
Payable for research and development costs	4,828	12,417	15,066	10,939
Other tax payables	6,037	6,756	7,489	9,595
Other payables and accruals	10,343	13,637	16,846	16,966
Total	92,725	109,696	187,651	153,119

## The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Salary payables	33,965	41,311	71,096	51,878
Payable for purchase of intangible assets and property, plant and equipment	4,965	2,888	24,086	21,543
Payable for research and development costs	3,141	12,417	9,841	9,832
Other tax payables	2,200	2,972	3,719	5,643
Other payables and accruals	8,426	10,170	17,454	11,414
Total	52,697	69,758	126,196	100,310

Other payables are unsecured and non-interest-bearing, repayable within 1 year. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

## 25. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

## The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term advances received from customers				
Sale of GPGPU products	2,232	13,528	28,756	39,947

## The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term advances received from customers				
Sale of GPGPU products	2,232	11,361	17,712	6,984

Contract liabilities include advances received to deliver GPGPU products. The changes in contract liabilities during the Relevant Periods were mainly due to the changes in advances received from customers in relation to the sale of GPGPU products.

## 26. INTEREST-BEARING BANK AND OTHER BORROWINGS

## The Group

	As at 31 December 2022			As at 31 December 2023			As at 31 December 2024			As at 30 June 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>												
Bank loans — secured	4.03	2023	18,866	—	—	—	3.10	2025	50,047	3.10	2026	50,038
Bank loans — unsecured	3.2–3.85	2023	84,012	2.95–3.40	2024	388,303	2.60–3.40	2025	490,449	2.30–3.10	2026	482,383
Current portion of long term bank loans — unsecured	3.40	2023	52	3.40	2024	104,114	3.10	2025	25,564	2.55–3.00	2025–2026	51,391
Total — current			102,930			492,417			566,060			583,812
<b>Non-current</b>												
Bank loans — unsecured	3.40	2024	50,000	—	—	—	3.10–3.20	2026	42,000	2.55–3.00	2026–2027	83,500
Total — non-current			50,000			—			42,000			83,500
Total			152,930			492,417			608,060			667,312

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans repayable				
Analysed into:				
Within one year or on demand		102,930	492,417	566,060
In the second year		50,000	—	42,000
Total		152,930	492,417	608,060

As at 31 December 2022, the Group's bank borrowings with an amount of USD2,706,000 (equivalent to RMB18,844,000) were secured by the pledge of certain of the Group's time deposits amounting to USD2,706,000 (equivalent to RMB18,844,000).

As at 31 December 2024 and 30 June 2025, the Group's bank borrowings with an amount of RMB50,000,000 were guaranteed by the Company.

### The Company

	As at 31 December 2022			As at 31 December 2023			As at 31 December 2024			As at 30 June 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>												
Bank loans — secured	4.03	2023	18,866	—	—	—	—	—	—	—	—	—
Bank loans — unsecured	3.2–3.85	2023	84,012	2.95–3.40	2024	388,303	2.60–3.40	2025	480,439	2.30–3.10	2026	472,375
Current portion of long term bank loans — unsecured	3.40	2023	52	3.40	2024	104,114	3.10	2025	25,564	2.55–3.00	2025–2026	51,391
Total — current			102,930			492,417			506,003			523,766
<b>Non-current</b>												
Bank loans — unsecured	3.40	2024	50,000	—	—	—	3.10–3.20	2026	42,000	2.55–3.00	2026–2027	83,500
Total — non-current			50,000			—			42,000			83,500
Total			152,930			492,417			548,003			607,266

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans repayable				
Analysed into:				
Within one year or on demand	102,930	492,417	506,003	523,766
In the second year	50,000	—	42,000	83,500
Total	152,930	492,417	548,003	607,266

## 27. DEFERRED TAX

## The Group

The movements in deferred tax liabilities and assets during the year are as follows:

*Deferred tax assets*

	<b>Lease liabilities</b>	<b>Tax losses</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2022	68	8	76
Deferred tax credited to profit or loss during the year (note 10)	1,620	266	1,886
Gross deferred tax assets at 31 December 2022 and 1 January 2023	1,688	274	1,962
Deferred tax (charged)/credited to profit or loss during the year (note 10)	(1,171)	310	(861)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	517	584	1,101
Deferred tax credited to profit or loss during the year (note 10)	4,466	757	5,223
Gross deferred tax assets at 31 December 2024 and 1 January 2025	4,983	1,341	6,324
Deferred tax charged to profit or loss during the period (note 10)	(2,637)	(1,063)	(3,700)
Gross deferred tax assets at 30 June 2025	2,346	278	2,624

*Deferred tax liabilities*

	Right-of-use assets RMB'000	Fair value gains RMB'000	Total RMB'000
At 1 January 2022	76	—	76
Deferred tax charged to profit or loss during the year ( <i>note 10</i> )	1,877	9	1,886
Gross deferred tax liabilities at 31 December 2022 and 1 January 2023	1,953	9	1,962
Deferred tax (credited)/charged to profit or loss during the year ( <i>note 10</i> )	(1,026)	165	(861)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	927	174	1,101
Deferred tax charged to profit or loss during the year ( <i>note 10</i> )	5,165	58	5,223
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	6,092	232	6,324
Deferred tax credited to profit or loss during the period ( <i>note 10</i> )	(3,675)	(25)	(3,700)
Gross deferred tax liabilities at 30 June 2025	2,417	207	2,624

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	—	—	—	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—	—

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deductible temporary differences	164,807	273,038	314,478	404,021
Tax losses	2,382,156	3,322,656	4,465,169	5,007,107

Deferred tax assets have not been recognised in respect of the above items as they have arisen in the entities of the Group that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the above items can be utilised.



For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Group also had tax losses arising in Chinese Mainland of RMB642,674,000, RMB940,500,000, RMB1,142,513,000 and RMB541,938,000, respectively, that will expire in three to ten years for offsetting against future taxable profits.

### The Company

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

#### *Deferred tax assets*

	<b>Lease liabilities RMB'000</b>	<b>Tax losses RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2022	37	—	37
Deferred tax credited to profit or loss during the year	<u>1,315</u>	<u>244</u>	<u>1,559</u>
Gross deferred tax assets at 31 December 2022 and 1 January 2023	1,352	244	1,596
Deferred tax (charged)/credited to profit or loss during the year	<u>(1,304)</u>	<u>61</u>	<u>(1,243)</u>
Gross deferred tax assets at 31 December 2023 and 1 January 2024	48	305	353
Deferred tax credited to profit or loss during the year	<u>4,641</u>	<u>747</u>	<u>5,388</u>
Gross deferred tax assets at 31 December 2024 and 1 January 2025	4,689	1,052	5,741
Deferred tax charged to profit or loss during the period	<u>(3,503)</u>	<u>(876)</u>	<u>(4,379)</u>
Gross deferred tax assets at 30 June 2025	<u><u>1,186</u></u>	<u><u>176</u></u>	<u><u>1,362</u></u>

*Deferred tax liabilities*

	<b>Right-of-use assets RMB'000</b>	<b>Fair value gains RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2022	37	—	37
Deferred tax charged to profit or loss during the year	<u>1,550</u>	<u>9</u>	<u>1,559</u>
Gross deferred tax liabilities at 31 December 2022 and 1 January 2023	1,587	9	1,596
Deferred tax credited to profit or loss during the year	<u>(1,234)</u>	<u>(9)</u>	<u>(1,243)</u>
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	353	—	353
Deferred tax charged to profit or loss during the year	<u>5,388</u>	<u>—</u>	<u>5,388</u>
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	5,741	—	5,741
Deferred tax (credited)/charged to profit or loss during the period	<u>(4,586)</u>	<u>207</u>	<u>(4,379)</u>
Gross deferred tax liabilities at 30 June 2025	<u>1,155</u>	<u>207</u>	<u>1,362</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Net deferred tax assets recognised in the statement of financial position of the Company	—	—	—	—
Net deferred tax liabilities recognised in the statement of financial position of the Company	—	—	—	—

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deductible temporary differences	614,044	748,313	925,040	1,011,741
Tax losses	1,580,925	2,382,763	3,347,104	3,834,434

Deferred tax assets have not been recognised in respect of the above items as the Company has been loss-making for some time and it is not considered probable that taxable profits will be available against which the above items can be utilised.

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Company had tax losses arising in Chinese Mainland of RMB467,878,000, RMB801,838,000, RMB964,341,000 and RMB487,330,000, respectively, that will expire in three to ten years for offsetting against future taxable profits.

## 28. DEFERRED GOVERNMENT GRANTS

### The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	10,470	44,918	61,055	47,378
Grants received during the year/period	34,448	16,385	21,337	54,018
Amortisation during the year/period	—	(135)	(10,094)	(12,915)
Released to profit or loss during the year/period	—	(113)	(24,920)	(14,226)
At the end of the year/period	44,918	61,055	47,378	74,255
Current portion	248	35,014	2,272	2,355
Non-current portion	44,670	26,041	45,106	71,900

### The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	470	34,918	45,055	26,278
Grants received during the year/period	34,448	10,385	16,237	35,823
Amortisation during the year/period	—	(135)	(10,094)	(12,427)
Released to profit or loss during the year/period	—	(113)	(24,920)	(2,247)
At the end of the year/period	34,918	45,055	26,278	47,427
Current portion	248	35,014	2,272	—
Non-current portion	34,670	10,041	24,006	47,427

## 29. LONG-TERM PAYABLES

## The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	72	33,215	14,224	45,881
Additions	51,480	794	57,141	20,177
Accretion of interest recognised during the year/period	541	951	723	985
Payments	(18,878)	(20,736)	(26,207)	(1,208)
Carrying amount at the end of the year/period	33,215	14,224	45,881	65,835
Analysed into:				
Current portion	19,529	13,949	31,592	56,016
Non-current portion	13,686	275	14,289	9,819

## The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	—	33,143	14,224	19,044
Additions	51,480	794	27,205	15,847
Accretion of interest recognised during the year/period	541	951	723	425
Payments	(18,878)	(20,664)	(23,108)	(1,208)
Carrying amount at the end of the year/period	33,143	14,224	19,044	34,108
Analysed into:				
Current portion	19,457	13,949	9,737	24,289
Non-current portion	13,686	275	9,307	9,819

## 30. PAID-IN CAPITAL/SHARE CAPITAL AND TREASURY SHARES

## (a) Paid-in capital/share capital

*The Group and the Company*

		Numbers of ordinary shares	Paid-in capital/share capital RMB'000
As at 1 January 2022		N/A	148,897
Capital contribution from shareholders	(i)	N/A	22,417
As at 31 December 2022		N/A	171,314
Conversion of convertible bonds	(ii)	N/A	5,139
Capital contribution from shareholders	(iii)	N/A	9,763
As at 31 December 2023		N/A	186,216
Capital contribution from shareholders	(iv)	N/A	7,598
As at 31 December 2024		N/A	193,814
Issue of ordinary shares upon conversion into a joint stock company	(v)	193,813,940	—
Issuance of shares	(vi)	35,071,996	35,072
As at 30 June 2025		228,885,936	228,886

- (i) In February 2022, the Company received capital contributions of RMB200,000,000 in cash from Beijing Ruifeng Equity Investment Fund (Limited Partnership) (北京瑞豐股權投資基金(有限合夥)) and RMB50,000,000 in cash from Xicheng Zhiyuan Digital Power Selection (Beijing) Investment Center (Limited Partnership) (熙誠致遠數字動力精選(北京)投資中心(有限合夥)), respectively. As a result, approximately RMB7,445,000 and RMB242,555,000 were credited to the Company's paid-in capital and capital reserves, respectively.

In May 2022, the Company received capital contributions of RMB130,000,000 in cash from Shanghai Shengyong State-owned Enterprise Reform New Potential Private Equity Investment Fund Partnership (Limited Partnership) (上海盛雍國企改革新勢能私募投資基金合夥企業(有限合夥)) and RMB50,000,000 in cash from Sichuan Dingxiang Equity Investment Fund Co., Ltd. (四川鼎祥股權投資基金有限公司), respectively. As a result, approximately RMB4,020,000 and RMB175,980,000 were credited to the Company's paid-in capital and capital reserves, respectively.

In June 2022, the Company received capital contributions of RMB20,000,000 in cash from Wuhan Jiangxia Xintuo Equity Investment Fund Management Partnership (Limited Partnership) (武漢江夏新拓股權投資基金管理合夥企業(有限合夥)), RMB30,000,000 in cash from Zaozhuang Xinsheng Equity Investment Partnership (Limited Partnership) (棗莊新晟股權投資合夥企業(有限合夥)), RMB33,000,000 in cash from Ningbo Dingyinxin Equity Investment Partnership (Limited Partnership) (寧波鼎寅芯股權投資合夥企業(有限合夥)), and USD48,125,000 in cash from Jupiter Technology Link Investment Company Ltd, respectively. As a result, approximately RMB9,199,000 and RMB396,404,000 were credited to the Company's paid-in capital and capital reserves, respectively.

In August 2022, the Company received a capital contribution of RMB8,000,000 in cash from Ningbo Dingyinxin Equity Investment Partnership (Limited Partnership) (寧波鼎寅芯股權投資合夥企業(有限合夥)), USD1,875,000 in cash from Jupiter Technology Link Investment Company Ltd, and RMB78,500,000 in cash from Beijing Zhongguancun Science Park Technology Growth Investment Partnership (Limited Partnership) (北京中關村科學城科技成長投資合夥企業(有限合夥)), respectively. As a result, approximately RMB1,753,000 and RMB97,650,000 were credited to the Company's paid-in capital and capital reserves, respectively.

- (ii) In June 2023, the Company issued a convertible liability and received RMB50,000,000 in cash from Xiamen Zhengmei Enterprise Management Partnership (Limited Partnership) (廈門鉦美企業管理合夥企業(有限合夥)). In July 2023, this convertible bond was fully converted to capital at its then fair value of RMB50,360,000, resulting in approximately RMB5,139,000 and RMB45,221,000 credited to the Company's paid-in capital and capital reserves, respectively.
- (iii) In July 2023, the Company received capital contributions of RMB40,000,000 in cash from Ningbo Dingmaoxin Equity Investment Partnership (Limited Partnership) (寧波鼎卯芯股權投資合夥企業(有限合夥)), RMB37,000,000 in cash from Guangzhou Tianmu Artificial Intelligence Industry Investment Fund Partnership (Limited Partnership) (廣州天目人工智能產業投資基金合夥企業(有限合夥)), respectively. As a result, approximately RMB1,319,000 and RMB75,681,000 were credited to the Company's paid-in capital and capital reserves respectively.

In July 2023, Xiamen Zhengmei Enterprise Management Partnership (Limited Partnership) (廈門鉦美企業管理合夥企業(有限合夥)) subscribed for the Company's increased registered capital of RMB5,139,000 at the consideration of RMB300,000,000, of which RMB50,000,000 was settled through the conversion of convertible bond disclosure in note (b). As a result, approximately RMB250,000,000 were credited to the Company's capital reserves respectively. The Company received capital contributions of RMB100,000,000 in cash in October 2023 and RMB150,000,000 in cash in February 2024.

In July 2023, Zibo Kaishu Equity Investment Partnership (Limited Partnership) (淄博凱數股權投資合夥企業(有限合夥)) ("Zibo Kaishu") subscribed for the Company's increased registered capital of RMB1,836,000 at the consideration of RMB107,200,000. As a result, approximately RMB1,836,000 and RMB105,364,000 credited to the Company's paid-in capital and capital reserves respectively. The Company received capital contributions of RMB2,000,000 in cash in November 2023. In November 2024, Zibo Kaishu transferred RMB1,836,000 registered capital in the Company to Haihe Yunbai Industrial Investment Fund Partnership (Limited Partnership) (天津海河云柏產業投資基金合夥企業(有限合夥)) ("Haihe Yunbai") at the consideration of approximately RMB107,200,000. In November 2024, the Company received capital contributions of RMB105,200,000 in cash from Haihe Yunbai.

In August 2023, the Company received capital contributions of RMB100,000,000 in cash from Hangzhou Yuanqiao Zhishu Equity Investment Partnership (Limited Partnership) (杭州遠橋智數股權投資合夥企業(有限合夥)), and RMB30,000,000 in cash from Beijing Paradigm Artificial Intelligence Equity Investment Fund (Limited Partnership) (北京範式人工智能股權投資基金(有限合夥)), respectively. As a result, approximately RMB2,227,000 and RMB127,773,000 were credited to the Company's paid-in capital and capital reserves respectively.

In October 2023, the Company received capital contributions of RMB50,000,000 in cash from Gongqingcheng Baochuang Gongying Venture Capital Fund Partnership (Limited Partnership) (共青城寶創共贏創業投資基金合夥企業(有限合夥)), and USD5,000,000 in cash from Hina Growth Opportunities Fund, L.P., respectively. As a result, approximately RMB1,468,000 and RMB84,428,000 were credited to the Company's paid-in capital and capital reserves respectively.

In November 2023, the Company received capital contributions of RMB20,000,000 in cash from Nanjing Lianchuang Digital Equity Investment Partnership (Limited Partnership) (南京聯創數字股權投資合夥企業(有限合夥)), and RMB150,000,000 in cash from Xiamen Hongshan Yaheng Equity Investment Partnership (Limited Partnership) (廈門紅杉雅恒股權投資合夥企業(有限合夥)) (currently known as Xiamen Yaheng Venture Capital Fund Partnership (Limited Partnership) (廈門雅恒創業投資基金合夥企業(有限合夥))), respectively. As a result, approximately RMB2,913,000 and RMB167,087,000 were credited to the Company's paid-in capital and capital reserves respectively.

- (iv) In February 2024, the Company received capital contributions of RMB4,350,000 in cash from Cuihu Tianshu (Zibo) Equity Investment Partnership (Limited Partnership) (翠湖天數(淄博)股權投資合夥企業(有限合夥)), and RMB300,000,000 in cash from Shanghai Linke Zhixin Private Equity Investment Fund Partnership (Limited Partnership) (上海臨科智芯私募投資基金合夥企業(有限合夥)), respectively. As a result, approximately RMB5,884,000 and RMB337,616,000 were credited to the Company's paid-in capital and capital reserves, respectively.

In July 2024, the Company received capital contributions of RMB65,000,000 in cash from Suzhou Industrial Park Yuanhe Dingsheng Equity Investment Partnership (Limited Partnership) (蘇州工業園區元禾鼎盛股權投資合夥企業(有限合夥)), resulting in approximately RMB1,114,000 and RMB63,886,000 were credited to the Company's paid-in capital and capital reserves, respectively.

In August 2024, the Company received capital contributions of RMB35,000,000 in cash from Chengdu Tianfu Yuanhe Jingu Venture Capital Center (Limited Partnership) (成都天府元禾金谷創業投資中心(有限合夥)), resulting in approximately RMB600,000 and RMB34,400,000 were credited to the Company's paid-in capital and capital reserves, respectively.

- (v) Pursuant to the promoters' agreement dated 27 December 2024 entered into by all the then shareholders and the shareholders' resolutions dated 13 January 2025, all promoters (being all the then Shareholders) agreed to convert the Company from a limited liability company into a joint stock limited company. Upon completion of the conversion, the share capital of the Company was RMB193,813,940 divided into 193,813,940 shares with a nominal value of RMB1.00 each, which were subscribed by all the then shareholders in proportion to their respective equity interests in the Company before the conversion. The conversion was completed on 17 February 2025.
- (vi) In March 2025, the Company received capital contributions of RMB95,000,000 in cash from Hunan Xiangjiang New District Guiding No. 5 Equity Investment Partnership (Limited Partnership) (湖南湘江新區引導五號股權投資合夥企業(有限合夥)). As a result, approximately RMB1,627,000 and RMB93,373,000 were credited to the Company's share capital and capital reserves, respectively.

In April 2025, the Company received capital contributions of RMB720,000,000 in cash from Masterwork Holdings Limited. As a result, approximately RMB11,726,000 and RMB708,274,000 were credited to the Company's share capital and capital reserves, respectively.

In May 2025, the Company received capital contributions of RMB144,086,000 in cash from FOCUSTAR CAPITAL INVESTMENT FUND L.P. and RMB108,785,000 in cash from XN Speed International Limited. As a result, approximately RMB4,119,000 and RMB248,752,000 were credited to the Company's share capital and capital reserves, respectively.

In May 2025, the Company received capital contributions of RMB30,192,000 in cash from Interplanetary Pte. Ltd.. As a result, approximately RMB493,000 and RMB29,699,000 were credited to the Company's share capital and capital reserves, respectively.



