



**Shanghai FourSemi Semiconductor Co., Ltd.**

**上海傅里葉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 : 3625**

The background of the cover is a dark blue, futuristic scene. In the center, a large, glowing semiconductor chip is the focal point, with bright blue and yellow light emanating from its edges and base. The chip is surrounded by a complex network of glowing lines and dots, suggesting data flow or circuitry. In the upper left, a wireframe car is visible, and in the upper right, a wireframe head wearing a VR headset is shown. The overall aesthetic is high-tech and digital.

# 2025 ANNUAL REPORT

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## Four Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the audited financial information and financial statements is set out below:

	Year ended December 31,			
	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	<b>365,703</b>	355,195	150,291	130,327
Cost of sales	<b>(289,740)</b>	(308,639)	(150,415)	(120,848)
Gross profit	<b>75,963</b>	46,556	(124)	9,479
Other income and gains	<b>4,667</b>	9,582	7,973	10,133
Selling and distribution expenses	<b>(19,640)</b>	(20,847)	(18,869)	(17,405)
Administrative expenses	<b>(42,326)</b>	(19,673)	(20,382)	(18,279)
Research and development costs	<b>(69,014)</b>	(68,060)	(59,271)	(48,708)
Loss before tax	<b>(59,167)</b>	(56,844)	(94,130)	(65,899)
Income tax expenses	<b>—</b>	—	—	(3)
Loss for the Year	<b>(59,167)</b>	(56,844)	(94,130)	(65,902)
Loss per share attributable to ordinary equity holders of the Parent				
Basic and diluted	<b>(0.59)</b>	(0.57)	(0.94)	(0.76)

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Reconciliation of net loss for the year to adjusted net loss (a non-IFRS measure):		
Loss for the year	<b>(59,167)</b>	(56,844)
<i>Adjustments:</i>		
Share-based payment expenses	<b>7,094</b>	7,843
Listing expenses	<b>18,766</b>	—
Non-IFRS measure: Adjusted net loss <sup>(Note)</sup>	<b>(33,307)</b>	(49,001)

	As at December 31,			
	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	<b>118,069</b>	66,075	105,325	182,899
Total assets	<b>316,874</b>	321,427	321,686	357,809
Total liabilities	<b>206,905</b>	159,554	110,232	59,470
Total equity	<b>109,969</b>	161,873	211,454	298,339

Note: Annual net loss adjusted for non-IFRS is defined as the net loss for the years ended December 31, 2025 and December 31, 2024, excluding share-based payments and listing expenses.

## BOARD OF DIRECTORS

### Executive Directors

Mr. Xu Xiaolin (Chairman of the Board)  
Mr. Liu Baoliang  
Mr. Qian Shun  
Ms. Yu Bingbing

### Non-Executive Directors

Mr. Chen Binglin  
Mr. Lin Enfeng

### Independent Non-Executive Directors

Mr. Liu Hongcan  
Ms. Liu Liping  
Mr. Dai Xueguang

### Joint Company Secretaries

Mr. Gao Wenchao  
Mr. Tse Yu Yeung (appointed on April 10, 2026)  
Mr. Chow Shing Lung (resigned on April 10, 2026)

### Audit Committee

Mr. Liu Hongcan (Chairman)  
Ms. Liu Liping  
Mr. Dai Xueguang

### Remuneration and Appraisal Committee

Mr. Liu Hongcan (Chairman)  
Ms. Liu Liping  
Mr. Xu Xiaolin

### Nomination Committee

Mr. Xu Xiaolin (Chairman)  
Mr. Dai Xueguang  
Ms. Liu Liping

### Authorised Representatives

Mr. Xu Xiaolin  
Mr. Gao Wenchao

## REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 303, Building 4  
Second Street, Gangcheng Square  
No. 88 Yunjuan Road, Lane 11  
Lin-gang Special Area  
China (Shanghai) Free Trade Pilot Zone  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## STOCK CODE

3625

## COMPANY'S WEBSITE

[www.foursemi.com](http://www.foursemi.com)

## LEGAL ADVISORS AS TO HONG KONG LAWS

Jingtian & Gongcheng LLP  
Suites 3203–3209, 32/F  
Edinburgh Tower, The Landmark  
15 Queen's Road Central  
Central  
Hong Kong

## LEGAL ADVISORS AS TO PRC LAWS

Jingtian & Gongcheng  
45/F, K. Wah Centre  
1010 Huaihai Road (M)  
Xuhui District, Shanghai, China



## Corporate Information

### **AUDITOR**

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

### **COMPLIANCE ADVISER**

Orient Capital (Hong Kong) Limited  
28/F–29/F  
100 Queen's Road Central  
Central, Hong Kong