In June 2025, the Company received capital contributions of RMB50,000,000 in cash from Xiamen Zhengmei Enterprise Management Partnership (Limited Partnership) (廈門鉅美企業管理合夥企業(有限合夥)), RMB25,000,000 in cash from Sichuan Culture Industry Investment Fund Partnership (Limited Partnership) (四川文化產業投資基金合夥企業(有限合夥)), RMB30,000,000 in cash from Sichuan Regional Collaborative Development Investment Guidance Fund Partnership (Limited Partnership) (四川區域協同發展投資引導基金合夥企業(有限合夥)), RMB45,000,000 in cash from Mianyang Gaochuang Equity Investment Fund Partnership (Limited Partnership) (綿陽高創股權投資基金合夥企業(有限合夥)), RMB15,000,000 in cash from Ningbo Ruihe Yingfu Venture Capital Partnership (Limited Partnership) (寧波銳合盈孚創業投資合夥企業(有限合夥)), RMB15,000,000 in cash from Ningbo Yingshi Venture Capital Partnership (Limited Partnership) (寧波盈石創業投資合夥企業(有限合夥)), RMB48,000,000 in cash from Nanjing Lanpu High Quality Equity Investment Fund (Limited Partnership) (南京蘭璞高質股權投資基金(有限合夥)), RMB40,000,000 in cash from Nanjing Railway Investment Jushi Hub Economic Industry Investment Fund Partnership (Limited Partnership) (南京鐵投巨石樞紐經濟產業投資基金合夥企業(有限合夥)), RMB30,000,000 in cash from China Insurance Investment Trust Quality (Jiaxing) Equity Investment Partnership (Limited Partnership) (中保投信質力(嘉興)股權投資合夥企業(有限合夥)), RMB24,200,000 in cash from Hunan Bofu Selected Equity Investment Partnership (Limited Partnership) (湖南泊富精選股權投資合夥企業(有限合夥)), RMB22,646,335 in cash from Xiamen Hongshan Yaheng Equity Investment Partnership (Limited Partnership) (廈門紅杉雅恒股權投資合夥企業(有限合夥)), RMB100,000,000 in cash from Shenzhen Digital Future Private Equity Investment Fund Partnership (Limited Partnership) (深圳市數字未來私募股權投資基金合夥企業(有限合夥)), RMB200,000,000 in cash from Quzhou Intelligent Manufacturing Anhe Equity Investment Partnership (Limited Partnership) (衢州智造安合股權投資合夥企業(有限合夥)), RMB180,000,000 in cash from Nanjing Xingna Heyuan Venture Capital Partnership (Limited Partnership) (南京星納赫源創業投資合夥企業(有限合夥)), RMB25,500,000 in cash from Nanjing Xingnafeng Enterprise Management Partnership (Limited Partnership) (南京星納峰企業管理合夥企業(有限合夥)), RMB50,000,000 in cash from Hubei Lihe Jiacheng Investment Co., Ltd. (湖北利禾佳誠投資有限責任公司), RMB50,000,000 in cash from Hainan Zhihua Investment Partnership (Limited Partnership) (海南至華投資合夥企業(有限合夥)), RMB50,000,000 in cash from Shanghai Dalinghao Bay Ceyuan No.2 Venture Capital Partnership (Limited Partnership) (上海大零號灣策源二號創業投資合夥企業(有限合夥)) and RMB50,000,000 in cash from Xi'an Xigaotou Zhiyuan Investment Fund Partnership (Limited Partnership) (西安西高投致遠投資基金合夥企業(有限合夥)). As a result, approximately RMB17,107,000 and RMB1,032,716,000 were credited to the Company's share capital and capital reserves, respectively.

**(b) Special rights of the Pre-IPO Investors**

Pursuant to the shareholders agreement entered into by the Company and the then shareholders from December 2016 to May 2025 (collectively, the "Agreements"), the Pre-IPO Investors were granted by the Company with special rights ("Special Rights") which included redemption rights and liquidation preferences rights.

No Pre-IPO Investors had exercised their redemption rights or liquidation preferences rights.

On 10 June 2025, the Company and the Pre-IPO Investors entered into supplemental agreements, agreeing that certain of the Special Rights granted by the Company to Pre-IPO investors, including redemption rights and liquidation preferences rights, have been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the Pre-IPO Investments as equity throughout the Relevant Periods.

Had the Special Rights granted by the Company to the Pre-IPO Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, (i) the redemption financial liabilities, total current liabilities, net current (liabilities)/assets and net (liabilities)/assets would have been:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Redemption financial liabilities	2,948,553	3,938,039	5,080,904	—
Total current liabilities	3,265,261	4,624,505	5,960,859	875,575
Net current (liabilities)/assets	(2,480,167)	(3,337,366)	(4,698,512)	2,295,993
Net (liabilities)/assets	(2,328,872)	(3,059,701)	(4,392,235)	2,515,854

and (ii) the finance costs associated with the redemption financial liabilities, the net loss for the year/period, basic and diluted loss per share would have been:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial costs associated with the redemption financial liabilities	(210,881)	(289,303)	(444,165)	(210,778)	(235,526)
Net loss attributable to owners of the parent	(734,720)	(1,080,610)	(1,336,598)	(614,770)	(844,842)
Basic loss per share	(5.60)	(7.41)	(8.16)	(3.78)	(4.82)
Diluted loss per share	(5.60)	(7.41)	(8.16)	(3.78)	(4.82)

(c) Treasury shares

	Number of shares	Treasury shares RMB'000
As at 1 January 2022	32,621,000	32,621
Restrict shares vested during the year	(767,000)	(767)
As at 31 December 2022	31,854,000	31,854
Restrict shares vested during the year	(3,238,000)	(3,238)
As at 31 December 2023	28,616,000	28,616
Restrict shares vested during the year	(2,587,000)	(2,587)
Shares repurchased	2,933,000	14,817
As at 31 December 2024	28,962,000	40,846
Restrict shares vested during the period	(2,819,000)	(2,819)
Shares repurchased	569,000	1,622
As at 30 June 2025	26,712,000	39,649

The treasury shares are shares held by the Group that have not been granted or vested under its share award schemes. Further details of the share aware schemes are given in note 31 to the Historical Financial Information.

### 31. SHARE-BASED PAYMENTS

The Company operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the schemes include the Company's directors, supervisors, senior management and other key employees of the Group who, in the opinion of the board of directors, contribute directly to the overall business performance and sustainable development of the Group.

In order to implement the share award schemes, several limited partnerships were established and designated as employee shareholding platforms to specially hold the shares as awards to the eligible participants as the ultimate beneficial owners.

The terms and conditions of the restricted shares granted under the share award schemes are summarised as follows:

	<u>Number of shares</u>	<u>Subscription price</u>
<b>Category A</b>		
Granted prior to 31 December 2021	21,273,249	RMB0.00
Granted during the year ended 31 December 2022	349,180	RMB0.00
Granted during the year ended 31 December 2023	819,426	RMB0.00
Granted during the year ended 31 December 2024	9,812,827	RMB0.00
Granted during the six months ended 30 June 2025	2,723,982	RMB0.00
<b>Category B</b>		
Granted during the year ended 31 December 2022	1,500,500	RMB3.00
Granted during the year ended 31 December 2023	2,359,748	RMB3.00
Granted during the year ended 31 December 2024	464,100	RMB3.00
Granted during the year ended 31 December 2024	330,000	RMB1.00
Granted during the six months ended 30 June 2025	172,947	RMB1.00
<b>Category C</b>		
Granted prior to 31 December 2021	4,063,536	RMB0.00
Granted during the year ended 31 December 2022	69,653	RMB0.00
<b>Category A</b>		

The restricted shares granted under Category A are subject to service conditions. Specifically, these share incentives require grantee to meet the service condition from the date of grant to the later of (1) the date of successful IPO of the Company (the "Lock-up Period") and (2) the "Service Period", where the shares are either (i) to be released in equal 25% over a period of four years from the grant date, or (ii) are to be released 25% on the secondary anniversary from the grant date, and 25% each on the third and fourth anniversaries from the grant date. After taking into consideration of the best estimation of the IPO timetable, the management determined the vesting period of the relevant restricted shares based on the above service conditions. As such, the share-based payment expenses are amortised during the vesting period.

The fair value of the restricted shares granted with nil subscription price was determined with reference to the financing transaction prices from third parties at that time.

The movements of the outstanding restricted shares during the Relevant Periods were as follows:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
	<u>shares</u>	<u>shares</u>	<u>shares</u>	<u>shares</u>
	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
At 1 January	18,361	18,466	16,355	22,220
Granted during the year/period	349	819	9,813	2,724
Forfeited during the year/period	(244)	(37)	(147)	(43)
Cancelled during the year/period*	—	—	(1,719)	—
Vested during the year/period*	—	(2,893)	(2,082)	(2,649)
At 31 December/30 June	<u>18,466</u>	<u>16,355</u>	<u>22,220</u>	<u>22,252</u>

Subsequent to 30 June 2025, till the date of approval of this report, a total of 10,528 restricted shares were forfeited in respect of the resignation of certain grantees.

- \* In November 2023, the shareholders approved to immediately vest 1,071,000 restricted shares with nil subscription price to one employee to reward his contributions to the Group, resulting in the accelerated recognition of unamortised expenses in the current period.
- \* In July 2020, the Company granted 2,579,000 restricted shares to one employee with nil subscription price which have service conditions. In April 2024, the Company and the employee reached an agreement that the Company repurchased 1,719,000 restricted shares with nil consideration with the remaining 860,000 restricted shares immediately vested, resulting in the accelerated recognition of unamortised expenses in the current period.
- \* In April 2023, the Company reached agreements with several employees that the Company waived its repurchase right under the original grant agreement which reduced the vesting period from the “Lock-up Period” to the “Service Period”. The employees vested 1,822,000, 1,222,000 and 772,000 restricted shares during the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025.
- \* In 2024, the Company granted 1,877,000 restricted shares to one employee with nil subscription price which have service conditions. In May 2025, the Company reached agreements with the employee whereby the Company waived its repurchase right under the original grant agreement, in consideration of the employee’s anticipated departure in June 2025. Consequently, these restricted shares became immediately vested, resulting in the accelerated recognition of unamortised expenses in the current period.

#### Category B

The restricted shares grants under Category B are subject to service conditions with subscription price of RMB1.00 or RMB3.00. Specifically, these share incentives require grantee to meet the service condition from the date of grant to the later of (1) the date of successful IPO of the Company (the Lock-up Period”) and (2) the “Service Period”, which are either (i) to be released equally over a period of four years from the grant date, or (ii) 50% of which are to be released on the secondary anniversary from the grant date, and 25% each on the third and fourth anniversary from the grant date. After taking into consideration of the best estimation of the IPO timetable, the management determined the vesting period of the relevant restricted shares based on the above service condition. As such, the share-based payment expenses are amortised during the vesting period.

The grantees are required to contribute the subscription price of restricted shares according to the schedule agreed. The employee shareholding platforms have the right to withdraw the granted shares if the employee fails to pay the corresponding price. The fair value of the restricted shares granted under the category was determined by using the Black-Scholes model, taking into account the terms and conditions upon which the shares were granted. The following table lists the fair value at measurement date and the significant inputs to the fair value model used:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fair value of per restricted shares		RMB44.77/		
at measurement date	RMB44.77	RMB58.37	RMB58.37	RMB61.40
Dividend yield (%)	—	—	—	—
Expected volatility (%)	61.00%–66.00%	60.00%–62.00%	59.00%–62.00%	60.00%–62.00%
Risk-free interest rate (%)	2.28%–2.59%	2.31%–2.66%	1.24%–2.34%	1.55%–1.63%

The subscription price and remaining contractual life of the share options outstanding as at the end of the reporting period are as follows:

**31 December 2022**

<u>Number of shares</u>	<u>Subscription price</u>	<u>Remaining contractual life</u>
<u>'000</u>	<u>RMB per share</u>	
<u>1,501</u>	3	3.00–4.00

**31 December 2023**

<u>Number of shares</u>	<u>Subscription price</u>	<u>Remaining contractual life</u>
<u>'000</u>	<u>RMB per share</u>	
<u>3,848</u>	3	2.00–3.75

**31 December 2024**

<u>Number of shares</u>	<u>Subscription price</u>	<u>Remaining contractual life</u>
<u>'000</u>	<u>RMB per share</u>	
4,015	3	1.00–3.50
<u>330</u>	1	1.50–4.00
<u>4,345</u>		

30 June 2025

<b>Number of shares</b>	<b>Subscription price RMB per share</b>	<b>Remaining contractual life</b>
<b>'000</b>		
3,926	3	0.50–3.00
489	1	1.00–3.83
<b>4,415</b>		

The movements of the outstanding restricted shares during the Relevant Periods were as follows:

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>Number of shares</b>	<b>Number of shares</b>	<b>Number of shares</b>	<b>Number of shares</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
At 1 January	—	1,501	3,848	4,345
Granted during the year/period	1,501	2,360	794	173
Forfeited during the year/period	—	(13)	(122)	(103)
Vested during the year/period	—	—	(175)	—
At 31 December/30 June	<b>1,501</b>	<b>3,848</b>	<b>4,345</b>	<b>4,415</b>

Subsequent to 30 June 2025, till the date of approval of this report, a total of 48,000 restricted shares were forfeited in respect of the resignation of certain grantees.

#### Category C

The restricted shares grants under Category C are subject to service conditions. Specifically, these share incentives require grantee to meet the service condition from the date of grant to the later of (1) the date of successful IPO of the Company (the Lock-up Period”) and (2) the “Service Period”, which are to be released equally over a period of four years from the grant date. For the grantees who meet the Service Period conditions but do not meet the Lock-Up Period conditions, the share-based payment arrangements provide the Group with a choice of settlement for the restricted shares vested according to the condition of Service Period. The Group can choose between settling in cash at share price at least RMB5.21 per share, or issuing equity instruments. Since the Company has no present obligation to settle in cash, the Company accounted for the transaction as an equity-settled share-based payment transaction. As such, the share-based payment expenses are amortised during the Service Period.

The fair value of the restricted shares granted with nil subscription price was determined by referencing the financing transaction prices from third parties at that time.

The movements of the outstanding restricted shares during the Relevant Periods were as follows:

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>Number of</b>	<b>Number of</b>	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>	<b>shares</b>	<b>shares</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
At 1 January	2,803	1,354	734	211
Granted during the year/period	70	—	—	—
Forfeited during the year/period	(752)	(275)	(193)	(41)
Vested during the year/period	(767)	(345)	(330)	(170)
At 31 December/30 June	<u>1,354</u>	<u>734</u>	<u>211</u>	<u>—</u>

The Group recognised employee benefit expenses of RMB120,842,000, RMB207,759,000, RMB247,765,000 and RMB295,859,000 during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, respectively, in relation to the above three categories' share award schemes.

### 32. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity of the Historical Financial Information.

#### Capital reserve

The capital reserve mainly comprises the share premium of the Company and the difference between the aggregate of the then net assets of the non-controlling interests acquired and the consideration paid by the Group.

In March 2023, the Company acquired 20% non-controlling shares of Beijing Iluvatar at nil consideration. Beijing Iluvatar. was in the net deficits position at the time of the transaction.

The amounts of the Company's reserves and the movements therein are presented as below:

	<b>Capital reserve</b>	<b>Fair value reserve of financial assets at fair value through other comprehensive income</b>	<b>Share-based payment reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2022	1,295,832	—	229,548	(1,443,745)	81,635
Loss for the year	—	—	—	(646,003)	(646,003)
Total comprehensive loss for the year	—	—	—	(646,003)	(646,003)
Contribution from shareholders	912,589	—	—	—	912,589
Expense in relation to capital injection	(5,714)	—	—	—	(5,714)
Share-based payment expenses	—	—	120,842	—	120,842
At 31 December 2022	<u>2,202,707</u>	<u>—</u>	<u>350,390</u>	<u>(2,089,748)</u>	<u>463,349</u>



	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	2,202,707	—	350,390	(2,089,748)	463,349
Loss for the year	—	—	—	(787,199)	(787,199)
Other comprehensive income for the year:					
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	(2)	—	—	(2)
Total comprehensive loss for the year	—	(2)	—	(787,199)	(787,201)
Contribution from shareholders	810,333	—	—	—	810,333
Expense in relation to capital injection	(2,132)	—	—	—	(2,132)
Share-based payment expenses	—	—	207,759	—	207,759
Conversion of convertible liabilities	45,221	—	—	—	45,221
At 31 December 2023	3,056,129	(2)	558,149	(2,876,947)	737,329
At 1 January 2024	3,056,129	(2)	558,149	(2,876,947)	737,329
Loss for the year	—	—	—	(900,813)	(900,813)
Other comprehensive income for the year:					
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	230	—	—	230
Total comprehensive loss for the year	—	230	—	(900,813)	(900,583)
Contribution from shareholders	435,902	—	—	—	435,902
Expense in relation to capital injection	(3,622)	—	—	—	(3,622)
Share-based payment expenses	—	—	247,765	—	247,765
At 31 December 2024	3,488,409	228	805,914	(3,777,760)	516,791
At 1 January 2025	3,488,409	228	805,914	(3,777,760)	516,791
Loss for the period	—	—	—	(577,739)	(577,739)
Other comprehensive income for the period:					
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	(228)	—	—	(228)
Total comprehensive loss for the period	—	(228)	—	(577,739)	(577,967)
Issuance of shares	2,112,815	—	—	—	2,112,815
Conversion into a joint-stock company	(2,555,069)	—	(507,458)	3,062,527	—
Share issue expenses	(5,794)	—	—	—	(5,794)
Share-based payment expenses	—	—	295,859	—	295,859
At 30 June 2025	3,040,361	—	594,315	(1,292,972)	2,341,704

## 33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

## (a) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB27,407,000, RMB4,399,000, RMB41,251,000 and RMB6,554,000, respectively, in respect of lease arrangements for buildings and machinery.

## (b) Changes in liabilities arising from financing activities

*Year ended 31 December 2022*

	<u>Bank loans</u> <u>RMB'000</u>	<u>Lease liabilities</u> <u>RMB'000</u>
At 1 January 2022	91,708	750
Changes from financing cash flows	55,988	(13,162)
Additions of lease liabilities	—	27,407
Interest expense ( <i>note 7</i> )	<u>5,234</u>	<u>728</u>
At 31 December 2022	<u>152,930</u>	<u>15,723</u>

*Year ended 31 December 2023*

	<u>Bank loans</u> <u>RMB'000</u>	<u>Lease liabilities</u> <u>RMB'000</u>
At 1 January 2023	152,930	15,723
Changes from financing cash flows	329,878	(15,005)
Additions of lease liabilities	—	4,399
Interest expense ( <i>note 7</i> )	<u>9,609</u>	<u>447</u>
At 31 December 2023	<u>492,417</u>	<u>5,564</u>

*Year ended 31 December 2024*

	<u>Bank loans</u> <u>RMB'000</u>	<u>Lease liabilities</u> <u>RMB'000</u>
At 1 January 2024	492,417	5,564
Changes from financing cash flows	99,889	(14,586)
Additions of lease liabilities	—	41,251
Interest expense ( <i>note 7</i> )	<u>15,754</u>	<u>906</u>
At 31 December 2024	<u>608,060</u>	<u>33,135</u>

*Six months ended 30 June 2025*

	<u>Bank loans</u>	<u>Lease liabilities</u>
	<u>RMB'000</u>	<u>RMB'000</u>
At 1 January 2025	608,060	33,135
Changes from financing cash flows	49,800	(25,732)
Disposals	—	(286)
Additions of lease liabilities	—	6,554
Interest expense ( <i>note 7</i> )	<u>9,452</u>	<u>702</u>
At 30 June 2025	<u><u>667,312</u></u>	<u><u>14,373</u></u>

(c) **Total cash outflow for leases**

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
				(unaudited)	
Within operating activities	9	9	9	5	23
Within financing activities	<u>13,162</u>	<u>15,005</u>	<u>20,389</u>	<u>4,035</u>	<u>25,732</u>
Total	<u><u>13,171</u></u>	<u><u>15,014</u></u>	<u><u>20,398</u></u>	<u><u>4,040</u></u>	<u><u>25,755</u></u>

**34. COMMITMENTS**

The Group had the following capital commitments at the end of the Relevant Periods.

	<u>As at 31 December</u>			<u>As at 30 June</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Contracted, but not provided for:				
Purchase of property, plant and equipment and intangible assets	<u><u>3,989</u></u>	<u><u>1,590</u></u>	<u><u>56,389</u></u>	<u><u>35,339</u></u>

## 35. RELATED PARTY TRANSACTIONS

## (a) Name and relationship

<u>Name of related party*</u>	<u>Relationship with the Company</u>
Mr. Gai Lujiang	Director
Mr. Diao Shijing	Director
Xiamen Zhengmei Enterprise Management Partnership (Limited Partnership)*	Shareholder of the Company
Luckin Coffee (China) Co., Ltd.*	Company controlled by the shareholder

\* The English names of these companies registered in the PRC represent the translated names of these companies as no English names have been registered.

## (b) The Group had the following material related party transactions and outstanding balances during the Relevant Periods:

	<u>As at 31 December</u>			<u>As at 30 June</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Sales of goods				
Luckin Coffee (China) Co., Ltd.	—	33,850	—	—
Loan to director				
Mr. Diao Shijing	—	4,100	—	—

## (c) Other transactions with related parties:

In March 2023, the Company acquired 20% shares of Beijing Iluvatar from Mr. Gai Lujiang at nil consideration as Beijing Iluvatar was in the net deficit position.

## (d) Outstanding balances with related parties

*The Group*

	<u>As at 31 December</u>			<u>As at 30 June</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
<i>Due from related parties</i>				
Trade related:				
Luckin Coffee (China) Co., Ltd.	—	30,600	—	—
Non-trade related:				
Xiamen Zhengmei Enterprise Management Partnership (Limited Partnership)	—	150,000	—	—
Mr. Diao Shijing	—	4,100	—	—
	—	184,700	—	—

As of 31 December 2023, the balance due from related parties is interest-free.

*The Company*

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Trade related:</i>				
Due from a related party				
Luckin Coffee (China) Co., Ltd.	—	30,600	—	—
Due from subsidiaries	14,116	80,722	182,516	165,752
Due to subsidiaries	78,916	290,984	343,063	431,629
<i>Non-trade related:</i>				
Due from related parties				
Xiamen Zhengmei Enterprise Management Partnership (Limited Partnership)	—	150,000	—	—
Mr. Diao Shijing	—	4,100	—	—
Due from subsidiaries	368,835	454,366	411,263	487,456

- (i) The prices are mutually agreed after taking the prevailing market prices into consideration.
- (ii) The amounts due from related parties are unsecured, interest-free and repayable on demand. The management of the Company considers there is no significant credit risk for amounts due from related parties.
- (iii) The amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.
- (e) Compensation of key management personnel of the Group:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	15,918	20,073	20,406	10,203	9,192
Performance related bonuses	3,153	2,018	5,771	2,886	2,326
Pension scheme contributions	775	1,172	1,758	879	883
Share-based payment expenses	57,477	123,632	110,562	38,541	193,118
Total	77,323	146,895	138,497	52,509	205,519

## 36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each of the Relevant Periods are as follows:

**Financial assets**

*As at 31 December 2022*

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	—	88,707	88,707
Financial assets included in prepayments, other receivables and other assets	—	37,805	37,805
Financial assets at fair value through profit or loss	58,779	—	58,779
Restricted cash	—	92,678	92,678
Pledged time deposits	—	18,844	18,844
Cash and cash equivalents	—	219,305	219,305
Total	58,779	457,339	516,118

*As at 31 December 2023*

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	—	598	—	598
Trade and bills receivables	—	—	200,436	200,436
Financial assets included in prepayments, other receivables and other assets	—	—	113,116	113,116
Financial assets at fair value through profit or loss	90,695	—	—	90,695
Restricted cash	—	—	61	61
Due from related parties	—	—	184,700	184,700
Cash and cash equivalents	—	—	308,053	308,053
Long-term trade receivables	—	—	38,082	38,082
Total	90,695	598	844,448	935,741

*As at 31 December 2024*

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Equity investments at fair value through other comprehensive income	—	828	—	828
Trade and bills receivables	—	—	377,176	377,176
Financial assets included in prepayments, other receivables and other assets	—	—	40,954	40,954
Financial assets at fair value through profit or loss	96,539	—	—	96,539
Restricted cash	—	—	61	61
Cash and cash equivalents	—	—	313,563	313,563
Long-term trade receivables	—	—	26,053	26,053
Total	<u>96,539</u>	<u>828</u>	<u>757,807</u>	<u>855,174</u>

*As at 30 June 2025*

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Equity investments at fair value through other comprehensive income	—	600	—	600
Trade and bills receivables	—	—	388,946	388,946
Financial assets included in prepayments, other receivables and other assets	—	—	30,092	30,092
Financial assets at fair value through profit or loss	146,294	—	—	146,294
Restricted cash	—	—	42,568	42,568
Cash and cash equivalents	—	—	1,713,176	1,713,176
Long-term trade receivables	—	—	19,915	19,915
Total	<u>146,294</u>	<u>600</u>	<u>2,194,697</u>	<u>2,341,591</u>



**Financial liabilities***As at 31 December 2022*

	<b>Financial liabilities at amortised cost RMB'000</b>
Financial liabilities included in other payables and accruals	20,136
Trade payables	85,256
Interest-bearing bank and other borrowings	152,930
Long-term payables	33,215
Lease liabilities	<u>15,723</u>
Total	<u><u>307,260</u></u>

*As at 31 December 2023*

	<b>Financial liabilities at amortised cost RMB'000</b>
Financial liabilities included in other payables and accruals	17,494
Trade payables	18,157
Interest-bearing bank and other borrowings	492,417
Long-term payables	14,224
Lease liabilities	<u>5,564</u>
Total	<u><u>547,856</u></u>

*As at 31 December 2024*

	<b>Financial liabilities at amortised cost RMB'000</b>
Financial liabilities included in other payables and accruals	59,599
Trade payables	45,645
Interest-bearing bank and other borrowings	608,060
Long-term payables	45,881
Lease liabilities	<u>33,135</u>
Total	<u><u>792,320</u></u>

*As at 30 June 2025*

	<b>Financial liabilities at amortised cost RMB'000</b>
Financial liabilities included in other payables and accruals	57,573
Trade payables	29,884
Interest-bearing bank and other borrowings	667,312
Long-term payables	65,835
Lease liabilities	14,373
	<hr/>
Total	834,977
	<hr/> <hr/>

For the details of pre-IPO investments, please refer to note 30(b) to this report.

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments and other receivables, trade and bills receivables, due from related parties, trade payables, financial liabilities included in other payables and accruals and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings and long-term payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of the wealth management products based on the net values announced by the banks at the end of the Relevant Periods.

The fair value of the Group's unlisted equity investments was determined by using appropriate valuation techniques including the latest transaction price and the asset-based approach as at 31 December 2022, 2023 and 2024 and 30 June 2025. The Group classifies the fair value of the investments using the latest transaction price as Level 2 and the fair value of the investments using asset-based approach as Level 3. The unobservable inputs in Level 3 valuation include net asset value of the investee companies. A 1% increase/decrease in net asset value would result in a corresponding increase/decrease in the fair value of the investments by RMB448,000, RMB922,000, RMB962,000 and RMB62,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. The directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, are reasonable, and that they were the most appropriate values at the end of the Relevant Periods.

**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value:

*As at 31 December 2022*

	Fair value measurement using			Total
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	8,779	50,000	58,779
Total	—	8,779	50,000	58,779

*As at 31 December 2023*

	Fair value measurement using			Total
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	—	—	598	598
Financial assets at fair value through profit or loss	—	—	90,695	90,695
Total	—	—	91,293	91,293

*As at 31 December 2024*

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Equity investments designated at fair value through other comprehensive income	—	—	828	828
Financial assets at fair value through profit or loss	—	—	96,539	96,539
Total	—	—	97,367	97,367

*As at 30 June 2025*

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Equity investments designated at fair value through other comprehensive income	—	600	—	600
Financial assets at fair value through profit or loss	—	140,118	6,176	146,294
Total	—	140,718	6,176	146,894

During the years ended 31 December 2022, 2023 and 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities. During the six months ended 30 June 2025, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities.

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments:				
At 1 January	—	50,000	91,293	97,367
Purchases	50,000	40,600	5,000	—
Total gains recognised in profit or loss included in other income	—	695	844	(363)
Total gains recognised in other comprehensive income	—	(2)	230	(228)
Transfer out of Level 3 ( <i>Note</i> )	—	—	—	(90,600)
At 31 December/30 June	50,000	91,293	97,367	6,176

\* During the six months ended 30 June 2025, equity transactions occurred for certain unlisted equity investments and therefore the relevant recent transaction prices were used to determine the fair value of the respective investments as at 30 June 2025. Consequently, the valuation technique for the relevant financial assets was changed and the fair value measurement was transferred from Level 3 to Level 2.

Liabilities for which fair values are disclosed:

*As at 31 December 2022*

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	—	152,378	—	152,378
Total	—	152,378	—	152,378

*As at 31 December 2023*

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	—	492,417	—	492,417
Total	—	492,417	—	492,417

*As at 31 December 2024*

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Interest-bearing bank borrowings	—	608,099	—	608,099
Total	—	608,099	—	608,099

*As at 30 June 2025*

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Interest-bearing bank borrowings	—	667,312	—	667,312
Total	—	667,312	—	667,312

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments, other than derivatives, comprise cash and cash equivalents and bank borrowings. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

**Interest rate risk**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in RMB interest rates, with all other variables held constant, of the Group's loss after tax through the impact on floating rate borrowings and of the Group's equity.

	<b>Increase/ (decrease) in basis points</b>	<b>(Decrease)/ increase in loss before tax RMB'000</b>	<b>Decrease/ (increase) in equity RMB'000</b>
31 December 2022 RMB	100/(100)	(529)/529	(529)/529
31 December 2023 RMB	100/(100)	(1,315)/1,315	(1,315)/1,315
31 December 2024 RMB	100/(100)	(1,923)/1,923	(1,923)/1,923
30 June 2025 RMB	100/(100)	(1,401)/1,401	(1,401)/1,401

**Foreign currency risk**

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.



The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in USD and RMB exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	(Decrease)/ increase in foreign exchange rate%	(Decrease)/ increase in loss before tax RMB'000	(Decrease)/ increase in equity RMB'000
31 December 2022			
If RMB strengthens against USD	5%	4,283	4,283
If RMB weakens against USD	(5%)	(4,283)	(4,283)
31 December 2023			
If RMB strengthens against USD	5%	(305)	(305)
If RMB weakens against USD	(5%)	305	305
31 December 2024			
If RMB strengthens against USD	5%	(1,144)	(1,144)
If RMB weakens against USD	(5%)	1,144	1,144
30 June 2025			
If RMB strengthens against USD	5%	37,184	37,184
If RMB weakens against USD	(5%)	(37,184)	(37,184)

#### Credit risk

The Group trades only with recognised and creditworthy third parties and there is no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

#### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross amounts for financial assets.

#### 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	107,745	107,745
Financial assets included in prepayments, other receivables and other assets					
— Normal**	37,805	—	—	—	37,805
Restricted cash	92,678	—	—	—	92,678
Pledged time deposits	18,844	—	—	—	18,844
Cash and cash equivalents	219,305	—	—	—	219,305
Total	368,632	—	—	107,745	476,377

*31 December 2023*

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	240,599	240,599
Financial assets included in prepayments, other receivables and other assets					
— Normal**	113,116	—	—	—	113,116
Restricted cash	61	—	—	—	61
Cash and cash equivalents	308,053	—	—	—	308,053
Long-term trade receivables					
— Normal**	38,550	—	—	—	38,550
Total	459,780	—	—	240,599	700,379

*31 December 2024*

	12-month	Lifetime ECLs			
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	435,504	435,504
Financial assets included in prepayments, other receivables and other assets					
— Normal**	14,954	—	—	—	14,954
— Doubtful**	—	—	39,800	—	39,800
Restricted cash	61	—	—	—	61
Cash and cash equivalents	313,563	—	—	—	313,563
Long-term trade receivables					
— Normal**	26,400	—	—	—	26,400
Total	354,978	—	39,800	435,504	830,282

30 June 2025

	12-month	Lifetime ECLs			
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified	Total
	RMB'000	RMB'000	RMB'000	approach	RMB'000
				RMB'000	
Trade and bills receivables*	—	—	—	448,455	448,455
Financial assets included in prepayments, other receivables and other assets					
— Normal**	15,092	—	—	—	15,092
— Doubtful**	—	—	28,800	—	28,800
Restricted cash	42,568	—	—	—	42,568
Cash and cash equivalents	1,713,176	—	—	—	1,713,176
Long-term trade receivables					
— Normal**	20,181	—	—	—	20,181
Total	1,791,017	—	28,800	448,455	2,268,272

\* For trade and bills receivables which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets and long-term receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables, other receivables and long-term trade receivables are respectively disclosed in note 18, note 19 and note 22 to the Historical Financial Information.

At the end of the each of the Relevant Periods, the Group had certain concentrations of credit risk as 35%, 14%, 37%, 6% and 95%, 55%, 58%, 15% of the Group's trade and bills receivables and long-term trade receivables were due from the Group's largest customer and five largest customers, respectively.

### Liquidity risk

The Group monitors its exposure to liquidity risk by regularly monitoring short-term and long-term liquidity requirements, as well as compliance with borrowing agreements to ensure that adequate cash reserves and readily realisable liquidity are maintained.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2022			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	48,791	36,465	—	85,256
Financial liabilities included in other payables and accruals	19,381	755	—	20,136
Interest-bearing bank and other borrowings	—	102,930	50,000	152,930
Long-term payables	—	20,663	13,936	34,599
Lease liabilities	—	15,006	1,977	16,983
Total	68,172	175,819	65,913	309,904

	As at 31 December 2023			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	10,493	7,664	—	18,157
Financial liabilities included in other payables and accruals	5,975	11,519	—	17,494
Interest-bearing bank and other borrowings	—	596,417	—	596,417
Long-term payables	—	26,208	277	26,485
Lease liabilities	—	3,868	1,892	5,760
Total	16,468	645,676	2,169	664,313

	As at 31 December 2024			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	29,666	15,979	—	45,645
Financial liabilities included in other payables and accruals	59,385	214	—	59,599
Interest-bearing bank and other borrowings	—	602,269	42,543	644,812
Long-term payables	—	32,871	14,444	47,315
Lease liabilities	—	19,610	15,188	34,798
Total	89,051	670,943	72,175	832,169

	As at 30 June 2025			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	11,080	18,804	—	29,884
Financial liabilities included in other payables and accruals	47,447	10,126	—	57,573
Interest-bearing bank and other borrowings	—	592,744	83,962	676,706
Long-term payables	—	29,597	9,955	39,552
Lease liabilities	—	12,174	4,117	16,291
Total	58,527	663,445	98,034	820,006

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings (note 26)	152,930	492,417	608,060	667,312
Long-term payables	33,215	14,224	45,881	65,835
Trade payables	85,256	18,157	45,645	29,884
Other payables and accruals (note 24)	20,136	17,494	59,599	57,573
Less: Cash and cash equivalents	219,305	308,053	313,563	1,713,176
Net debt/(asset)	72,232	234,239	445,622	(892,572)
Equity attributable to owners of the parent	660,979	922,737	688,669	2,515,854
Adjusted capital	660,979	922,737	688,669	2,515,854
Capital and net debt	733,211	1,156,976	1,134,291	1,623,282
Gearing ratio*	10%	20%	39%	N/A

\* As at 30 June 2025, the Group's cash and cash equivalents exceeded the aggregated amounts of interest-bearing bank and other borrowings, long-term payables, trade payables and financial liabilities included in other payables and accruals. As such, no gearing ratio was presented.

**39. EVENTS AFTER THE RELEVANT PERIODS**

There were no significant events subsequent to 30 June 2025.

**40. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2025.

*The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for illustrative purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.*

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025 as if Global Offering had taken place on that time.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of the Company had the Global Offering been completed as at 30 June 2025 or at any future date.

Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per share as of

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025 (RMB'000) (Note 1)	Estimated net proceeds from the Global Offering (RMB'000) (Note 2)	Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company (RMB'000)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share (RMB) (HK\$) (Note 3) (Note 4)	
Based on an Offer Price of HK\$144.60 per Share	2,373,908	3,167,921	5,541,829	21.79	24.03



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*Notes:*

- (1) The consolidated net tangible assets attributable to owners of the Company as of 30 June 2025 is extracted from “Appendix I — Accountants’ Report”, which is based on the audited consolidated equity attributable to owners of the Company as of 30 June 2025 of approximately RMB2,515,854,000 less intangible assets as of 30 June 2025 of approximately RMB141,946,000.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$144.60 per Share, after deduction of the underwriting fees and other related expenses payable by the Group (excluding listing expense of RMB13,686,000 that have been charged to profit or loss during the Relevant Periods). The estimated net proceeds from the Global Offering are converted into Hong Kong dollars at an exchange rate of 0.90675 to HK\$1.00.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 254,317,736 shares, being the number of shares in issue assuming that the Global Offering had been completed on 30 June 2025.  
The Shares used in the calculation include the 26,712,000 Treasury Shares, as the Company is in the opinion of that these 26,712,000 shares have been granted to eligible participants under the share award schemes which have been disclose in note 31 of Appendix I — Accountants’ Report, and which will be vested and exercised with highly possibility. If excluding the 26,712,000 Treasury Shares, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 30 June 2025, which is divided by 227,605,736 Shares, would then be adjusted to RMB24.35 (HK\$26.85) based on the Offer Price of HK\$144.60 per Share.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of 0.90675 to HK\$1.00.
- (5) No adjustment has been made to the unaudited pro forma consolidated net tangible assets to reflect any trading results or other transactions of our Company subsequent to 30 June 2025.

*The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.*

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**



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**To the Directors of Shanghai Iluvatar CoreX Semiconductor Co., Ltd.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shanghai Iluvatar CoreX Semiconductor Co., Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 30 June 2025, and related notes as set out on pages II-1 to II-2 of the prospectus dated 30 December 2025 (the “Prospectus”) issued by the Company (the “Unaudited Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 June 2025 as if the transaction had taken place at 30 June 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2025, on which an accountants' report has been published.

**Directors' responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

**Our independence and quality management**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

30 December 2025

## **TAXATION OF SECURITY HOLDERS**

Income tax and capital gains tax of holders of the H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken into account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H Shares.

## **TAXATION IN HONG KONG**

### **Tax on Dividends**

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

### **Capital Gains and Profit Tax**

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

**Stamp Duty**

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

**Estate Duty**

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable, and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after 11 February 2006.

**Taxation of the company in Hong Kong**

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (“**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 persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of a group entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

**The PRC TAXATION****Taxation on Dividends*****Individual Investors***

According to the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) (the “**IIT Law**”), latest amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the People’s Republic of China (中華人民共和國個人所得稅法實施條例) amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. According to Notice on Issues Relating to Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (關於上市公司股息紅利差別化個人所得稅政策有關問題的通知) issued by the Ministry of Finance (the “**MOF**”), the STA and the CSRC on September 7, 2015 and effective on September 8, 2015, for shares of listed companies obtained by individuals via public offerings and market transfer and held for more than one year, the

income from dividends and bonuses thereof shall temporarily be exempt from individual income tax. For shares of listed companies obtained by individuals via public offerings and market transfer and held for less than one month (including one month), the income from dividends and bonuses thereof shall be fully included in the individual's taxable income amount; where the shares are held for a period from one month up to one year (including one year), 50% of the income from dividends and bonuses therefrom shall temporarily be included in the individual's taxable income amount; the aforesaid income shall be subject to individual income tax based on 20% tax rate on a unified basis.

Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the “**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**”), signed by the Chinese Mainland and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol of the STA to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (國家稅務總局關於《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書) (the “**Fifth Protocol**”), issued by the STA and effective on December 6, 2019, provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

### *Enterprise Investors*

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the “**EIT Law**”) promulgated by the SCNPC, latest amended and became effective on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), latest amended by the State Council on December 6, 2024 and became effective on January 20, 2025, a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.



Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) issued by the STA and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a flat rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (Guo Shui Han [2009] No. 394) (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(國稅函[2009]394號)), promulgated by the SAT on 24 July 2009 and effective on the same day, further provides that PRC-resident enterprises listed on Chinese Mainland and overseas stock exchanges by issuing stocks must withhold EIT at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC government has concluded with a relevant country or region, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (對所得避免雙重徵稅和防止偷漏稅的安排), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

### **Tax Treaties**

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. Non-resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (非居民納稅人享受協定待遇管理辦法), which was promulgated by the STA on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection and be subject to subsequent administration by tax authorities.

**Tax on Gains from Share Transfer*****Individual Investors***

According to the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the Circular of the Ministry of Finance and the STA on Declaring that Individual Income Tax Continues to Be Exempted over Individual Income Tax from Transfer of Shares (Cai Shui Zi [1998] No.61) (財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) (the “**Circular 61**”) issued by the Ministry of Finance and STA on March 30, 1998, from January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax. According to Announcement of the Ministry of Finance and the STA on the Catalog of Preferential Individual Income Tax Policies with Continued Effect (財政部、國家稅務總局關於繼續有效的個人所得稅優惠政策目錄的公告) issued by the Ministry of Finance and the STA on December 29, 2018, the Circular 61 will continue to be effective.

However, the Notice on Issues Concerning the Levy of Individual Income Tax on Individuals’ Income from the Transfer of Restricted Stocks of Listed Companies (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知), jointly issued by the Ministry of Finance, STA and CSRC on December 31, 2009 and came into effect on January 1, 2010, states that individuals’ income from the transfer of listed shares obtained from the public offering of listed companies and of shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals’ Income from the Transfer of Restricted Stocks of Listed Companies (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知) jointly issued and implemented by relevant departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

***Enterprise Investors***

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

**Taxation Policy of Shanghai-Hong Kong Stock Connect**

Under the Notice of the Ministry of Finance and the STA and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (財政部、國家稅務總局、中國證券監督管理委員會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) which came into effect on November 17, 2014, for dividends and bonus obtained by mainland individual investors investing in H Shares listed on the Hong Kong Stock Exchange (the “HKSE”) through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to the China Securities Depository and Clearing Corporation Limited (the “CSDC”) for provision by CSDC to the H-share companies register of individual investors in Chinese Mainland, and the H-share companies shall withhold individual income tax at the rate of 20%.

Income from share dividend derived by Chinese Mainland corporate investors from investment in shares listed on the HKSE through the Shanghai-Hong Kong Stock Connect shall be included in their total income and be subject to enterprise income tax pursuant to the law. Income from share dividend derived by a Chinese Mainland resident enterprise for holding H Shares over 12 consecutive months shall be exempted from enterprise income tax pursuant to the law. The H Shares company is not required to withhold income tax on share dividend for its Chinese Mainland corporate investors, and the corporate investors shall make declaration and payment for the tax payable amount voluntarily.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Chinese Mainland and Hong Kong (關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

**Taxation Policy of Shenzhen-Hong Kong Stock Connect**

Under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No.127) (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) which came into effect on December 5, 2016, for dividends and bonus income obtained by mainland individual investors investing in H Shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDC for provision by CSDC to the H-share companies register of individual investors in Chinese Mainland, and individual income tax shall be withheld by H-share companies at the tax rate of 20%.