### **PRINCIPAL BANKS**

Shanghai Pudong Development Bank  
Xuhui Branch  
No. 589 Jianguo West Road  
Xuhui District, Shanghai  
PRC

Industrial Bank Co., Ltd.  
Shanghai Nanxiang Branch  
Building No. 1, Lane 819, Yinxiang Road  
Jiading District, Shanghai  
PRC

### **HONG KONG H SHARE REGISTRAR**

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

Dear Shareholders,

The year 2025 was a milestone year in the development journey of FourSemi. During the year, we made significant progress in products, technology, and revenue, achieving fruitful results across all our businesses. During the year, we submitted a listing application to the Main Board of The Stock Exchange of Hong Kong Limited and were formally listed in March this year, marking the Company's entry into the global capital market. The performance in 2025 marks a new stage in the Company's development and is the result of the joint efforts of all our shareholders, customers, partners, and every colleague. On behalf of the Board of Directors and the management, I would like to express our sincerest gratitude to all our shareholders for their long-term trust and support.

## **I. ANNUAL BUSINESS REVIEW: BUILDING ON TECHNOLOGY FOR STEADY PROGRESS**

During the Reporting Period, the Company's overall operations maintained a healthy development trend. We continued to increase R&D investment, optimize our product structure, and deepen customer cooperation, achieving significant breakthroughs in key technologies, product mass production, and market expansion:

### **1. Stable Performance and Increased R&D Investment**

During the Reporting Period, the Company achieved operating revenue of RMB366 million, maintaining steady growth; product shipment volume reached 510 million units, representing a year-on-year increase of approximately 9%. We are well aware that R&D is the lifeline of a design company. We continued to invest RMB69.01 million in R&D funds, with R&D expenses continuously increasing, further strengthening our technological barriers.

### **2. Flagship Products with Leading Performance**

During the Reporting Period, in response to the industry trend of smaller size, better sound quality, and lower operating voltage for audio chips, the Company successfully developed and launched a new generation of portable power amplifier audio chips, covering products with different boost voltage levels of 15V, 12V, and 10V, with performance and power consumption indicators reaching industry-leading levels.

### **3. Automotive-grade Mass Production and Application Expansion**

During the Reporting Period, the Company's automotive-grade products achieved mass production in multiple in-vehicle customer projects, marking a new stage for its automotive-grade audio power amplifier business, moving from "product usability" to "system reliability and large-scale delivery". At the same time, we deepened our strategic cooperation with leading upstream wafer and packaging & testing companies, building a stable supply chain ecosystem to ensure the security of customer deliveries.

### **4. Substantial increase in overseas revenue and deepening of global presence**

During the Reporting Period, the Company actively positioned and expanded its overseas business, steadily advancing the implementation of its internationalization strategy by leveraging its mature product systems, core technological advantages, and global operational capabilities. Through deep cultivation of key regions, expansion of overseas channels, and strengthening of localized services, the scale of the Company's overseas business continued to grow, with revenue from overseas end-customers increasing from RMB3.91 million in 2024 to RMB25.81 million in 2025; the global business landscape further took shape, opening up new growth space for the Company's long-term steady development.



## Chairman's Statement

### II. CORE COMPETITIVENESS: FOCUSING ON CHIP DESIGN TO BUILD LONG-TERM BARRIERS

Since our establishment, we have always focused on our main business of chip design, forming three core advantages:

#### 1. Advantages in Technology and Architecture

Our core team members come from internationally renowned semiconductor companies and have an average of over 20 years of industry experience. They possess profound expertise in chip architecture, algorithm optimization, and advanced process implementation, enabling us to respond quickly to market demands and launch cost-effective, highly reliable chip products.

#### 2. Advantages in Products and Scenarios

We focus on the audio and haptic feedback tracks, with a deep understanding of the real needs of downstream customers in terms of performance, power consumption, cost, and stability. Our product positioning is clear and our iteration pace is well-defined, creating differentiated competitiveness in applications such as mobile phones, smart displays, IoT, and smart cockpits, gradually replacing similar overseas chips.

#### 3. Advantages in Delivery and Service

Chip design is not only about technology, but also about service. We have established a full-process service system from requirement definition, chip design, tape-out and verification, and mass production delivery to technical support, enabling us to respond quickly to customer issues, continuously optimize product experience, and win long-term customer trust.

### III. POST-LISTING: A NEW STARTING POINT, A NEW STRATEGY, A NEW JOURNEY

The successful listing on the Hong Kong stock market has opened up broader development prospects for the Company. In the future, we will leverage the capital market to focus on three strategic directions:

#### 1. Continuously strengthen R&D, consolidate technological leadership, and expand market applications

We will continue to increase investment in next-generation audio chips, promote technology platformization and product serialization, continuously enhance chip performance and competitiveness, and maintain our leading position in audio chips. Meanwhile, on the basis of consolidating our existing customer base, we will actively expand into new scenarios and new customers such as AI and robotics, promote more self-developed chips into high-end supply chains, and increase our market share and brand influence.