Income from dividends and bonuses derived by a corporate investor in Chinese Mainland from investment in shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect shall be included in the total income amount, and subject to enterprise income tax pursuant to the law. Income from dividends and bonuses derived by a Chinese Mainland resident enterprise for H Shares held for 12 months consecutively shall be exempted from enterprise income tax pursuant to the law. The H-share company shall not withhold income tax on dividends and bonuses for corporate investors in Chinese Mainland, and the tax payable amount shall be declared and paid by the corporate investor.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Chinese Mainland and Hong Kong (關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

**Stamp Duty**

According to the Stamp Duty Law of the PRC (中華人民共和國印花稅法), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

**Estate Duty**

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

**Enterprise Income Tax**

According to the EIT Law and its implementation rules, all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (高新技術企業認定管理辦法), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the STA on April 14, 2008, amended on January 29, 2016 and became effective on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

According to the Announcement of the Ministry of Finance and the STA on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (財政部、國家稅務總局關於小微企業和個體工商戶所得優惠政策的公告), which was promulgated on March 26, 2023, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. According to the Announcement of the Ministry of Finance and the STA on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (財政部、國家稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告), which was promulgated on Aug 2, 2023, the taxable income of a small low-profit enterprise shall be calculated at the reduced rate of 25%, and the policy of payment of enterprise income tax at the rate of 20% shall continue to be implemented until December 31, 2027.

### Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-Added Tax (中華人民共和國增值稅暫行條例), which was promulgated by the State Council, and last revised and became effective on 19 November 2017, and the Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則), which was promulgated by the Ministry of Finance, and last revised on 28 October 2011 and effective on 1 November 2011, all entities and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC are taxpayers of value-added tax (the “VAT”) and shall pay VAT. Unless stated otherwise, for payers who sell or import goods, and provide processing, repairs and replacement services in the PRC, the tax rate shall be 17%, and be, in certain specified circumstances, 11%, 6% and 0%.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (財政部、稅務總局關於調整增值稅稅率的通知) which was promulgated on 4 April 2018 and came into effect on 1 May 2018, the original rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告), which was promulgated by the Ministry of Finance, the STA and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the original rates of 16% or 10% applicable to the general VAT payers’ sales activities or imports goods that are subject to VAT are adjusted to 13% or 9%, respectively.

On 25 December 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (“VAT Law”), which will come into effect on 1 January 2026, and the Provisional Regulations of the PRC on Value-Added Tax will be repealed concurrently. Pursuant to the VAT Law, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.



**Preferential Tax Policy for the Integrated Circuit Industry**

As listed in the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises (軟件企業和集成電路企業稅費優惠政策指引) issued by the STA in May 21, 2022, the integrated circuit industry enjoys a variety of tax preferences. The integrated circuit design, equipment, materials, packaging and testing enterprises encouraged by the State, for example, can enjoy regular exemption or reduction of the enterprise income tax; key integrated circuit design enterprises encouraged by the State can enjoy the regular exemption or reduction of enterprise income tax; staff training expenses of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

According to the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (Guo Fa [2020] No.8) (《國務院關於印發新時期促進集成電路產業和軟件產業高質量發展的若干政策的通知》(國發[2020]8號)) (the “**No.8 Notice**”) and the Announcement on Enterprise Income Tax Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry (關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告) jointly promulgated by the Ministry of Finance, the STA, the NDRC and the MIIT, the integrated circuit design, equipment, materials, packaging and testing and software enterprises encouraged by the State are exempted from enterprise income tax during the first year and the second year from the profit-making year. During the third year to the fifth year, the enterprise income tax shall be levied at half of the statutory tax rate of 25%. Key integrated circuit design enterprises and software enterprises encouraged by the State shall be exempted from enterprise income tax during the first year to the fifth year since the profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in successive years. Notice of the National Development and Reform Commission and Other Departments on Making Relevant Requirements for the List of Integrated Circuit Enterprises or Projects and Software Enterprises Entitled to Preferential Tax Policies for 2024 (國家發展改革委等部門關於做好2024年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作有關要求的通知), on the basis of the No.8 Notice, makes detailed description of the conditions and project standards for enterprises that enjoy preferential tax policy.

**FOREIGN EXCHANGE ADMINISTRATION IN THE PRC**

The lawful currency of the PRC is the Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People’s Republic of China on Foreign Exchange Control (中華人民共和國外匯管理條例) amended by the State Council and became effective on August 5, 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

On August 5, 2008, the State Council promulgated the revised Foreign Exchange Regulations, which have made substantial changes to the foreign exchange supervision system of the PRC. First, the regulations have adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, the regulations have improved the RMB exchange rate floating system based on market supply and demand under management; third, in the event that international balance of payment suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures against international balance of payment; fourth, the regulations have enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to SAFE to enhance its supervisory and administrative powers.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (國務院關於取消和調整一批行政審批項目等事項的決定) promulgated by the State Council and effective on October 23, 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control Pertaining to Overseas Listing (國家外匯管理局關於境外上市外匯管理有關問題的通知) promulgated by the SAFE on December 26, 2014, a domestic company shall complete registration formalities for overseas listing with the SAFE's local branch at its place of registration within 15 working days from completion of issuance for its overseas listing. Funds raised from overseas listing of a domestic company may be repatriated to China or deposited overseas, and the usage of funds shall be consistent with the relevant contents set out in the publicly disclosed documents such as the prospectus document or the corporate bonds offering documentation, shareholders' circular and the board of directors or shareholders' general meeting resolution.



According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) promulgated by the SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account for the time being. The SAFE may adjust the aforesaid proportion in due time in light of the balance of payment.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (Hui Fa [2017] No. 3) (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知(匯發[2017]3號)) issued by the SAFE on January 26, 2017 and implemented on the same date, several measures are introduced, including (a) further expanding the scope of domestic foreign exchange loan settlement, allowing domestic foreign exchange loans with the background of commodity trade and exports to be settled, (b) allowing funds under domestic guarantee and foreign loans to be transferred back, (c) allowing foreign exchange settlement via the foreign exchange accounts of foreign institutions in pilot free trade zones, and (d) implementing full-coverage administration of overseas lending in both Renminbi and foreign currencies, where a domestic institution engages in overseas lending, the combined balance of foreign exchange lending in Renminbi and foreign currencies shall not exceed a maximum of 30% of the owner's equity in the audited financial statements of the preceding year.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), which was promulgated and became effective on October 23, 2019, where a non-investment-oriented foreign investor makes equity investment in China through transfer of capital in original currency, the invested shall register for acceptance of domestic reinvestments as required and open a foreign exchange capital account to receive the transferred money, with no need to register for the recognition of contribution in cash; where a non-investment-oriented foreign investor makes equity investment in China with the money from the settlement of foreign exchange capital, the invested shall register for acceptance of domestic reinvestments as required and open an account pending payment after foreign exchange settlement under the capital account to receive the money.

This Appendix summarizes the principal laws, regulations and policies of the People's Republic of China (PRC) which are relevant to our Company's current business operations in the PRC. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange". The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to potential investors. For a discussion of laws and regulations which are relevant to our Company's business, please refer to the section headed "Regulatory Overview" in this document.

## PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China (中華人民共和國憲法) amended and effective from March 11, 2018 (the "**Constitution**"), which is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties to which the Chinese government is a signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they can serve as judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (中華人民共和國立法法) last amended on March 13, 2023 and effective from March 15, 2023 (the "**Legislation Law**"), the National People's Congress (**NPC**) and the NPC Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to enact and amend basic laws governing State organs, civil, criminal and other matters. The NPC Standing Committee has the power to enact and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments do not contravene the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to enact administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may enact local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may enact local regulations on aspects such as urban and rural construction and management, ecological civilization development, historical and cultural protection, and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. Where laws provide otherwise for the enactment of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions.

The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous

regions. The people's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the PBOC, the National Audit Office, the subordinate institutions with administrative functions directly under the State Council, and the organizations prescribed by laws may formulate departmental rules and regulations within their respective scopes of authority in accordance with laws as well as the administrative regulations, decisions and orders of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to amend or repeal any inappropriate laws enacted by the NPC Standing Committee, and to repeal any autonomous regulations or separate regulations approved by the NPC Standing Committee that contravene the Constitution or the Legislation Law. The NPC Standing Committee has the power to repeal any administrative regulations that contravene the Constitution and laws, and to repeal any local regulations that contravene the Constitution, laws and administrative regulations, and to repeal autonomous regulations and separate regulations approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government that contravene any provision of the Constitution or the Legislation Law. The State Council has the right to amend or repeal any inappropriate departmental and local government regulations. The people's congresses of the provinces, autonomous regions and municipalities directly under the central government have the right to amend or repeal any inappropriate local laws or regulations enacted or approved by their respective standing committees. The standing committees of local people's congresses have the right to repeal any inappropriate rules formulated by the people's governments at the same level, and the people's governments of provinces and autonomous regions have the right to amend or repeal any inappropriate rules formulated by the people's governments at lower levels.

## **PRC JUDICIAL SYSTEM**

According to the Constitution and the Law of Organization of the People's Court of the People's Republic of China (中華人民共和國人民法院組織法), as amended by the NPC Standing Committee on October 26, 2018 and effective from January 1, 2019, the people's courts of the PRC are divided into the Supreme People's Court, local people's courts at various levels and special people's courts. Local people's courts at various levels are divided into three levels, namely, basic people's courts, intermediate people's courts and higher people's courts. Basic people's courts may set up special civil tribunals based on region, population and case-related considerations. The Supreme People's Court serves as the highest judicial organ in the PRC. The Supreme People's Court exercises its supervisory authority over the trial practices of local people's courts at various levels and special people's courts, while higher people's courts exercise their supervisory authority over the trial practices of people's courts at lower levels.

The people's courts employ a two-tier trial system, i.e., judgments or rulings of the second instance at people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgment or ruling of the people's court shall be final. Judgments or rulings of the second instance of intermediate people's courts, higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court shall be final. However, if the Supreme People's Court finds any definite error in a legally effective final judgment or ruling of a people's court at any level, a higher people's court finds any definite error in a legally effective final judgment or ruling of a people's court at a lower level, or if the president of a people's court at any level finds any definite error in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (中華人民共和國人民檢察院組織法) lastly amended by SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels

The Civil Procedure Law of the People's Republic of China (中華人民共和國民事訴訟法) last amended on September 1, 2023 and effective from January 1, 2024 (the “**Civil Procedure Law**”) provides for the conditions for instituting a civil action, the jurisdiction of people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the Civil Procedure Law of the People's Republic of China. A civil case is generally under the jurisdiction of the court located in the defendant's place of domicile. The litigants of a contract dispute or other property rights dispute may agree in writing on selection of the jurisdiction of a people's court at the location of the defendant's domicile, place of performance of contract, place of execution of contract, address of the plaintiff, location of the subject matter or a venue which has actual connection with the dispute, provided that the selection does not violate the provisions of the Civil Procedure Law on hierarchical jurisdiction and exclusive jurisdiction.

A foreign individual, person without nationality, foreign enterprise or foreign organization shall have the same litigation rights and obligations as a Chinese citizen, legal person or other organization in initiating or defending against a litigation in a people's court. Where a foreign court restricts the litigation rights of a Chinese citizen or enterprise, the Chinese people's courts shall apply the principle of reciprocity to the civil litigation rights of the citizens and enterprises of that country. Where a foreign individual, person without nationality, foreign enterprise or foreign organization initiates or responds to a litigation in a people's court in the PRC and needs to engage a lawyer to represent he/she/it in the litigation, he/she/it must engage a Chinese lawyer. In accordance with the international treaties to which the PRC is a signatory or party, or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigations and collect evidence and conduct other actions on their behalf. A people's court shall not accede to any request made by a foreign court which results in the infringement of the sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. The laws governing the suspension or interruption of the statute of limitations shall apply to the suspension or interruption of the statute of limitations for the application for enforcement. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party requests for the enforcement of an effective judgment or ruling made by a people's court, but the opposite party or his/her/its property is not within the territory of the People's Republic of China, the party making the request may directly apply to the foreign court with jurisdiction for the recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or party, or according to the principle of reciprocity, request for the recognition and enforcement of the judgment or ruling by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people's court of the PRC, the party concerned may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which that country and the PRC are signatories or parties, or according to the principle of reciprocity, request for the recognition and enforcement by the people's court, unless the people's court considers that such judgment or ruling is contrary to the fundamental principles of the PRC laws or to the sovereignty or security of the PRC, or is not in the social and public interests of the PRC.

#### THE COMPANY LAW, TRIAL MEASURES AND ARTICLES OF ASSOCIATION GUIDELINES

A joint stock limited company established in the PRC seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations of the PRC.

The Company Law of the People's Republic of China (中華人民共和國公司法) (the “**Company Law**”) was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revision of the Company Law has taken effect on July 1, 2024.

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) (the “**Trial Measures**”) and supporting guidelines were released by the China Securities Regulatory Commission (CSRC) on February 17, 2023 and came into effect on March 31, 2023, and were applicable to both direct and indirect overseas offering and listing by domestic companies. The Trial Measures also set out the filing and administration methods and regulatory requirements for the overseas securities offering and listing by domestic companies.



On March 28, 2025, the CSRC released the latest revised Guidelines for Articles of Association of Listed Companies (上市公司章程指引) (the “**Articles of Association Guidelines**”), which came into effect on the same date. Pursuant to the provisions of the Trial Measures and its supporting guidelines, the Guidelines of Regulatory Rules Application — Overseas Offering and Listing No.1, domestic companies directly offering and listing overseas are required to formulate articles of association and standardize corporate governance with reference to the Articles of Association Guidelines and other relevant provisions of the CSRC on corporate governance.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Articles of Association Guidelines which are applicable to our Company.

### **General Provisions**

A joint stock limited company refers to a corporate legal person incorporated in the PRC under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they have subscribed for and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

### **Incorporation**

A joint stock limited company may be established by means of promotion or stock floatation. To establish a joint stock limited company, there shall be not less than 1 but not more than 200 promoters, more than half of whom shall have their domiciles within the territory of the PRC.

Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the articles of association. If a joint stock limited company is to be established by means of stock floatation, the promoters shall subscribed for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the articles of association; however, where laws and administrative regulations provide otherwise, such provisions shall prevail.

Promoters of a joint stock limited company established by means of stock floatation shall, within 30 days after full payment has been made for the shares to be issued at the time of establishment, hold an establishment meeting of the company. The promoters shall notify each subscriber of the date of the meeting or make a public announcement 15 days before the meeting is held. The establishment meeting may not be held unless the subscribers who hold more than half of the voting rights attend the meeting. Where a joint stock limited company is established by means of promotion, the convening and voting procedures for the establishment meeting shall be prescribed by the articles of association of the company or the agreement of the promoters.

The establishment meeting of a company shall exercise the following functions and powers:

- (i) deliberating on the report on the preparations for establishment of the company by promoters;
- (ii) adopting the articles of association;
- (iii) electing directors and supervisors;
- (iv) reviewing the expenses for the establishment of the company;
- (v) reviewing the valuations of the non-monetary property contributed by the promoters; and
- (vi) where any force majeure or any major change of business conditions directly affects the establishment of the company, the resolution of not establishing the company may be made.

The resolutions made at the establishment meeting about the matters as mentioned in the preceding provision shall be adopted by the subscribers present at the meeting who represent more than half of the voting rights.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

### **Registered Shares and Issue of Shares**

Under the Company Law, a shareholder may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to laws, except the property that may not be used as capital contributions according to any law or administrative regulation.

The capital of a joint stock limited company shall be divided into shares. All the shares of the company shall alternatively be shares with or without par value in accordance with the articles of association. Where par value shares are adopted, all the shares shall be of equal value. The company may, according to the articles of association, convert all the issued par value shares into no par value shares, or vice versa. Where no par value shares are adopted, more than half of the proceeds from the issuance of the shares shall be included in the registered capital.

A joint stock limited company shall make a register of shareholders and keep it in the company. The register of shareholders shall contain the following items:

- (i) name and domicile of each shareholder;
- (ii) class and number of shares subscribed for by each shareholder;
- (iii) serial number of shares if the shares are issued in paper form; and



- (iv) date on which each shareholder acquired the shares.

Shares of a joint stock limited company shall be issued under the principle of fairness and impartiality. The shares of the same class shall rank *pari passu*. Shares of the same class in the same issue shall be issued at the same price and on same conditions. The same price shall be paid for each share subscribed for by a subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

The Trial Measures provides that a company that offers and lists securities on overseas markets may raise funds and pay dividends in a foreign currency or Renminbi. Under certain circumstances, such as equity incentives and the acquisition of assets through the issuance of securities, a domestic company is allowed to issue securities to specific domestic targets when it directly issues and lists overseas.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The term “domestic unlisted shares” in the preceding provision refers to shares offered by a domestic company but not listed or quoted for trading on any domestic trading venues. Domestic unlisted shares shall be centrally registered and deposited at a domestic securities depository and settlement agency. The registration and settlement of overseas listed shares is subject to applicable rules in overseas markets.

Domestic companies offering and listing overseas shall file with the CSRC in accordance with the Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. For a domestic company directly offering and listing overseas, the issuer shall file with the CSRC. For a domestic company indirectly offering and listing overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

#### **Increase in Share Capital**

Pursuant to the relevant provisions of the Company Law, where a joint stock limited company intends to issue new stocks, its shareholders’ general meeting shall make a resolution about the following matters:

- (i) the class and amount of the new stocks;
- (ii) the issuing price of the new stocks;
- (iii) the beginning and ending dates for the issuance of the new stocks;
- (iv) the class and amount of the new stocks to be issued to the original shareholders; and
- (v) if any no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital.

Where a company intends to make public offering of shares, it shall go through the registration with the securities regulatory authority of the State Council and announce the relevant documents.

### **Reduction of Share Capital**

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- (i) the company shall prepare a balance sheet and an inventory of property;
- (ii) the reduction of registered capital must be approved by shareholders at the shareholders' general meeting;
- (iii) the company shall notify its creditors within ten days from the date of the resolution of the shareholders' general meeting to reduce the registered capital and make an announcement in a newspaper or the National Enterprise Credit Information Publicity System within thirty days;
- (iv) the creditors have the right to demand the company to settle the debts or provide corresponding guarantees within thirty days from the date of receipt of the notice, or within forty-five days from the date of the announcement if the notice has not been received; and
- (v) the company shall apply to the company registration authority for change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is agreed upon by all the shareholders of a limited liability company or is otherwise prescribed by the articles of association of a joint stock limited company.

### **Share Buy-Back**

Under the Company Law, no company may purchase its own shares except under any of the following circumstances:

- (i) where the company's registered capital is reduced;
- (ii) where it merges with another company holding its shares;
- (iii) where its shares are used for employee stock ownership plan or equity incentives;
- (iv) where any shareholder, who raises objections to the resolution of the shareholders' general meeting on the merger or split-up of the company, requests the company to purchase its shares;
- (v) where its shares are used for converting the corporate bonds into convertible stocks issued by the company; or

- (vi) it is necessary for a listed company to maintain its company value and its shareholders' equity.

Where a company purchases its own shares under any of the circumstances as mentioned in items (i) or (ii) of the preceding paragraph, a resolution of the shareholders' general meeting shall be adopted. Where a company purchases its own shares under any of the circumstances as mentioned in items (iii), (v) or (vi) of the preceding paragraph, a resolution shall be adopted at the meeting of the board of directors with the attendance of not less than two thirds of the directors, according to the articles of association or the shareholders' general meeting of the company.

After the company purchases its own shares according to the first paragraph of this Article, the shares purchased shall be written off within ten days as of the purchase date under the circumstance as mentioned in item (i); the shares shall be transferred or written off within six months under the circumstance as mentioned in item (ii) or (iv); and the shares held accumulatively by the company shall not exceed 10% of the total shares issued and be transferred or written off within three years under any of the circumstances as mentioned in item (iii), (v) or (vi).

### **Transfer of Shares**

Shares held by a shareholder may be transferred according to laws. Under the Company Law, the share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council. The stocks shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. The register of shareholders shall not be modified within 20 days before any shareholders' general meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Under the Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within one year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail.

The directors, supervisors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within one year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

### **Shareholders**

Under the Company Law and the Articles of Association Guidelines, the rights of a shareholder include:

- (i) to receive dividends and other forms of distributions in proportion to their shareholdings;
- (ii) to request, convene, preside over, attend or appoint a proxy to attend shareholders' general meetings and to exercise the corresponding voting rights in accordance with laws;
- (iii) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;
- (iv) to transfer, gift or pledge the shares held by him/her in accordance with laws, administrative regulations and the provisions of the articles of association;
- (v) to inspect and copy the company's articles of association, share register, minutes of shareholders' general meetings, resolutions of meetings of the board of directors, and financial and accounting reports; shareholders who meet the specified requirements may inspect the company's accounting books and accounting vouchers;
- (vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;
- (vii) for any shareholder who raises objections to the resolution of the shareholders' general meeting on the merger or split-up of the company, to request the company to purchase its shares;
- (viii) other rights conferred by laws, administrative regulations, departmental rules or the articles of association.

The obligations of a shareholder include:

- (i) to comply with laws, administrative regulations and the articles of association;
- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) not to withdraw his/her share capital except under the circumstances prescribed by laws or regulations;

- (iv) not to abuse their shareholders' rights to damage the interests of the company or other shareholders; not to abuse the independent legal person status of the company and the limited liability of shareholders to damage the interests of the creditors of the company;
- (v) other obligations conferred by laws, administrative regulations and the articles of association.

### **Shareholders' General Meetings**

Under the Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The shareholders' general meeting is the authority of a company, which shall exercise the following functions and powers:

- (i) electing and replacing directors and supervisors and deciding on their remunerations;
- (ii) deliberating on and approving the reports of the board of directors;
- (iii) deliberating on and approving the reports of the board of supervisors;
- (iv) deliberating on and approving the plans for profit distribution and making up losses of the company;
- (v) making resolutions on the increase or decrease of the registered capital of the company;
- (vi) making resolutions on the issuance of corporate bonds;
- (vii) making resolutions on the merger, split-up, dissolution, liquidation or change of corporate form of the company;
- (viii) amending the articles of association; and
- (ix) other functions and powers as prescribed in the articles of association.

Under the Company Law, an annual shareholders' general meeting shall be held every year. If any of the following circumstances occurs, an interim shareholders' general meeting shall be held within two months:

- (i) where the number of directors is less than two thirds of the number as provided for by the Company Law or the articles of association;
- (ii) where the unrecovered losses of the company reach one third of the total capital stock;
- (iii) where the shareholders who separately or aggregately hold 10% or more of the company's shares so request;
- (iv) where the board of directors deems it necessary;

- (v) where the board of supervisors so proposes; or
- (vi) other circumstances as provided for in the articles of association.

The shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman. If the deputy chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

If the board of directors is unable or fails to perform the duties of convening the shareholders' general meeting, the board of supervisors shall timely convene and preside over the meeting. If the board of supervisors fails to convene and preside over the meeting, shareholders who separately or aggregately hold 10% or more of the shares of the company for 90 or more consecutive days may convene and preside over the meeting by themselves.

If the shareholders who separately or aggregately hold 10% or more of the shares of the company request to convene an interim shareholders' general meeting, the board of directors and the board of supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' general meeting and reply to the shareholders in writing.

The time and place of the meeting and the matters to be deliberated shall be notified to each shareholder 20 days before a shareholders' general meeting is held. For an interim shareholders' general meeting, a notice shall be served 15 days in advance.

The shareholders who separately or aggregately hold 1% or more of the shares of the company may, 10 days before a shareholders' general meeting is held, submit an interim proposal in writing to the board of directors. The interim proposal shall contain a clear topic for discussion and specific matters for resolution. The board of directors shall, within 2 days after it receives such a proposal, notify other shareholders and submit the interim proposal to the shareholders' general meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the articles of association or fails to fall into the scope of functions of the shareholders' general meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to the company and shall exercise his/her voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Under the Company Law, shareholder who attends the shareholders' general meeting has one vote for each share held by him/her/it, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

Under the Company Law and the Articles of Association Guidelines, a resolution made at the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders who attend the meeting. A resolution made at the shareholders' general meeting on modifying the articles of association, increasing or reducing the registered capital as well as merger, split-up, dissolution or change of the corporate form shall be adopted by two thirds or more of the voting rights held by the shareholders who attend the meeting.

The shareholders' general meeting may, in electing the directors or supervisors, adopt a cumulative voting system according to the articles of association or the resolutions of the shareholders' general meeting. Under the cumulative voting system, when the shareholders' general meeting elects the directors or supervisors, each shareholder is entitled to one vote per share, multiplied by the number of candidates and uses them all for one candidate for director or supervisor.

### **The Board of Directors and Board Meetings**

Under the Company Law, a joint stock limited company shall have a board of directors, which consists of more than three members. The term of office of directors shall be prescribed in the articles of association, but each term shall not exceed three years. After the term of office of a director expires, he/she may be re-elected to serve another term.

The board of directors shall have one chairperson and may have deputy chairperson(s). The chairperson and deputy chairperson(s) shall be elected by more than half of all the directors. The chairperson shall convene and preside over the meetings of the board of directors and check the implementation of the resolutions of the board of directors. The deputy chairperson(s) shall assist the chairperson in the performance of his/her duties. If the chairperson is unable or fails to perform his/her duties, the deputy chairperson(s) shall perform such duties. If the deputy chairperson(s) is/are unable or fail(s) to perform his/her/their duties, a director jointly elected by more than half of the directors shall perform such duties.

Under any of the following circumstances, anyone may not act as a director of a company:

- (i) having no capacity for civil conduct or having limited capacity for civil conduct;
- (ii) having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or having been deprived of political rights due to a crime, where a five-year period has not elapsed since the expiration of execution period; If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence;
- (iii) serving as a director, factory director or manager of a company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation;



- (iv) acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure; or
- (v) being listed as a dishonest person subject to enforcement by a people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall convene at least two meetings every year. Each meeting shall be notified to all directors and supervisors 10 days before it is held. The board of directors shall exercise the following functions and powers:

- (i) convening the shareholders' general meeting and reporting its work to the shareholders' general meeting;
- (ii) executing the resolutions of the shareholders' general meeting;
- (iii) deciding the business plans and investment scheme of the company;
- (iv) formulating the plans for profit distribution and making up for loss of the company;
- (v) formulating the plan for increasing or decreasing the registered capital, as well as the plan for issuance of corporate bonds;
- (vi) formulating the plan for merger, division, dissolution, or change of corporate form of the company;
- (vii) deciding the establishment of the internal management body of the company;
- (viii) deciding the appointment or dismissal of the manager of the company and the remuneration thereof, and, according to the nomination of the manager, deciding on hiring or dismissing deputy managers and financial director of the company as well as their remuneration;
- (ix) formulating the basic management rules of the company; and
- (x) other functions and powers specified in the articles of association or granted by the shareholders' general meeting.

No meeting of the board of directors may be held unless more than half of the directors are present. A resolution made by the board of directors shall be adopted by more than half of all the directors. For voting on a resolution of the board of directors, each director shall have one vote. The board of directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the board of directors. Where a resolution of the board of directors is in

violation of any law, administrative regulation, articles of association or resolution of the shareholders' general meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

### **The Board of Supervisors**

Under the Company Law, a joint stock limited company may have a board of supervisors which shall comprise three members or more. The members of the board of supervisors shall include shareholders' representatives and an appropriate proportion of employees' representatives of the company, among which the proportion of the employees' representatives shall not be lower than one third, and the concrete proportion shall be specified in the articles of association. The employees' representatives who serve as members of the board of supervisors shall be democratically elected by employees through the employees' representative congress, employees' congress or by other means. No director or senior executive may concurrently hold the post of supervisor.

The board of supervisors shall have one chairperson and may have deputy chairperson(s). The chairperson and deputy chairperson(s) of the board of supervisors shall be elected by more than half of all the supervisors. The chairperson of the board of supervisors shall convene and preside over the meetings of the board of supervisors. If the chairperson of the board of supervisors is unable or fails to perform his/her duties, the deputy chairperson(s) of the board of supervisors shall convene and preside over the meeting. If the deputy chairperson(s) is/are unable or fail(s) to perform his/her/their duties, a supervisor jointly elected by more than half of the supervisors shall convene and preside over such meeting.

The board of supervisors shall exercise the following functions and powers:

- (i) examining the financial affairs of the company;
- (ii) supervising the acts of the directors and senior executives in the performance of their duties, and proposing the removal of the directors and senior executives who have violated laws, administrative regulations, the articles of association or the resolutions of the shareholders' general meeting;
- (iii) requiring the directors and senior executives to correct their acts if such acts damage the interests of the company;
- (iv) proposing to convene interim shareholders' general meetings, and convening and presiding over the shareholders' general meeting when the board of directors fails to implement the duties to convene and preside over the shareholders' general meeting as prescribed in the Company Law;
- (v) presenting proposals to the shareholders' general meetings;
- (vi) initiating lawsuits against the directors and senior executives according to Article 189 of the Company Law; and
- (vii) other functions and powers provided for in the articles of association.

A joint stock limited company may, instead of setting up a board of supervisors, in accordance with the provisions of its articles of association, set up an audit committee consisting of directors in its board of directors to exercise the powers and functions of the board of supervisors.

On December 27, 2024, the CSRC issued the Transitional Arrangements for the Implementation of the Supporting Institutional Rules for the New Company Law (關於新《公司法》配套制度規則實施相關過渡期安排), whereby listed companies shall, before January 1, 2026, in accordance with the provisions of the Company Law, the Provisions of the State Council on Implementing the Registration Management System for Registered Capital under the Company Law of the People's Republic of China (國務院關於實施《中華人民共和國公司法》註冊資本登記管理制度的規定) and the supporting institutional rules of the CSRC, provide in the articles of association for the establishment of an audit committee in the board of directors to exercise the powers and functions of a board of supervisors as stipulated in the Company Law without establishing a board of supervisors or appointing supervisors. Before a listed company adjusts the establishment of the company's internal supervisory body, its board of supervisors or supervisors shall continue to comply with the provisions of the original institutional rules of the CSRC.

### **Managers and Senior Management**

Under the Company Law, a joint stock limited company may have a manager, who shall be appointed or removed as decided by the board of directors. The manager shall be accountable to the board of directors and exercise his/her powers according to the articles of association or the authorization of the board of directors. The manager shall attend the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management refers to the company manager, deputy manager, head of finance, secretary to the board of directors of a listed company, and any other persons as specified in the company's articles of association.

### **Duties of Directors, Supervisors and Senior Management**

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior executives shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers.

The directors, supervisors and senior executives shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

Directors, supervisors and senior management are prohibited from:

- (i) embezzling the property or misappropriating the funds of the company;
- (ii) depositing the funds of the company into an account opened in his/her own name or in the name of any other individual;

- (iii) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;
- (iv) taking commissions from the transactions between the company and any other person into his/her own pocket;
- (v) unlawfully disclosing the confidential information of the company; or
- (vi) other acts in violation of the obligation of loyalty to the company.

Where any director, supervisor or senior executive directly or indirectly concludes a contract or conducts a transaction with the company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' general meeting, which shall be subject to the resolution of the board of directors or shareholders' general meeting according to the articles of association.

Where any of the close family members of the directors, supervisors or senior executives, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior executives or any of their close family members, or any of the related parties who has any other related-party relationship with the directors, supervisors or senior executives, concludes a contract or conducts a transaction with the company, the provisions of the preceding paragraph shall apply.

No director, supervisor or senior executive may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (i) where he/she has reported to the board of directors or the shareholders' general meeting and has been approved by a resolution of the board of directors or the shareholders' general meeting according to the articles of association; or
- (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior executive fails to report to the board of directors or the shareholders' general meeting and obtain an approval by resolution of the board of directors or the shareholders' general meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

Where any director, supervisor or senior executive violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, he/she shall be liable for compensation.

**Finance and Accounting**

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial accounting report which shall be audited by an accounting firm in accordance with laws. The financial accounting report shall be prepared in accordance with laws, administrative regulations and the regulations of the financial department of the State Council.

The financial accounting report of a joint stock limited company shall be made available for inspection by the shareholders at the company not later than twenty days before the annual meeting of shareholders; a joint stock limited company that has publicly issued shares shall announce its financial accounting report.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

No company may keep any accounting books other than the statutory accounting books. No account shall be opened in the name of any individual for the deposit of a company's funds.

**Appointment and Dismissal of Accounting Firms**

Pursuant to the Company Law, the employment or dismissal of an accounting firm undertaking a company's auditing business shall be decided by the shareholders' general meeting, the board of directors or the board of supervisors in accordance with the provisions of the company's articles of association. When a company's shareholders' general meeting, the board of directors or the board of supervisors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its own opinions. A company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them.

The Articles of Association Guidelines provide that the engagement of an accounting firm by a company shall be decided by the shareholders' general meeting. The board of directors shall not engage any accounting firm before the decision is made by the shareholders' general meeting. The audit fee to be paid to the accounting firm shall be decided by the shareholders' general meeting.

**Profits Distribution**

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding provision. After having accrued statutory reserves from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' general meeting. The residual after-tax profits after a company has made up its losses and accrued reserve shall be distributed by the company (in the case of a joint stock limited company) in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association. Profit shall not be distributed for a company's shares held by this company.

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior executives shall be held liable for compensation if any loss is caused to the company.

If the shareholders' general meeting resolves to distribute profits, the board of directors shall do so within six months after the resolution is made.

**Amendments to Articles of Association**

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

**Dissolution and Liquidation**

According to the Company Law, a company shall be dissolved for the following reasons:

- (i) the expiration of the business period stipulated in the company's articles of association or the occurrence of other causes of dissolution stipulated in the company's articles of association;
- (ii) dissolution by a resolution of the shareholders' general meeting;
- (iii) dissolution due to merger or split-up of the company;
- (iv) suspension of the business license, being ordered to close down or being revoked in accordance with laws; or
- (v) being dissolved by a people's court in accordance with the provisions of Article 231 of the Company Law.

If any of the causes for dissolution as mentioned in the preceding paragraph occurs, a company shall publicize the cause(s) for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' general meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such requests and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group may exercise the following functions during the period of liquidation:

- (i) taking inventory of the property of the company and preparing a balance sheet and an inventory of property, respectively;
- (ii) notifying the company's creditors by mail or public announcement;
- (iii) handling outstanding company business related to liquidation;
- (iv) paying off the taxes overdue by the company and the taxes incurred in the process of liquidation;
- (v) settling the company's creditor's rights and debts;
- (vi) distributing the remaining property after all the debts of the company are paid off; and
- (vii) representing the company in civil litigation activities.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proof of claims with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice. When filing the proof of claim, the creditor shall describe the relevant matters of claim and provide the relevant evidentiary materials. The liquidation group shall register the proof of claim. During the period for filing proof of claims, the liquidation group shall not pay off for any of the creditors.



The liquidation group shall, after taking inventory of the property of the company and preparing a balance sheet and an inventory of property, make a plan of liquidation and report the same to the shareholders' general meeting or the people's court for confirmation.

The remaining property of the company after payment of liquidation expenses, wages of employees, social insurance premiums and statutory compensations, payment of outstanding taxes and settlement of the debts of the company shall, in the case of a limited liability company, be distributed in proportion to capital contributions of the shareholders, and in the case of a joint stock limited company, distributed in proportion to the shares held by the shareholders.

During the period of liquidation, the company survives, but shall not carry out any business operation unrelated to the liquidation. The property of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

Where the liquidation group finds that the property of the company is not sufficient for paying off the debts after taking inventory of the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' general meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

### **Overseas Listing**

According to the Trial Measures, any initial public offering or listing overseas shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within 3 working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall be filed pursuant to the provision in the first sentence of this paragraph.

**Suspension and Termination of Listing**

The Company Law has deleted provisions regarding suspension and termination of listing. The Securities Law of the People's Republic of China (2019 revision) (中華人民共和國證券法 (2019年修訂)) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by a stock exchange, the stock exchange shall terminate its listing and trading in accordance with the its business rules.

According to the Trial Measures, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to the CSRC within 3 working days after the occurrence and public disclosure of the event.

**Merger and Demerger**

Companies may merge through mergers by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

**Securities Laws and Regulations**

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies both at home and abroad, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations on the Issue and Trading of Shares (股票發行與交易管理暫行條例), promulgated by the State Council and effective on April 22, 1993, regulates the application and approval procedures for the public issue of shares, the trading of shares, the acquisitions by listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information by listed companies, the investigation and penalties, and the arbitration of disputes.

The Provisions of the State Council on Domestic Listing of Foreign Shares by Companies Limited by Shares (國務院關於股份有限公司境內上市外資股的規定), promulgated by the State Council and effective on December 25, 1995, mainly regulates the issue, subscription, trading and payment of dividends of domestic listing foreign shares and the disclosure of information of companies limited by shares with domestic listing foreign shares.

The Securities Law of the People's Republic of China (中華人民共和國證券法) latest amended by the NPC Standing Committee on December 28, 2019 and effective from March 1, 2020 (the "**PRC Securities Law**") provides a series of provisions regulating, among other things, the issue and trading of securities, the acquisitions by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

#### **Arbitration and Enforcement of Arbitral Awards**

In accordance with the Arbitration Law of the People's Republic of China (中華人民共和國仲裁法) amended by the NPC Standing Committee on September 1, 2017 and effective from January 1, 2018 (the "**Arbitration Law**"), the Arbitration Law is applicable to economic disputes involving foreign parties, where all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the China Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law of the People's Republic of China. When parties concerned have reached an agreement for arbitration but one party brings a suit in the people's court, the people's court shall not accept the case, except in the case that the agreement for arbitration is invalid.

In accordance with the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law of the People's Republic of China. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). Where a party applies for enforcement of an arbitral award made in the PRC pursuant to laws which has come into legal effect, and the person subject to enforcement or its properties are not located in the PRC, the party may apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

#### **Judicial Judgment and its Enforcement**

In accordance with the Supreme People's Court's 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 Pursuant to Choice of Court Agreements between Parties Concerned (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) promulgated by the Supreme People's Court on July 3, 2008 and effective on August 1, 2008 and was abolished on January 29, 2024, as for an enforceable final judgment made by a court in Chinese Mainland or Hong Kong court concerning a civil and commercial case under a written agreement on jurisdiction, in which payment must be made, the party concerned may, under the Arrangement, apply to a court in Chinese Mainland or a Hong Kong court for recognition and enforcement. The term "written agreement on jurisdiction" refers to agreements clearly stipulated in written form by parties concerned that a court in Chinese Mainland or a Hong Kong court has sole jurisdiction as to the effectiveness of the Arrangement, so as to settle disputes relevant to a certain legal relationship that has either arisen or might arise. Therefore, the party concerned may apply to the court in Chinese Mainland or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in Chinese Mainland or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 25, 2024, the Supreme People's Court promulgated 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 "**New Arrangement**"), which came into effect on January 29, 2024, aiming to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the Hong Kong Special Administrative Region and China.

This Appendix is primarily intended to provide potential investors with an overview of the Articles of Association, the following information is a summary and therefore may not contain all the information that is material to potential investors.

### **ISSUANCE OF SHARES**

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. All unit or individual subscribing for shares of the same class in the same issuance shall pay the same price for each share subscribed for.

### **INCREASE, DECREASE AND REPURCHASE OF SHARES**

According to the operation and development needs of the Company, subject to the laws, regulations, the Company may increase the share capital in the following ways upon approval of resolutions at the shareholders' meetings:

- (i) Issuing shares to non-specific objects;
- (ii) Issuing shares to specific objects;
- (iii) Distribution of bonus shares to existing shareholders;
- (iv) Converting the reserve funds into share capital;
- (v) Other methods as provided for by laws and administrative regulations and approved by the CSRC and Hong Kong securities regulatory authorities.

The Company may decrease the registered share capital. When the Company reduces its registered capital, it shall comply with the procedures stipulated in the Company Law, Listing Rules and other regulations, the Articles of Association.

The Company may repurchase its own shares under the following circumstances, in accordance with the laws, administrative regulations, regulations of the authorities and regulations of the Articles of Association:

- (i) Reducing the Company's registered share capital;
- (ii) Merging with other companies which hold our shares;
- (iii) Using the shares for an employee stock ownership plan or equity incentive plan;
- (iv) Purchasing its shares from shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' meeting upon their request;
- (v) Use of shares for conversion of convertible corporate bonds issued by the Company;

- (vi) Necessary for the Company to maintain its value and protect the interests of the Shareholders;
- (vii) Other circumstances as provided for by laws and administrative regulations and approved by the CSRC and Hong Kong securities regulatory authorities.

The repurchase of the Company's shares by the Company may be carried out through public centralized trading, or other methods recognized under laws, administrative regulations and approved by the CSRC. Where the relevant laws and regulations, normative documents, the Listing Rules, or regulatory rules of Stock Exchange contain specific provisions regarding the aforementioned share repurchase matters, such provisions shall prevail.

A resolution shall be passed at the shareholders' meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the regulations of the Articles of Association or authorization of the shareholders' meeting.

After the Company has repurchased its own shares in accordance with the circumstances above, the shares repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

## **TRANSFER OF SHARES**

Shares issued prior to the initial public offering of the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded on the stock exchange. Where laws, administrative regulations, Listing Rules or the securities regulatory authority of the state council have other provisions governing the transfer of company shares held by shareholders of a listed company, those provisions shall prevail.

The Directors and senior management of the Company shall declare the Company of their holdings of shares of the Company and the changes therein. The shares transferred by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of the same class shares of the Company. The shares of the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares of the Company held by them shall not be transferred within half a year from their departure from the Company. Where the relevant rules of Stock Exchange impose specific transfer restrictions on overseas listed foreign shares, such Stock Exchange rules shall prevail.



Any gains from sale of Company's shares or other securities with the nature of equity by the Directors and senior management members or shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with the nature of equity by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall recover such gains from the abovementioned parties. However, there is an exception for securities companies that hold more than 5% of the shares due to the purchase of surplus shares after the package sale, and other circumstances stipulated by the CSRC.

Shares or other securities with the nature of equity held by Directors, senior management and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the provision set forth above, the Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the People's Court of the PRC in their own names for the interest of the Company.

If the Board of Directors fails to implement the provisions set forth above, the responsible Directors shall bear joint and several liability in accordance with law.

## **SHAREHOLDERS AND SHAREHOLDERS' MEETINGS**

### **Shareholders**

The rights of our shareholders are as follows:

- (i) To receive dividends and other forms of interest distribution according to the number of shares held;
- (ii) To legally require, convene, preside over, participate in or authorize proxies of shareholders to attend the shareholders' meeting, make a statement at the shareholders' meeting and exercise corresponding voting rights;
- (iii) To supervise operations of the Company, provide suggestions or submit queries;
- (iv) To transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations, Listing Rules and the Articles of Association;
- (v) To read the Articles of Association, the register of shareholders, shareholders' meeting minutes, resolutions of meetings of the Board of Directors and publicly disclosed financial accounting reports, qualified shareholders may read the Company's accounting books and vouchers;



- (vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
- (vii) To require our Company to acquire the shares from shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company;
- (viii) Other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules where the Company's shares are listed, or the Articles of Association.