#### 2. Expand product categories, optimize product structure, and increase overall profit margin

On the basis of consolidating our existing product advantages, we will continue to expand our product categories. Leveraging our established analog chip R&D technology platform and accumulated chip design experience, we will systematically develop core analog chip categories such as power management chips and signal chain chips, extend our product matrix, and cover more application fields including consumer electronics, industrial control, communication equipment, and artificial intelligence. Through horizontal expansion and vertical cultivation of product categories, we will diversify our revenue sources and optimize the overall revenue structure. At the same time, by leveraging market expansion and economies of scale for new product categories, we will increase the Company's overall revenue scale and comprehensive profit margin, driving the Company's transformation into a comprehensive analog chip solution provider and laying a solid product foundation for long-term stable development.

### 3. Standardize corporate governance and create long-term value

As a company listed on the Hong Kong stock market, we will strictly abide by the Listing Rules and regulatory requirements, continuously improve our corporate governance, quality of information disclosure, and internal control management capabilities, so as to reward all shareholders with stable operations and continuous growth.

### IV. RISKS AND OUTLOOK

We are keenly aware that the semiconductor industry is characterized by rapid technological iteration, significant cyclical fluctuations, and intense competition. The Company still faces risks such as industry cycles, technological R&D, market competition, and supply chain fluctuations. In the future, we will address these challenges with more prudent operations, more focused investments, and more flexible strategies.

Looking ahead, the wave of artificial intelligence and digitalization is surging, and the independent and controllable development of high-end chips has become a long-term trend. FourSemi will adhere to its original mission in chip design, driven by technological innovation and guided by customer value. We will strive to grow into a leading global chip design enterprise and share the long-term dividends of industry growth and the Company's development with all our shareholders.

Finally, we would like to once again express our heartfelt thanks to all shareholders for their trust and companionship!

#### **Mr. Xu Xiaolin**

*Chairman of the Board, Executive Director and President*

**Shanghai FourSemi Semiconductor Co., Ltd.**

Shanghai, the PRC, April 22, 2026



# Management Discussion and Analysis

## **BUSINESS REVIEW**

We are a global leading supplier of power amplifier audio chips and a leading supplier of haptic drivers in China. We specialize in the design of audio amplifier chips and haptic drivers under a fabless model to offer a wide array of solutions for emerging application scenarios in high-growth industries.

Our portfolio of products empowers various industries, including consumer electronics, smart home and new energy vehicle, and has achieved mass shipment in emerging consumer scenarios such as action cameras and AI glasses. We first introduced our power amplifier audio chip products for portable consumer electronics to optimize audio, create effects and protect speakers using our AI algorithms. When deployed, our power amplifier audio chip products receive the electrical signal input, analyze and preprocess the signal by filtering noise and strengthening the received signal, process the signal by amplifying electrical power, tuning audio signal based on scenario, convert the signal to code speaker driver movement while simultaneously enabling the speaker protection technologies. This allows users' devices to output the highest quality of audio, reduce power consumption, and protect the speakers to achieve device longevity.

## **OUR PRODUCT OFFERINGS**

Our products primarily consist of power amplifier audio chips and haptic drivers. Power amplifier audio chips are integrated circuit modules based on mixed-signal design that incorporate some, or all of the following characteristics, including built-in or externally paired audio algorithms, digital input interfaces and integrated sound processing modules. Power amplifier chips leverage power control algorithms and audio processing algorithms to efficiently process audio signals and optimize output performance. They deliver low power consumption, high integration density and capabilities for intelligent control, catering to customized requirements of downstream industries. Power amplifier chips have extensive applications (1) in consumer electronics and smart home devices including smartphones, tablets, smart wearables, smart displays, and smart speakers, and (2) in automotive systems such as automotive audio systems and displays. Our products are capable of processing in-cabin acoustic data including voice commands, infotainment system output, AVAS warning sounds, and T-BOX audio system communications.

Our haptic drivers are chips deployed in smartphones, smart wearables, tablets and portable gaming consoles that operates in reaction to user inputs. When the user operates the device, the haptic driver receives electrical signal inputs including the user's pressing speed and force amplitude and determines the necessary reaction to the user input and converts signal to drive the motor coils which vibrates to return a tactile sensation using our algorithms, enhancing user-device interaction. We integrated technologies including temperature detection, over current protection, short-circuit protection and LRA drive (a drive that uses audio-like waveforms to generate vibration in sync with sound) and diagnostics to protect the motor coil for the longevity of the device. Our haptic driver product series, FS30, has been widely adopted in smartphones, smart wearables, tablets and gaming accessories.