Shareholders requesting to read or copy the Company's relevant materials shall comply with the provisions of the Company Law, the Securities Law, Listing Rules and other laws and administrative regulations.

If the content of the resolution of the Company's shareholders' meeting or Board of Directors violates laws, administrative regulations, the shareholders have the right to request the court to clarify it invalid. If the convening procedures or voting methods of the shareholders' meeting or the Board of Directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates laws, administrative regulations and the Articles of Association, the shareholders have the right to request the court to revoke the resolution within 60 days from the date on which the resolution is made. However, this right shall not apply if the defects in the procedure of convening the meeting or in voting methods are merely minor and have no material impact on the resolution.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors or senior management (other than Audit Committee members) when performing their duties in the Company, the shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the court. Where Audit Committee members violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to the Company, the shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Board of Directors to file an action with the court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of the Company.

In the event of any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholder(s) specified in this Articles of Association may file an action with the court pursuant to the provisions of the preceding paragraphs.

The obligations of shareholders are as follows:

- (i) To abide by laws, administrative regulations and the Articles of Association;
- (ii) To provide Share capital according to the Shares subscribed and the subscription methods;
- (iii) Not to withdraw Shares unless prescribed otherwise in laws and administrative regulations;
- (iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;
- (v) To maintain confidentiality of the Company's trade secrets;
- (vi) To perform other duties prescribed in laws, administrative regulations and the Articles of Association.

Shareholders of a company who abuse their shareholders' rights and cause the company or other shareholders to suffer damages shall bear compensation liability in accordance with the law. Shareholders of a company who abuse the independent legal person status of the company and limited liability of shareholders to evade debts and cause damage to the interests of the creditors of the company shall bear joint liability for the company's debt.

#### **General Provisions for Shareholders' Meetings**

The shareholders' meeting, composed of all shareholders, is the organ of authority of the Company. The shareholders' meeting shall exercise the following rights in accordance with the law based on the proportion of shareholders' capital contributions:

- (i) To elect or replace the Directors who are not staff representatives, and to decide on matters relating to the remuneration of Directors;
- (ii) To examine and approve reports of the Board of Directors;
- (iii) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;
- (iv) To decide on any increase or decrease of the Company's registered capital;
- (v) To decide on the issue of corporate bonds by the Company and the listing plan;
- (vi) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;
- (vii) To amend the Articles of Association;

- (viii) Resolution on appointment and dismissal of an accounting firm engaged to conduct the Company's audit services;
- (ix) To examine and approve the guarantees stipulated in the Articles of Association that need to be examined and approved by the Shareholders' meeting;
- (x) To examine matters relating to the purchases and sales of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;
- (xi) To examine and approve matters relating to changes in the use of proceeds;
- (xii) To examine and approve the equity incentive plans and employee stock ownership plans;
- (xiii) To examine other matters as required by the laws, administrative regulations, departmental rules, Listing Rules or the Articles of Association of the Company, which shall be decided by the shareholders' meeting.

Unless otherwise provided by laws, administrative regulations, departmental rules, or the securities regulatory rules of the jurisdiction where the Company's shares are listed, the aforesaid powers of the shareholders' meeting shall not be exercised by the board of directors or any other institution or individual on its behalf upon authorization.

The following acts of external guarantee of the Company shall be submitted to the shareholders' meeting for deliberation and approval:

- (i) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;
- (ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;
- (iii) Basis of the cumulative guarantee amount within one year, the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;
- (iv) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;
- (v) The single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;
- (vi) The guarantee to be provided to a shareholder or related party thereof.

When the shareholders' meeting reviews proposals for guarantees provided to shareholders and their affiliates, the shareholder in question shall not participate in the voting on such proposals. The voting on such proposals shall be passed by a majority of the voting rights held by the other shareholders present at the shareholders' meeting.

The company may provide guarantees for wholly-owned subsidiaries, wholly-owned subsidiaries provide guarantees for the company or other wholly-owned subsidiaries, such guarantees shall be exempt from the application of items (i) to (v) of this Article.

The shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year and be held within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

- (i) The number of Directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (ii) The uncovered losses of our Company reach one-third of its total share capital;
- (iii) A written request from shareholders who separately or jointly hold 10% or more shares in the Company;
- (iv) The Board of Directors consider it necessary;
- (v) The Audit Committee proposes that such a meeting shall be held;
- (vi) The Independent Non-Executive Directors propose to the Board of Directors to convene a meeting in accordance with the provisions of the Articles of Association;
- (vii) Other circumstances conferred by the laws, administrative regulations, departmental rules, Listing Rules and the Articles of Association.

#### **Assembling of Shareholders' Meetings**

The Board of Directors shall convene the shareholders' meeting within the stipulated time limit.

After obtaining the consent of a majority of all independent non-executive directors, an independent non-executive director has the right to propose to the Board of Directors to convene a special shareholders' meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting.

If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution.

If the Board of Directors disagrees to convene a special shareholders' meeting, it shall state the reasons and notify the independent non-executive director.

The Audit Committee has the right to propose to the Board of Directors to convene a special shareholders' meeting and shall submit such proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and this Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting.

If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board of Directors disagrees to convene a special shareholders' meeting, or fails to provide feedback within 10 days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the company's shares have the right to request the Board of Directors to convene a special shareholders' meeting and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting.

If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors disagrees to convene a special shareholders' meeting, or fails to provide feedback within 10 days of receipt, shareholders who individually or collectively hold more than 10% of the company's shares have the right to propose to the Audit Committee to convene a special shareholders' meeting and shall submit such request in writing to the Audit Committee.

If the Audit Committee agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee fails to issue a notice of the shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the shareholders' meeting. In such cases, shareholders who individually or collectively hold more than 10% of the company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

**Proposals and Notices of Shareholders' Meetings**

The company may convene a shareholders' meeting, and the Board of Directors, the Audit Committee, as well as shareholders who individually or collectively hold more than 1% of the company's shares, have the right to submit proposals to the company.

Shareholders who individually or collectively hold more than 1% of the company's shares may submit a temporary proposal in writing to the convener 10 days prior to the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal in accordance with the securities regulatory rules of the place where the Company's shares are listed, and submit such temporary proposal to the shareholders' meeting to review. Regarding the issuance of the supplementary notice for the shareholders' meeting, if the securities regulatory rules of the place where the Company's shares are listed contain specific provisions, such provisions shall be followed, provided that they do not violate the Company Law or the Securities Law. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, or the company's Articles of Association, or if it is not within the scope of the shareholders' meeting's authority. If, according to the securities regulatory rules of the place where the company's stock is listed, the shareholders' meeting must be postponed due to the issuance of a supplementary notice, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the company's stock is listed.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the shareholders' meeting, it shall not modify the proposals already listed in the notice or add new proposals.

The shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the shareholders' meeting or that do not comply with the provisions of the company's Articles of Association.

The convener shall notify each shareholder of the time, venue, and agenda items of the meeting in writing (including by announcement) at least 21 days (excluding the day of notice but including the day of the meeting) before the annual shareholders' meeting, and at least 15 days (excluding the day of notice but including the day of the meeting) before the special shareholders' meeting. Where laws, regulations, or the securities regulatory rules of the place where the company's stock is listed provide otherwise, such provisions shall prevail.

A notice of a shareholders' meeting shall include the following:

- (i) The time, venue and duration of the meeting;
- (ii) Matters and proposals submitted to the meeting for consideration;
- (iii) A prominent written statement that all Shareholders are entitled to attend shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;
- (iv) The record date of registration of Shareholders entitled to attend the shareholders' meeting;

- (v) The name and telephone number of the regular contact person for the meeting;
- (vi) The time and procedure for voting online or through other means.

After the shareholders' meeting notice has been issued, the meeting should not be postponed or canceled without a valid reason, and the proposals listed in the notice should not be canceled. In the event of a postponement or cancellation, the convener shall announce and explain the reasons at least two business days before the originally scheduled date. If the securities regulatory rules of the place where the company's stock is listed have special provisions regarding the procedures for postponing or canceling a shareholders' meeting, these provisions shall be followed, provided that they do not violate the laws, regulations, rules, or other relevant regulations.

### **Voting and Resolutions of the Shareholders' Meeting**

The resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution at a shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' meeting.

A special resolution at a shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

The following matters shall be approved by the shareholders' meeting through ordinary resolutions:

- (i) Work reports of the Board of Directors;
- (ii) Plans of earnings distribution and recovery of losses schemes drafted by the Board of Directors;
- (iii) Appointment or dismissal of the members of the Board of Directors, their remunerations and the payment method;
- (iv) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, Listing Rules or the Articles of Association.

The following matters shall be approved by special resolution at the shareholders' meeting:

- (i) The increase or reduction of the registered capital of the Company;
- (ii) The division, merger, dissolution and liquidation of the Company;
- (iii) Any amendment to the Articles of Association;
- (iv) The purchase and sale of material assets or amount of guarantee provided by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;



- (v) Share incentive plan;
- (vi) Other matters as required by the laws, administrative regulations, Listing Rules or the Articles of Association, and considered by the shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be passed by a special resolution.

Shareholders shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules, and the securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting or is restricted to voting only 'for' or only 'against' on any particular resolution, any vote cast by such shareholder (or its proxy) in violation of such requirements or restrictions shall be disregarded in the voting results. This does not apply if a shareholder is required to abstain from voting on a specific matter under the securities regulatory rules of the jurisdiction where the Company's shares are listed. When voting, a shareholder with two or more votes is not required to cast all votes uniformly as 'for', 'against', or 'abstain'.

Where material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The Company's own shares held by the Company do not carry voting rights and such shares shall not count towards the total number of shares with voting rights at shareholders' meeting.

If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the "Securities Law," the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the shareholders' meeting for 36 months after the purchase.

When the shareholders' meeting reviews matters related to related-party transactions, associated shareholders and its close associates (as defined in Listing Rules, the same below) shall not participate in the voting, and the number of shares they represent with voting rights shall not be included in the total number of valid votes; the announcement of the shareholders' meeting resolution shall fully disclose the voting situation of non-associated shareholders (subject to the requirements of the stock exchange).

## **BOARD OF DIRECTORS**

### **Directors**

Directors may include executive Directors, non-executive Directors, and independent non-executive Directors. The non-executive director means the director who does not hold a management position in the Company, while an independent non-executive director means the director who meets the qualification requirements set forth in the Articles of Association.

Directors of the Company shall be individuals, and a person may not serve as a Director of the Company in case of any of the following circumstances:

- (i) The person without civil conduct capacity or with limited civil conduct capacity;
- (ii) The person who has committed an offense of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;
- (iii) The person who is a former director, factory director or General Manager (President) of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;
- (iv) The person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than 3 years have elapsed since the date of such revocation of the business license;
- (v) The person listed as a judgment defaulter by the court of the PRC because the amount of debt he bears is relatively large and the debt is not paid off when it is due;
- (vi) The person has been banned by the CSRC from access to the securities market, and the term of prohibition has not expired;
- (vii) The person publicly determined by a stock exchange as unfit to serve as a director or senior management of a listed company, where the prescribed period has not yet expired; and
- (viii) Other contents stipulated by laws, administrative regulations or departmental rules or the securities regulatory rules of the place where the shares of the Company are listed, or relevant regulatory authority provisions.

Where a Director is elected or appointed in violation of the provisions above, the election, appointment or designation shall be invalid. If a Director falls under the provisions above during his or her tenure, the Company shall dismiss him or her from office.

Directors are elected or replaced by the shareholders' meeting in accordance with the laws and may be removed from office by the shareholders' meeting before the expiration of their term (while this shall not affect any claims that may be made under any contract). The term of office for directors is three years, and they may be re-elected for consecutive terms, unless otherwise provided by applicable laws, regulations, the Articles of Association, or the securities regulatory rules of the place where the Company's shares are listed.

The term of office for directors begins on the date of their appointment and ends when the current Board of Directors' term expires. If the term of office for directors expires and a timely re-election has not taken place, the outgoing directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association until the newly elected directors take office.

Directors may concurrently hold the position of senior management positions, but the total number of directors who concurrently hold the position of senior management positions and directors served by employee representatives shall not exceed half of the total number of directors of the company.

Directors shall comply with laws, administrative regulations, and the company's Articles of Association and owe the following duties of diligence to the company:

- (i) They shall exercise the rights granted to them by the company with prudence, diligence, and care to ensure that the company's business activities comply with national laws, administrative regulations, and all national economic policies, and that business operations do not exceed the scope of business specified in the business license;
- (ii) They shall treat all shareholders fairly;
- (iii) They shall ensure sufficient time and energy to participate in company affairs, and prudently assess the risks and benefits associated with matters under deliberation; in principle, directors shall attend board meetings in person. If unable to do so and authorization is given to another director to attend on their behalf, the director must exercise due care in selecting the proxy, specify the scope of authorization and voting intentions in clear terms, and no general power of authorization shall be granted;
- (iv) They shall promptly understand the status of the company's business operations and management;
- (v) They shall provide relevant information and materials to the Audit Committee truthfully and shall not obstruct the Audit Committee from exercising their powers;
- (vi) Other duties of diligence as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company's stock is listed, and the company's Articles of Association.

Directors may resign before the expiration of their term. Resignation of a director shall be submitted to the Board of Directors in writing. The resignation shall take effect on the date the Company receives the resignation letter. The Company shall disclose the relevant circumstances within two days.

If the resignation of a director causes the number of directors on the board to fall below the statutory minimum, the outgoing director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, Listing Rules and the company's Articles of Association until the newly elected director takes office.

Without the provisions of the company's Articles of Association or the lawful authorization of the Board of Directors, no director shall act on behalf of the company or the Board of Directors in their personal capacity. When a director acts in their personal capacity, if a third party would reasonably believe that the director is acting on behalf of the company or the Board of Directors, the director shall make a prior declaration of their position and identity.

### **Board of Directors**

The Company has established a Board of Directors.

The Board of Directors shall consist of nine directors, all of whom shall be elected by the shareholders' meeting, including three independent non-executive Directors, with at least one independent non-executive Director possessing appropriate professional qualifications or accounting/financial management expertise. Additionally, at least one independent non-executive Director must ordinarily reside in Hong Kong.

The Board shall exercise the following duties and powers:

- (i) To convene shareholders' meetings and report its work to the shareholders' meetings;
- (ii) To implement the resolutions of the shareholders' meetings;
- (iii) To resolve business operation plans and investment plans of the Company;
- (iv) To formulate the profit distribution plans and plans for recovery of losses of the Company;
- (v) To formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (vi) To draft plans for significant acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution or change of the form of the Company;
- (vii) To decide on external guarantees not covered by relevant provisions of the Articles of Association;
- (viii) To determine on matters such as the external investments, purchase or sale of assets, assets mortgage, external guarantee, entrusted wealth management, connected transactions and external donations of the Company, subject to compliance with the securities regulatory rules of the jurisdiction where the Company's shares are listed and within the scope of authorization granted by the shareholders' meeting;
- (ix) To determine the internal management structure of the Company;
- (x) To determine the appointment or dismissal of the General Manager of the Company, the Board Secretary and other senior management, and determine their remuneration, rewards and penalties; and based on the nomination of the General Manager, to

determine the appointment or dismissal of the senior management including Deputy General Managers and chief financial officer of the Company and determine their remuneration, rewards and penalties;

- (xi) To formulate the basic management system of the Company;
- (xii) To formulate proposals for any amendment of the Articles of Association;
- (xiii) To review and decide on other corporate governance policies to be implemented by the Company's internal management bodies and senior management personnel, except for corporate governance policies that are required by laws or regulations to be reviewed and approved by the shareholders' meeting;
- (xiv) To propose to the shareholders' meeting for appointment or replacement of the accounting firms which provide audit services to the Company;
- (xv) To listen to work reports of the General Manager of the Company and review his/her work;
- (xvi) Other duties as stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Board of Directors shall establish rigorous review and decision-making procedures. Matters exceeding the scope of the decision-making authority of the Board of Directors shall be submitted to the shareholders' meeting for consideration. For major investment projects, the Board shall organize evaluations by relevant experts and professionals, and submit them to the shareholders' meeting for approval.

The Board of Directors shall have one Chairman. The Chairman shall be elected by the Board of Directors with the approval of a majority of all directors.

The Board of Directors shall convene at least four regular meetings per year, called by the Chairman, and all directors, General Manager and the Board Secretary shall be notified in writing at least 14 days (excluding the notice date but including the meeting date) prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, or the Audit Committee may propose to convene an extraordinary meeting of the Board of Directors. The Chairman shall convene and preside over the Board of Directors meeting within 10 days after receiving the proposal.

A meeting of the Board of Directors shall be held only if more than half of the directors are present. Resolutions of the Board of Directors must be passed by a majority of all directors. Voting on resolutions of the Board of Directors shall be conducted on a one person, one vote basis.

If a director has an associated relationship with the subject matter of a resolution of the Board of Directors, or with any related enterprise or individual, such director shall promptly submit a written report to the Board of Directors. Such associated director shall not exercise the voting right on such resolution, nor shall such director act on behalf of other directors in exercising the voting right. A meeting of the Board of Directors may be held if more than half of the directors without associated relationships are present, and resolutions made at the meeting of the Board of Directors must be passed by a majority of the directors without associated relationships. If the number of directors without associated relationships attending the Board of Directors is less than three, the matter shall be submitted to the shareholders' meeting for review. Furthermore, except as permitted under Listing Rules, or otherwise allowed by the Stock Exchange, no director shall vote on any Board resolution approving any contract, arrangement or other proposal in which the director or his/her close associates (as defined in Listing Rules) have a material interest, nor shall such director exercise voting rights on behalf of other directors.

### **Senior Management Members**

The company shall have one General Manager and shall be appointed or dismissed by the Board of Directors.

The General Manager, Deputy General Managers, Chief Financial Officer, Secretary to the Board of Directors are considered senior management personnel of the company.

The provisions in the company's Articles of Association regarding the fiduciary duties and duties of care of directors shall also apply to senior management personnel.

The General Manager is responsible to the Board of Directors and exercises the following powers in accordance with the provisions of the Articles of Association or as authorized by the Board of Directors:

- (i) To preside over the company's production and business management activities, implement the resolutions of the Board of Directors, and report work to the Board of Directors;
- (ii) To implement the company's annual business plan and investment programs;
- (iii) To draft proposals for the establishment of internal management institutions of the company;
- (iv) To draft the company's basic management systems;
- (v) To formulate specific regulations of the company;
- (vi) To propose to the Board of Directors the appointment or dismissal of Deputy General Managers and the Chief Financial Officer;
- (vii) To decide on the appointment or dismissal of management personnel other than those who should be appointed or dismissed by the Board of Directors;

- (viii) To approve transactions and related transactions other than those that considered and approved by the shareholders' meeting and the Board of Directors, but if there are relevant provisions in laws, regulations and regulatory authorities, those provisions shall prevail;
- (ix) Other powers granted by the company's Articles of Association or the Board of Directors.

The General Manager shall attend the meetings of the Board of Directors.

Senior management personnel of the company shall faithfully perform their duties and safeguard the maximum interests of the company and all shareholders.

If senior management personnel fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the company and the public shareholders, they shall be liable for compensation in accordance with the law.

## **FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT**

### **Financial Accounting System**

The Company shall formulate its financial and 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.

The Company shall prepare financial accounting reports at the end of each fiscal year, which shall be audited by a accounting firm in accordance with the laws. The Company shall disclose its annual results announcement within three months after the end of each fiscal year. The interim results announcement shall be disclosed within two months after the end of the first half of each fiscal year. The Company shall disclose annual reports and interim reports in compliance with relevant laws and regulations, requirements of the CSRC and rules of the place where the Company's shares are listed.

The Company shall not establish the statutory account books accounts 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.

### **Distribution of Profits**

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.



After the company has extracted the statutory surplus reserve from the post-tax profit, it may, upon resolution of the shareholders' meeting, extract a discretionary surplus reserve from the post-tax profit.

The remaining post-tax profit after the company has made up for losses and extracted surplus reserves shall be distributed in proportion to the shares held by the shareholders unless the Articles of Association provide for exceptions.

The company must appoint one or more collection agents in Hong Kong for the H-shareholders. The collection agent shall collect and hold on behalf of the relevant H-shareholders the dividends and other payments distributed by the company in respect of the H Shares, pending payment to such H-shareholders. The collection agent appointed by the company shall meet the requirements of laws and regulations and the securities regulatory rules of the place where the company's share is listed.

The Company's Board of Directors, the Audit Committee and shareholders' meeting will fully consider the opinions of independent directors and public investors in the decision-making and argumentation process of the profit distribution policy.

The Company's profit distribution may take the form of cash, shares, or a combination of both. If the conditions for cash dividends are met, the company shall in principle prioritize the cash dividend method of profit distribution.

#### **Internal Audit**

The Company implements an internal audit system which is equipped with dedicated audit personnel to supervise and examine the company's operational activities, risk management, internal control systems, financial reporting, and other relevant matters.

The Company's internal audit system shall be implemented after approval by the Board of Directors and disclosed to the public.

#### **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, dismissal, and remuneration (or the method for determining remuneration) of an accounting firm shall be decided by the shareholders' meeting through an ordinary resolution. The Board shall not appoint accounting firm before the approval of the shareholders' meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The auditing fee of the accounting firm or the method of determining audit fee shall be determined by the shareholders' 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 in advance and subject to the approval by a shareholders' meeting resolution.

An accounting firm proposing to resign shall state its opinions in the shareholders' meeting whether the Company has committed any improper act.

## **MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

### **Merger, Division, Capital Increase, and Capital Reduction**

Merger of the Company may take the form of absorption or establishment of a new company.

In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

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 on the designated press or 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 the securities regulatory rules at the place where the shares of the Company are listed have separate provisions, such provisions shall also be complied with simultaneously.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

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 on the designated press or 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 and shall publish an announcement on the designated press or 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.

In the event of a merger or division of a company, if there is a change in the registration items, the Company shall go through the change registration with the company registration authority in accordance with the law; If the Company is dissolved, it shall go through the deregistration of the procedures company in accordance with the law; If a new company is established, the company establishment registration shall be completed in accordance with the law. If the Company increases or decreases its registered capital, it shall go through the change registration with the company registration authority in accordance with the law.

### **Dissolution and Liquidation**

The Company shall be dissolved upon the occurrence of the following events:

- (i) Expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;
- (ii) A resolution on dissolution is passed by a shareholders' meeting;
- (iii) Dissolution is required due to the merger or division of the Company;
- (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 court to dissolve the Company.

If the Company is in the situation as described in item (i), (ii) of the preceding paragraph and has not yet distributed its properties to shareholders, it can continue to exist by amending the Articles of Association or through a resolution of the shareholders' meeting. The amendment of the Articles of Association or the resolution of the shareholders' meeting as per the preceding paragraph must be passed by more than two-thirds of the voting rights held by the shareholders attending the shareholders' meeting.

If the company is dissolved due to the provisions mentioned in items (i), (ii), (iv), and (v) above, a liquidation shall be conducted. The directors shall be the obligors for the company's liquidation and must form a liquidation group within 15 days from the date the cause for dissolution arises to carry out the liquidation.

The liquidation group shall be composed of directors, unless otherwise stipulated in the Articles of Association or different persons determined by the shareholders' meeting.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and announce it in the designated newspapers or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice.

When declaring claims, creditors shall specify the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims.

During the period for declaring claims, the liquidation group shall not make repayments to the creditors.

After the liquidation group has sorted out the company's assets, prepared the balance sheet and inventory of assets, it shall formulate a liquidation plan and submit it to the shareholders' meeting or the court for confirmation. The Company's assets shall be used to pay the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, to pay the taxes owed, and to repay the company's debts. The remaining assets shall be distributed among the shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the shareholders before the aforementioned provisions have been complied with.

After sorting out the Company's assets and preparing the balance sheet and inventory of assets, the liquidation group finds that the Company's assets are insufficient to repay the debts, it shall apply to the court for bankruptcy liquidation in accordance with the law. After the court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the court.

Upon the completion of the company's liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the court for confirmation, and file it with the company registration authority to apply for the cancellation of the company registration and announce the termination of the company.

If the company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

#### **AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Company shall amend the Articles of Association in any of the following circumstances:

- (i) After amendments are made to the PRC Company Law or other relevant laws, administrative regulations, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations;

(ii) If certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;

(iii) The shareholders' meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the shareholders' meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

Any amendment to the Articles of Association that is required to be disclosed in accordance with laws and regulations shall be announced in accordance with provisions thereof.

**1. FURTHER INFORMATION ABOUT OUR GROUP****A. Establishment of our Company**

Our Company was established in the PRC on December 29, 2015 with an initial registered capital of RMB5 million. On January 13, 2025, our Company was converted into a joint stock company with limited liability under the PRC Company. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. The relevant PRC laws and regulatory provisions and a summary of our Articles of Association are set out in Appendices IV and V to this prospectus, respectively.

Our principal place of business in Hong Kong is at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. We were registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on July 4, 2025. Ms. Zhang Xiao has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

**B. Changes in the Share Capital of our Company**

Save as disclosed in “History, Development and Corporate Structure — Establishment and Shareholding Changes of Our Company”, there had been no alterations of our share capital within the two years preceding the date of publication of this prospectus.

**C. Changes in the Share Capital of our Subsidiaries**

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report as set out in Appendix I.

The following sets out the changes in the share or registered capital of the members of our Group within the two years immediately preceding the date of this prospectus:

**(a) Shanghai Koutong Technology Co., Ltd.**

On December 11, 2024, the registered capital of Shanghai Koutong Technology Co., Ltd. increased from RMB3,800,000 to RMB20,000,000.

**(b) Beijing Xinsheng Technology Co., Ltd.**

On January 15, 2024, the registered capital of Beijing Xinsheng Technology Co., Ltd. increased from RMB1,000,000 to RMB1,020,000.

**(c) Nanjing Iluvatar Zhiqi Technology Co., Ltd.**

On July 30, 2025, the registered capital of Nanjing Iluvatar Zhiqi Technology Co., Ltd. increased from RMB10,000,000 to RMB100,000,000.

Save as disclosed above, there has been no alteration in the share capital of any members of our Group within the two years immediately preceding the date of this prospectus.

**D. Resolutions of the Shareholders of the Company**

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on May 30, 2025, it was resolved, among others, and the following was approved:

- (a) the issuance by our Company of H Shares with a nominal value of RMB1.00 each and the listing of such H Shares on the Stock Exchange;
- (b) subject to the completion of the Global Offering, the Articles of Association have been approved and adopted, which shall become effective on the Listing Date, and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (c) authorizing our Board and its authorized person to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the Listing.

**E. Restrictions on Repurchase**

For details, see Appendix V in this prospectus.

**2. FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY****A. Summary of Material Contracts**

The following contract (not being contracts entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this prospectus and is or may be material:

- (1) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, ZTE (H.K.) Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which ZTE (H.K.) Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of RMB20,000,000 (including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (2) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, XN Mountain International Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which XN Mountain International Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$17,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);



- (3) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, Wind Sabre Fund SPC acting on behalf and for the account of Wind Sabre Opportunities Fund SP, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which Wind Sabre Fund SPC acting on behalf and for the account of Wind Sabre Opportunities Fund SP agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$20,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (4) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, UBS Asset Management (Singapore) Ltd. (as the delegate of the investment manager for and on behalf of the Investors listed in Schedule 3 to the cornerstone investment agreement), Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which UBS Asset Management (Singapore) Ltd. (as the delegate of the investment manager for and on behalf of the Investors listed in Schedule 3 to the cornerstone investment agreement) agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$10,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (5) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, Teamsun Technology (HK) Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which Teamsun Technology (HK) Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of HK\$33,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (6) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, Qin Wan Investment Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which Qin Wan Investment Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of RMB100,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (7) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, OCM Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which OCM Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$10,000,000 (including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);

- (8) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, Ocean Fine Industrial Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which Ocean Fine Industrial Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$10,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (9) the cornerstone investment agreement dated December 26, 2025 entered into among the Company, Huatai Capital Investment Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which Huatai Capital Investment Limited agreed to subscribe for such number of H Shares (in connection with a back-to-back total return swap transaction) at the Offer Price in an aggregate investment amount of US\$21,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (10) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, Fourth Paradigm International Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which Fourth Paradigm International Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of HK\$100,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (11) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, Engine International Technology Co., Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which Engine International Technology Co., Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of RMB30,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (12) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, Duckling Fund, L.P., Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which Duckling Fund, L.P. agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$20,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);

- (13) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, DeepRoot Alpha Ltd, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which DeepRoot Alpha Ltd agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$4,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (14) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, China Universal Asset Management (Hong Kong) Company Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which China Universal Asset Management (Hong Kong) Company Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$20,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (15) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, China Orient International Asset Management Limited — China Orient Enhanced Income Fund, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which China Orient International Asset Management Limited — China Orient Enhanced Income Fund agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$7,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (16) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, China Orient International Asset Management Limited — China Orient Multi-Strategy Master Fund, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which China Orient International Asset Management Limited — China Orient Multi-Strategy Master Fund agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$3,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (17) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, China Asset Management (Hong Kong) Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which China Asset Management (Hong Kong) Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$6,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);



- (18) the cornerstone investment agreement dated December 26, 2025 entered into among the Company, CFGH Holdings Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which CFGH Holdings Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of RMB15,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (19) the cornerstone investment agreement dated December 24, 2025 entered into among the Company, Alphahill Capital Limited for itself and on behalf of Alphahill Future Fund, Manifold Master Fund and York House Investment Limited, Huatai Financial Holdings (Hong Kong) Limited and CMB International Capital Limited, pursuant to which Alphahill Capital Limited for itself and on behalf of Alphahill Future Fund, Manifold Master Fund and York House Investment Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate investment amount of US\$15,000,000 (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares); and
- (20) the Hong Kong Underwriting Agreement.

## B. Intellectual Property Rights




### (a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Expiration date
1		PRC	Our Company	20402625	9	August 13, 2027
2		PRC	Our Company	20402630	9	August 13, 2027
3		PRC	Our Company	20402806	38	August 13, 2027
4		PRC	Our Company	20402829	38	August 13, 2027
5		PRC	Our Company	20403076	42	August 13, 2027

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Expiration date
6	Iluvatar CoreX	PRC	Our Company	29266737	38	January 13, 2029
7	Iluvatar CoreX	PRC	Our Company	29268664	9	January 6, 2029
8	天数智芯	PRC	Our Company	29271358	9	January 13, 2031
9	天数智芯	PRC	Our Company	29271358A	9	February 20, 2029
10	Iluvatar CoreX	PRC	Our Company	29273123	42	January 6, 2029
11		PRC	Our Company	35111479	9	July 27, 2029
12		PRC	Our Company	35122858	38	July 27, 2029
13	芷锐	PRC	Our Company	41454047	35	August 13, 2030
14	芷锐	PRC	Our Company	41454396	42	August 13, 2030
15	芷锐	PRC	Our Company	41465877	9	November 6, 2030
16	芷锐	PRC	Our Company	41473895	38	September 6, 2030
17	天垓	PRC	Our Company	52248797	42	September 13, 2031
18	天垓	PRC	Our Company	52265383	9	August 20, 2031

<u>No.</u>	<u>Trademark</u>	<u>Place of registration</u>	<u>Name of registered proprietor</u>	<u>Registration no.</u>	<u>Class</u>	<u>Expiration date</u>
19	智铠	PRC	Our Company	52776544	35	August 27, 2031
20	智铠	PRC	Our Company	52779398	9	August 20, 2031
21	智铠	PRC	Our Company	52782463	42	August 20, 2031
22	天数	PRC	Our Company	55459942	35	January 13, 2033
23	天数智芯	PRC	Our Company	55474324	35	November 6, 2031
24	天数	PRC	Our Company	57461311	9	May 6, 2033
25	全向箔	PRC	Our Company	66672855	35	February 6, 2033
26	全向箔	PRC	Our Company	66678076	42	February 6, 2033
27	全向箔	PRC	Our Company	66691069	9	February 20, 2033
28	全向箔	PRC	Our Company	66733625	45	February 6, 2033
29	天数智芯	PRC	Our Company	67042987	42	July 13, 2033

<u>No.</u>	<u>Trademark</u>	<u>Place of registration</u>	<u>Name of registered proprietor</u>	<u>Registration no.</u>	<u>Class</u>	<u>Expiration date</u>
30		PRC	Our Company	67816720	9	April 20, 2033
31		PRC	Our Company	67818551	35	April 20, 2033
32		PRC	Our Company	67823492	9	April 20, 2033
33		PRC	Our Company	67827473	35	April 20, 2033
34		PRC	Our Company	67834627	42	April 20, 2033
35		PRC	Our Company	67838350	42	April 20, 2033
36		PRC	Our Company	69616032	9	August 13, 2033
37		Hong Kong	Our Company	306899032	9, 35, 38, 42	May 14, 2035
38		Hong Kong	Our Company	306899041	9, 35, 38, 42	May 14, 2035
39		Hong Kong	Our Company	306899023	9, 35, 38, 42	May 14, 2035



*(b) Patents*

As of the Latest Practicable Date, we had registered the following patents in the PRC which we consider to be or may be material to our business:

No.	Patent	Name of registered owner	Patent category	Patent number	Date of application	Validity period (from application date)
1	An architecture and method for implementing on-chip fabric in chips (一種用於芯片內實現 fabric 的架構和方法)	Our Company	Invention	201910869233.8	September 16, 2019	September 15, 2039
2	A compiler implementation method and system supporting heterogeneous computing cores (一種支持異構計算核架構的編譯器實現方法和系統)	Iluvatar Shanghai	Invention	201911041164.8	October 30, 2019	October 29, 2039
3	A digital circuit design method with reservation mechanism for resolving memory cell cluster access conflicts (一種預約機制解決多路訪問存儲單元簇衝突的數字電路設計方法)	Iluvatar Shanghai	Invention	201910752072.4	August 15, 2019	August 14, 2039
4	A method for analyzing standard cell data (一種用於標準單元數據的分析方法)	Iluvatar Shanghai	Invention	202110285282.4	March 17, 2021	March 16, 2041
5	A digital circuit design method for GPU cache subsystem interconnection (一種 GPU 緩存子系統互聯的數字電路設計方法)	Iluvatar Shanghai	Invention	202110626551.9	June 4, 2021	June 3, 2041
6	Core computing unit processor and acceleration method for AI devices (用於人工智能設備的核心計算單元處理器及加速處理方法)	Our Company	Invention	201810863952.4	August 1, 2018	July 31, 2038

No.	Patent	Name of registered owner	Patent category	Patent number	Date of application	Validity period (from application date)
7	A parametric cache digital circuit micro-architecture and its design method (一種參數化緩存數字電路微架構及其設計方法)	Our Company	Invention	202110626546.8	June 4, 2021	June 3, 2041
8	A configurable hybrid heterogeneous computing core architecture for multi-domain chip design (一種用於多領域芯片設計的可配置混合異構計算核心系統)	Our Company	Invention	201910858163.6	September 11, 2019	September 10, 2039
9	A chip design optimization system and method based on dynamic unbalanced clock (一種基於動態非平衡時鐘的芯片設計優化系統及方法)	Iluvatar Shanghai	Invention	202110201459.8	February 23, 2021	February 22, 2041
10	A glitch protection system against overclocking caused by dual-PLL systems (一種基於雙PLL的系統超頻引起的電壓毛刺保護系統)	Iluvatar Shanghai	Invention	201910163473.6	March 5, 2019	March 4, 2039
11	A multi-user general-purpose computation method and system based on GPGPU chip (基於GPGPU芯片的多用戶通用計算處理方法和系統)	Iluvatar Shanghai	Invention	202010690286.6	July 17, 2020	July 16, 2040
12	A method for processing cache digital circuit request conflicts (一種緩存數字電路處理請求衝突的方法)	Iluvatar Shanghai	Invention	202110337496.1	March 30, 2021	March 29, 2041

No.	Patent	Name of registered owner	Patent category	Patent number	Date of application	Validity period (from application date)
13	A functional verification system for AI processor chips (一種用於人工智能處理器芯片的功能驗證系統)	Iluvatar Shanghai	Invention	201910349837.X	April 28, 2019	April 27, 2039
14	A digital circuit design method for efficiently handling intra- and inter-chip GPU cache coherency (一種高效處理GPU片內和片間緩存一致性的數字電路設計方法)	Our Company	Invention	202110680159.2	June 18, 2021	June 17, 2041
15	A tree-based display and operation system for chip test data (一種芯片測試數據的樹形顯示與操作系統和方法)	Iluvatar Shanghai	Invention	202110682823.7	June 18, 2021	June 17, 2041
16	A multiplier based on reverse polarity technology and its code generation method (一種基於反向極性技術的乘法器及其代碼生成方法)	Iluvatar Shanghai	Invention	202010745540.8	July 29, 2020	July 28, 2040
17	A video encoding and decoding multi-channel response system based on info board mode (一種基於信息牌模式的視頻編解碼多通道響應系統)	Our Company	Invention	202110958791.9	August 20, 2021	August 19, 2041
18	A method for automatic cloning to separate digital circuit loads (一種自動克隆實現數字電路負載分離的方法)	Iluvatar Shanghai	Invention	202110937522.4	August 16, 2021	August 15, 2041
19	A timing control circuit and electronic device (一種時序控制電路及電子設備)	Our Company	Utility model	202320320808.2	February 24, 2023	February 23, 2033

No.	Patent	Name of registered owner	Patent category	Patent number	Date of application	Validity period (from application date)
20	Matrix operation method and device, apparatus and unit, electronic device (矩陣運算方法、裝置及單元、電子設備)	Our Company	Invention	202211445382.X	November 18, 2022	November 17, 2042
21	A ring bus architecture and method for deadlock prevention, AI chip and electronic device (一種環形總線結構及防止死鎖的方法、AI芯片及電子設備)	Our Company	Invention	202310470889.9	April 26, 2023	April 25, 2043
22	Data scheduling method, computing chip and electronic device (數據調度方法、計算芯片及電子設備)	Iluvatar Shanghai	Invention	202310446262.X	April 24, 2023	April 23, 2043
23	A tile processor, SoC chip and electronic device (一種瓦片處理器、SoC芯片以及電子設備)	Beijing Iluvatar	Invention	202310722611.6	June 16, 2023	June 15, 2043
24	Discharge control circuit, discharge circuit and power supply (放電控制電路、放電電路和電源)	Iluvatar Shanghai	Utility model	202320238240.X	February 16, 2023	February 15, 2033
25	Distance measurement method and device, storage medium and electronic device (距離測量方法及裝置、存儲介質及電子設備)	Beijing Iluvatar	Invention	202311587237.X	November 24, 2023	November 23, 2043
26	A multiphase power supply, image processing system and electronic device (一種多相電源、圖像處理系統及電子設備)	Our Company	Utility model	202322979128.4	November 3, 2023	November 2, 2033

No.	Patent	Name of registered owner	Patent category	Patent number	Date of application	Validity period (from application date)
27	Data request processing circuit, method, and its cache circuit and processor (數據請求處理電路、方法及其緩存電路和處理器)	Iluvatar Shanghai	Invention	202211733347.8	December 30, 2022	December 29, 2042
28	Adapter board card, OAM board testing system and OAM board working system (轉接板卡、OAM板卡測試系統及OAM板卡工作系統)	Our Company	Utility model	202323022394.4	November 8, 2023	November 7, 2033
29	A heat sink auxiliary assembly jig, heat sink and electronic device (一種散熱器輔助裝配治具、散熱器及電子設備)	Our Company	Utility model	202323581345.4	December 26, 2023	December 25, 2033
30	Power consumption monitoring device and method, SoC chip, electronic device and storage medium (功耗監測裝置方法、SoC芯片、電子設備及存儲介質)	Iluvatar Shanghai	Invention	202211715905.8	December 29, 2022	December 28, 2042
31	Resource invocation method for virtual machines, device and storage medium (虛擬機的資源調用方法、設備及存儲介質)	Beijing Iluvatar	Invention	202211426694.6	November 15, 2022	November 14, 2042
32	An address translation system, processor, translation method and electronic device (一種地址轉換系統、處理器、地址轉換方法及電子設備)	Our Company	Invention	202310446235.2	April 24, 2023	April 23, 2043

No.	Patent	Name of registered owner	Patent category	Patent number	Date of application	Validity period (from application date)
33	A heat spreader and electronic device (一種均熱裝置及電子設備)	Our Company	Utility model	202323643974.5	December 28, 2023	December 27, 2033
34	A chip frequency dynamic adjustment method and system for abnormal temperature handling (一種用於異常溫度處理的芯片頻率動態調節方法及系統)	Our Company	Invention	202210052416.2	January 18, 2022	January 17, 2042
35	A convolution computation method, SoC chip, electronic device and storage medium (一種卷積計算方法、SoC芯片、電子設備及存儲介質)	Our Company	Invention	202211718228.5	December 29, 2022	December 28, 2042
36	A lossless Extest Mode testing method for GPGPU chips (一種GPGPU芯片無損Extest Mode測試方法)	Our Company	Invention	202210165985.8	February 23, 2022	February 22, 2042
37	A polymorphic process platform for digital chip physical design prioritizing integration features (一種優先集成特性的數字芯片物理設計多態流程平台)	Our Company	Invention	202111134563.6	September 27, 2021	September 26, 2041
38	A text watermark detection and embedding method, program product, device and medium (文本水印檢測和水印添加方法、程序產品、設備及介質)	Beijing Iluvatar	Invention	202411132790.9	August 19, 2024	August 18, 2044
39	A model training method, 3D point cloud acquisition method and electronic device (一種模型訓練方法、三維點雲獲取方法及電子設備)	Beijing Iluvatar	Invention	202411118586.1	August 15, 2024	August 14, 2044

*(c) Software Copyrights*

As of the Latest Practicable Date, we had registered the following software copyrights in the PRC which we consider to be or may be material to our business:

<u>No.</u>	<u>Name of Software</u>	<u>Name of registered proprietor</u>	<u>Registration number</u>	<u>Issue Date</u>
1	SoC Repeater Timing Cell Parser Software 1.0 (SoC中繼時序單元解析生成軟件v1.0)	Our Company	2019SR1049341	October 16, 2019
2	Standard Cell Timing and Power Evaluation Software 1.0 (標準單元庫時序、功耗分析和評價軟件V1.0)	Our Company	2021SR0327101	March 3, 2021
3	Memory Management Checker Software 1.0 (天數智芯內存管理檢查軟件 v1.0)	Our Company	2021SR1376972	September 14, 2021
4	PTX to LLVM IR Conversion Software 1.0 (天數智芯PTX語言到LLVM IR轉換軟件)	Our Company	2021SR1377036	September 14, 2021
5	Board System Monitoring and Management Software 1.0 (天數智芯板卡系統監控查詢及管理應用軟件v1.0)	Our Company	2021SR1384293	September 15, 2021
6	System Performance Tracing Software 1.0 (天數智芯系統性能追蹤分析軟件 v1.0)	Our Company	2021SR1384431	September 15, 2021
7	High-performance Linear Algebra Library Software 1.0 (適用於天數智芯通用計算芯片的高性能線性代數算法庫軟件 v1.0)	Our Company	2021SR1384381	September 15, 2021
8	High-performance Neural Network Library Software 1.0 (適用於天數智芯通用芯片的高性能神經網絡算法庫軟件v1.0)	Our Company	2021SR1386044	September 16, 2021
9	Scandump Capture and Analysis Tool 1.0 (適用於天數智芯通用計算芯片的Scandump抓取及分析工具軟件 v1.0)	Our Company	2021SR1384335	September 15, 2021



No.	Name of Software	Name of registered proprietor	Registration number	Issue Date
10	IC Power Network Auto Generation Software (集成電路電源網絡自動化生成加速軟件)	Our Company	2021SR1637521	November 4, 2021
11	Chip Verification Design Mode Platform 1.0 (通用芯片驗證系統設計模式平台1.0)	Iluvatar Shanghai	2018SR872843	October 31, 2018
12	Chip Module Auto Generation and Linking Software 1.0 (通用芯片模塊自動產生與鏈接解決方案軟件1.0)	Iluvatar Shanghai	2018SR961145	November 30, 2018
13	Register Simulation Model Framework 1.0 (高性能芯片通用寄存器自動化解決方案軟件1.0)	Iluvatar Shanghai	2018SR961283	November 30, 2018
14	Memory Format Conversion Library 1.0 (數據內存格式轉換庫軟件1.0)	Iluvatar Shanghai	2018SR961477	November 30, 2018
15	Chip Verification Workflow Automation Manager 1.0 (通用芯片驗證流程自動化管理方案軟件1.0)	Iluvatar Shanghai	2018SR962143	November 30, 2018
16	Sparse Storage Management Model Software 1.0 (芯片驗證稀疏存儲管理模型軟件1.0)	Iluvatar Shanghai	2018SR962153	November 30, 2018
17	Chip Simulation Model Framework Software 1.0 (通用芯片仿真模型框架軟件1.0)	Iluvatar Shanghai	2018SR962228	November 30, 2018
18	Int16 Convolutional Neural Network Model Software 1.0 (Int16格式卷積神經網絡模型軟件1.0)	Iluvatar Shanghai	2018SR962235	November 30, 2018
19	Stimulus Management Automation Software 1.0 (芯片激勵管理自動化解決方案軟件V1.0)	Iluvatar Shanghai	2018SR976653	December 4, 2018

No.	Name of Software	Name of registered proprietor	Registration number	Issue Date
20	System Architecture Simulation Platform Software 1.0 (系統架構仿真平台軟件V1.0)	Iluvatar Shanghai	2018SR976714	December 4, 2018
21	UVM Framework Auto Generation Software 1.0 (通用芯片驗證UVM框架自動化生成系統軟件1.0)	Iluvatar Shanghai	2018SR996268	December 10, 2018
22	GPGPU ISA Parser and Random Generator Software 1.0 (GPGPU指令集解析、隨機產生器軟件1.0)	Iluvatar Shanghai	2018SR1019769	December 14, 2018
23	Sparse Matrix Verification Model Software 1.0 (芯片驗證稀疏矩陣模型軟件1.0)	Iluvatar Shanghai	2018SR1076154	December 26, 2018
24	Universal Flag Parsing Software 1.0 (通用標誌解析軟件1.0)	Iluvatar Shanghai	2019SR0057926	January 17, 2019
25	SoC Repeater Insertion Tool 1.0 (SoC中繼時序單元插入生成軟件1.0)	Iluvatar Shanghai	2019SR1122446	November 6, 2019
26	SoC Repeater Reverse Annotation Tool 1.0 (SoC中繼時序單元反標生成軟件1.0)	Iluvatar Shanghai	2019SR1118577	November 5, 2019
27	SoC Repeater Synthesis Tool 1.0 (SoC中繼時序單元合成生成軟件1.0)	Iluvatar Shanghai	2019SR1111301	November 1, 2019
28	IC Workflow Visualization Execution System 1.0 (IC設計流程可視化執行系統V1.0)	Iluvatar Shanghai	2020SR1129172	September 21, 2020
29	SoC Test Data Tree Operation System 1.0 (SOC測試數據樹形顯示與操作系統V1.0)	Iluvatar Shanghai	2021SR0369056	March 10, 2021
30	Tianshu Virtual GPU Control Software (天數虛擬GPU控制軟件)	Iluvatar Shanghai	2022SR0770905	June 16, 2022

No.	Name of Software	Name of registered proprietor	Registration number	Issue Date
31	Tianshu IXGPU Data Collection Software (天數IXGPU信息採集軟件)	Iluvatar Shanghai	2022SR0767871	June 16, 2022
32	High-performance Fast Fourier Transform Algorithm Library Software (高性能快速傅里葉變換算法庫軟件)	Iluvatar Shanghai	2022SR0767877	June 16, 2022
33	iXplorer System Performance Analysis Software (天數智芯iXplorer System Analyzer系統性能分析應用軟件)	Iluvatar Shanghai	2022SR0853832	June 27, 2022
34	Iluvatar Online Performance Analysis Software (芷銳Iluvatar性能在線分析軟件)	Iluvatar Shanghai	2023SR0199159	February 3, 2023
35	Iluvatar Kernel Analyzer GUI Tool (芷銳Iluvatar Kernel Analyzer UI核函數性能分析圖形化工具應用軟件)	Iluvatar Shanghai	2023SR0229054	February 13, 2023
36	Diag Tool for General-purpose Chips (適用於天數智芯通用計算芯片的diag工具軟件)	Iluvatar Shanghai	2023SR0024412	January 5, 2023
37	High-performance Collective Communication Library (適用於天數智芯通用芯片的高性能集合通信庫軟件)	Iluvatar Shanghai	2023SR0013102	January 4, 2023
38	High-performance Device Function Test Framework (高性能設備函數測試框架軟件)	Iluvatar Shanghai	2023SR0200609	February 6, 2023
39	High-performance Inference Operator Library for GPGPU Chips (適用於GPGPU芯片的高性能推理算子庫軟件)	Iluvatar Shanghai	2023SR0218180	February 9, 2023
40	Python Video Decoding Software for General-purpose Chips (適用於通用計算芯片的python視頻解碼軟件)	Iluvatar Shanghai	2023SR0231846	February 13, 2023

No.	Name of Software	Name of registered proprietor	Registration number	Issue Date
41	High-performance Matrix Multiplication Library for General-purpose Chips (適用於通用芯片的高性能矩陣乘法函數庫軟件)	Iluvatar Shanghai	2023SR0201751	February 6, 2023
42	Iluvatar GPU Virtualization Software (茁銳GPU虛擬化軟件)	Iluvatar Shanghai	2023SR0200102	February 6, 2023
43	Inference Engine Graph Optimization Software (適用於通用計算芯片的推理引擎計算圖優化軟件)	Iluvatar Shanghai	2023SR0200103	February 6, 2023
44	Deep Learning Inference Framework Software (天數智芯深度學習推理框架軟件)	Iluvatar Shanghai	2023SR0012565	January 4, 2023
45	Incomplete-Cholesky Decomposition Algorithm Software (天數incomplete-Cholesky分解算法ixmatrix軟件)	Beijing Iluvatar	2022SR0875558	June 30, 2022
46	GPU Monitoring and Recovery Software (天數GPU監控恢復軟件)	Beijing Iluvatar	2022SR1447413	November 2, 2022
47	Image Measurement Software 1.0 (圖像測量軟件V1.0)	Beijing Iluvatar	2023SR0522311	May 8, 2023
48	3D Reconstruction Software 1.0 (天數3D重建軟件V1.0)	Beijing Iluvatar	2023SR0522333	May 8, 2023
49	Remote Monitoring Device Software 1.0 (遠程監控設備軟件V1.0)	Beijing Iluvatar	2023SR0522310	May 8, 2023
50	Remote GPU Calling Software 1.0 (遠程調用GPU軟件V1.0)	Beijing Iluvatar	2023SR1039332	September 11, 2023
51	Omnifoil Permission Control Software 1.0 (天數全向箔權限控制軟件V1.0)	Nanjing Tianshu Zhiqi Technology Co., Ltd.	2023SR1150035	September 25, 2023

No.	Name of Software	Name of registered proprietor	Registration number	Issue Date
52	Tianshu Cloud SAAS Platform Software 1.0 (天數云平台 SAAS服務平台軟件V1.0)	Beijing Iluvatar	2023SR1218908	October 11, 2023
53	HashNeRF Model Comparison and Real Scene Measurement Software (基於HashNeRF算法的模型差異性比較及真實場景物體尺寸信息測景軟件)	Beijing Iluvatar	2023SR1486141	November 23, 2023
54	Iluvatar Multi-dimensional Benchmarking Tool v2.0 (天數智芯 Iluvatar GPU多維度測評工具(MDims Benchmark) 軟件v2.0)	Our Company	2023SR1657709	December 18, 2023
55	Digital Human System 1.0 (天數數字人系統 V1.0)	Beijing Iluvatar	2023SR1770406	December 26, 2023
56	Image Decoding System Verification Platform (圖像解碼系統功能驗證軟件平台)	Our Company	2024SR0259006	February 8, 2024
57	Omnifoil Cloud Platform (天數云全向箔云平台)	Beijing Iluvatar	2024SR0912964	July 2, 2024
58	Conversational Intelligent SQL System (對話式智能SQL業務系統)	Beijing Iluvatar	2024SR1322199	September 6, 2024
59	Omnifoil Multi-GPU Cluster Management Software (天數全向箔多卡集群管理軟件)	Beijing Iluvatar	2024SR1551160	October 17, 2024
60	IxStream Intelligent Video Analysis Software 1.0 (適用於天數智芯通用計算芯片的智能視頻分析軟件V1.0)	Our Company	2024SR1710239	November 6, 2024
61	High-performance AI Inference Engine Software 2.0 (GPU高性能人工智能推理引擎軟件V2.0)	Our Company	2024SR1706171	November 6, 2024
62	IxAttnBkd Acceleration Library Software 1.0 (IxAttnBkd加速庫軟件V1.0)	Our Company	2024SR1710322	November 6, 2024

<u>No.</u>	<u>Name of Software</u>	<u>Name of registered proprietor</u>	<u>Registration number</u>	<u>Issue Date</u>
63	JPEG Codec Software (天數智 芯JPEG編解碼軟件)	Our Company	2024SR2221970	December 27, 2024
64	Iluvatar Container Toolkit Software (天數 iluvatar-container-toolkit軟件)	Our Company	2024SR2221125	December 27, 2024
65	Iluvatar Container Runtime and Client (天數 libiluvatar-container運行時庫 &客戶端)	Our Company	2024SR2229148	December 30, 2024
66	Vecana Simulation Vector Analysis Software 1.0 (Vecana 仿真向量分析軟件V1.0)	Our Company	2025SR0237923	February 11, 2025
67	General GPU Chiplet Simulation Platform 1.0 (通用 GPU芯粒芯片仿真平台V1.0)	Our Company	2025SR0237780	February 11, 2025

***(d) Integrated Circuit Layout Design Registrations***

As of the Latest Practicable Date, the following integrated circuit layout designs had been registered by our Group:

<u>No.</u>	<u>Name of Layout Design</u>	<u>Registration No.</u>	<u>Application Date</u>	<u>Registered Owner</u>
1	Cloud-based Inference Chip (雲端推理芯片)	BS.21561478X	September 10, 2021	Our Company

***(e) Domain Name***

As of the Latest Practicable Date, we had registered the following domain name in the PRC which we consider to be or may be material to our business:

<u>No.</u>	<u>Domain Name</u>	<u>Registrant</u>	<u>Registration Date</u>	<u>Expiry Date</u>
1	iluvatar.com	Our Company	February 22, 2000	February 22, 2027

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

### 3. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

#### A. Disclosure of Interests

*(a) Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations*

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our Shares are listed:

<u>Name</u>	<u>Nature of interest</u>	<u>Shares held upon completion of the Global Offering<sup>(1)</sup></u>	<u>Approximate percentage of shareholding in the Unlisted Shares/H Shares (as appropriate) immediately after the Global Offering<sup>(2)</sup></u>	<u>Approximate percentage of shareholding in the total share capital of our Company immediately after the Global Offering<sup>(2)</sup></u>
Mr. Gai Lujiang <sup>(3)</sup>	Interest in controlled corporation	54,034,125 H Shares	22.05%	21.25%

*Notes:*

- (1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.
- (2) The calculation is based on the total number of 9,215,771 Unlisted Shares in issue, 219,670,165 H Shares to be converted from Unlisted Shares in issue and 25,431,800 H Shares to be issued pursuant to the Global Offering.
- (3) Mr. Gai Lujiang is the sole shareholder and sole director of Shanghai Shuqi, which is the general partner of each of the Shareholding Platforms, and is therefore deemed to be interested in the 54,034,125 H Shares to be held by the Shareholding Platforms upon completion of the Global Offering under the SFO. For details, see “History, Development and Corporate Structure — Single Largest Group of Shareholders” in this prospectus.



*(b) Interests of the substantial shareholders in the Shares*

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, immediately following the completion of the Global Offering, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

**B. Particulars of Directors’ Service Contracts**

We have entered into a contract with each of our Directors in respect of, among other things, compliance with relevant laws and regulations, and observance of the Articles of Association.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

**C. Emoluments of Directors**

Save as disclosed in “Directors and Senior Management” and Note 8 to the Accountants’ Report set out in Appendix I to this prospectus for the financial years ended December 31, 2022, 2023, 2024 and six months ended June 30, 2025, none of our Directors received other remunerations or benefits in kind from us.

**D. Disclaimers**

Save as disclosed in this prospectus:

- (a) none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;
- (b) none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

- (c) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group; and
- (d) None of our Directors or any of the parties listed in “Qualifications of Experts” of this Appendix is:
  - (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;
  - (ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business.

#### 4. EMPLOYEE INCENTIVE PLAN

We have approved and adopted an employee incentive plan for the purpose of motivating, retaining and rewarding talents for their contribution to the development of our Group and linking the interests of the participants under the employee incentive plan with those of our Company and our Shareholders.

Given that the terms of the employee incentive plan do not involve the issue of new Shares or the grant of options to subscribe for new Shares upon Listing, there will not be any dilution effect to the issued Shares after Listing and the equity incentive plan is not subject to the provisions of Chapter 17 of the Listing Rules.

As of the Latest Practicable Date, Shanghai Xishi, Shanghai Yishi and Shanghai Sushu (collectively, the “**Direct Employee Shareholding Platforms**”) were our direct employee shareholding platforms and Shanghai Shugai Yousi Enterprise Management Consulting Partnership (Limited Partnership) (上海數垓又肆企業管理諮詢合夥企業(有限合夥)) (“**Shanghai Shugai Yousi**”, together with the Direct Employee Shareholding Platforms, the “**Employee Shareholding Platforms**”), being direct limited partners of Shanghai Yuanshi, was our indirect employee shareholding platform.

The general partner of each of the Employee Shareholding Platforms and the indirect shareholding platforms of the Direct Employee Shareholding Platforms is Shanghai Shuqi. The above arrangement of the equity incentive schemes could offer incentives to the participants through granting them indirect interest in our Shares while allowing our core management team to retain control on the voting rights of the incentive shareholding platforms in respect of our Shares.

The general principal terms of the equity incentive schemes are summarized below.

**(a) Purpose**

The employee incentive plan was established for the purpose of motivating, retaining and rewarding talents for their contribution to the development of our Group and linking the interests of the participants under the employee incentive plan with those of our Company and our Shareholders.

**(b) Participants**

Participants include employees and former employees of the Group, and other persons as authorized by the general partner of the Employee Shareholding Platforms.

**(c) Grant of Awards**

The participants (the “**Grantees**”) may be granted partnership interests (the “**Awards**”) in the direct or indirect level of the Employee Shareholding Platforms at a consideration specified under the grant letters, and each becomes a partner of the direct or indirect level of the Employee Shareholding Platforms upon grant of the Awards and the execution of the grant documents. The participants may be required to pay a nominal capital contribution for the acceptance of the Awards and for registering them as a partner of the Employee Shareholding Platforms, and the Grantees are entitled to receive the economic interest based on the equivalent units of Shares as stipulated in their respective award letter, rather than their respective registered partnership interest in the Employee Shareholding Platforms. The capital contribution made by the Grantees to the Employee Shareholding Platforms shall be sourced from their own funds.

**(d) Vesting period of Awards**

Subject to the payment of the subscription price (where applicable), the Awards granted to the Grantees are typically subject to vesting conditions, which are either (i) to be vested equally over a period of four years from the grant date, (ii) 50% of which are to be vested on the secondary anniversary from the grant date, and 25% each on the third and fourth anniversary from the grant date, or (iii) to be vested in full upon a certain date. In the event that any Grantee fails to meet the vesting condition of his/her respective Awards for certain situations (including the resignation of Grantee), the general partner has the right (the “**Repurchase Right**”) to repurchase the partnership interest in accordance to the employee incentive plan.

**(e) Lock-up period**

The Shares held by the Employee Shareholding Platforms are subject to statutory 12-month lock-up period from the Listing Date pursuant to the PRC Company Law.

**(f) Details of Awards**

As of the Latest Practicable Date, all the awards have been granted, which shall be subject to the Repurchase Right of the general partner.

As of the Latest Practicable Date, (i) there were in aggregate 512 Grantees holding partnership interest in the direct or indirect level of the Employee Shareholding Platforms, which were entitled to receive the economic interest corresponding to approximately 33,675,471 Shares; (ii) the Shares underlying the Awards held by Shanghai Shugai Yousi were granted to Mr. Yang Lei (our executive Director, chief financial officer and board secretary); and (iii) none of the other Grantees held more than 30% or more economic interest in the Direct Employee Shareholding Platforms.

**5. OTHER INFORMATION****A. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

**B. Litigation**

Except as disclosed in this prospectus, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

**C. Preliminary expenses**

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses for the purpose of the Listing Rules.

**D. Promoter**

The promoters of our Company are all of the 45 then shareholders of our Company as of December 27, 2024 immediately before our conversion into a joint stock limited liability company.

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

**E. No Material Adverse Change**

Our Directors confirmed that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospect of our Group since June 30, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

**F. Qualifications of Experts**

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this prospectus are as follows:

<u>Name</u>	<u>Qualifications</u>
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation to conduct 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) regulated activities under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Jingtian & Gongcheng	PRC legal advisors
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Hogan Lovells	Legal advisors to our Company as to U.S. Outbound Investment Rules and U.S. export control

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

**G. Consents**

Each of the experts named in paragraph headed “— F. Qualifications of Experts” in this section has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or the references to their names included herein in the form and context in which they are respectively included.

**H. Sole Sponsor**

The Sole Sponsor satisfies the independent criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, The total sponsor's fee paid and payable to the Sole Sponsor in connection with the Listing payable by our Company is US\$850,000.

**I. Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance of it, 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.

**J. Bilingual Prospectus**

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**K. Miscellaneous**

Save as otherwise disclosed in this prospectus:

- (a) within the two years preceding the date of this prospectus, our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) our Company has no outstanding convertible debt securities or debentures;

- (e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of our Company;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;
- (h) our Company is not presently listed on any stock exchange or traded on any trading system; and
- (i) our Company is a joint stock limited company and is subject to the PRC Company Law.



**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in the paragraph headed “5. Other Information — G. Consents” in Appendix VI to this prospectus; and
- (b) a copy of each of the material contracts referred to in the paragraph headed “2. Further Information about the Business of the Company — A. Summary of material contracts” in Appendix VI to this prospectus.

**DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents will be available on display on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.iluvatar.com](http://www.iluvatar.com) up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the Accountants’ Report from Ernst & Young in respect of the consolidated financial information of our Group for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the text of which is set forth in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information of our Group from Ernst & Young, the text of which is set forth in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025;
- (e) the legal opinions issued by Jingtian Gongcheng, the legal advisor of our Company as to the PRC laws, in respect of, among other things, certain general corporate matters and the property interests of our Group;
- (f) the F&S Report;
- (g) the legal memorandum issued by Hogan Lovells, our legal advisors as to Outbound Investment Rule and U.S. Export Control;
- (h) the material contracts referred to in the paragraph headed “2. Further Information about the Business of the Company — A. Summary of material contracts” in Appendix VI to this prospectus;
- (i) the written consents referred to in the paragraph headed “5. Other Information — G. Consents” in Appendix VI to this prospectus;

- (j) the service contracts referred to in the paragraph headed “3. Further Information about Directors and Substantial Shareholders — B. Particulars of Directors’ Service Contracts” in Appendix VI to this prospectus; and
- (k) the following PRC laws and regulations, together with unofficial English translation thereof:
  - a. the PRC Company Law;
  - b. the PRC Securities Law; and
  - c. the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies.



Shanghai Iluvatar CoreX Semiconductor Co., Ltd.  
上海天數智芯半導體股份有限公司