Our products include (1) low-power audio chips, comprising two major types, namely, our adaptive power control audio chips and portable power amplifier audio chips; (2) mid/high-power audio chips; (3) haptic drivers; and (4) others, comprising power management chips.

We specialize in the design of low-power audio chips, mid/high-power audio chips and haptic drivers under a fabless business model. In 2025, the Company consistently upheld its mission of "driving development through innovation and connecting the world with technology", and continuously achieved new results in product R&D, business expansion and technological breakthroughs relying on high-quality products and catering to customer needs. Leveraging its profound experience in the power amplifier audio chip sector, the Company continuously launched new products, updated its technologies, and enriched its product lineup with signal chain products. It expanded its products to sectors such as automobile and motion cameras, showing its commercial breakthroughs and leading to more diversified product forms and application scenarios. Driven by the dual axes of "horizontal expansion + vertical development", the Company is making continuous strides on its path to becoming a world-class chip design company.

# Management Discussion and Analysis

## I. Accelerated Launch of New-Generation Products to Actively Seize the High Ground

### 1. Low-power audio chips

Low-power audio chips enable precise output control within low-power output ranges, and are therefore widely used in various consumer electronic devices, including smartphones, tablets, smart wearables, and VR/AR devices, to maximize sound quality and volume within the constraints of compact speaker designs. With algorithms, low-power audio chips accurately predict or measure the physical limits of a speaker (such as real-time power, membrane excursion, speaker current and voltage, and speaker coil temperature). The chip's internal signal processing unit adjusts the signal output in real time to enable the speaker to operate in its optimal state, achieving maximum output without damaging the speaker and ensuring reliability.

The revenue from low-power audio chips increased slightly from approximately RMB322.9 million in 2024 to approximately RMB329.5 million in 2025, primarily due to an increase in revenue from adaptive power control audio chips from approximately RMB172.3 million in 2024 to approximately RMB184.7 million in 2025. The sales volume of low-power audio chips increased from approximately 451.5 million units in 2024 to approximately 486.2 million units in 2025. The gross profit from low-power audio chips increased by approximately 66.8% from approximately RMB40.9 million in 2024 to approximately RMB68.2 million in 2025, primarily due to a reduction in the cost structure of our adaptive power control audio chips achieved through product iteration, declining raw material and procurement costs, the realization of economies of scale as business expanded, combined with a higher revenue contribution from the higher-margin PA audio chip product category, collectively driving an increase in the overall gross profit margin for our low-power audio chips.

Currently, the design trend in consumer electronic devices is creating new core demands for audio functions:

- Smaller size: To enhance portability, every square millimeter in the internal space of devices must create value.
- Better sound quality: Users seek improved external sound quality from their devices, leading to increasing demands for products' transient response and peak power.

Simultaneously, manufacturers introduced new battery technologies to extend battery life, in order to meet the energy consumption needs of devices. However, the lower operating voltage of new-type batteries also poses a challenge to the operational stability of power amplifier audio chips.

In 2025, in response to the industry trend of smaller size, better sound quality, and lower operating voltage for audio chips, the Company successfully developed and launched a new generation of portable power amplifier audio chips covering products with different voltage levels such as 15V, 12V, and 10V.

Among them, the 15V portable power amplifier audio chip (FS1986U), as the Company's flagship model of low-power amplifier audio chips, supports dynamic adjustment of the boost frequency, and achieves load-aware variable frequency control. It reduces the switching frequency under light loads and increases it under heavy loads, effectively reducing switching loss. It is like equipping the chip with a "smart accelerator" precisely controlling the voltage by detecting the magnitude of the audio signal to unnecessary energy loss. It can also respond promptly to high dynamic output demands and increase the voltage to reduce distortion in the audio output.

The product adds support for new-type batteries, enabling stable operation even at low battery voltages. New-type batteries have higher energy density, but their discharge curve is steeper compared to traditional batteries, and ordinary power amplifiers cannot support the low voltage of these new-type batteries. By optimising internal components and algorithms, FS1986U fully unleashes the battery life potential of new-type batteries. FS1986U integrates the Company's third-generation dynamic range enhancement technology, making it suitable for scenarios with stringent requirements for transient response and peak power. Compared with 12V products, this technology can increase the instantaneous power of a power amplifier by 2W to 3W, enhancing the dynamic performance of the audio signal during playback of the device.



# Management Discussion and Analysis

Like FS1986U, the 12V/10V portable power amplifier audio chips (FS1985U/FS1923U) are also compatible with new-type batteries, ensuring stable low-voltage operation. Even when the battery power is low and the voltage drops, the power amplifier can still output ample audio. They support dynamic adjustment of the boost frequency, enhancing the overall efficiency. Compared with the previous generation of 10V products, the Company's R&D team completely restructured and upgraded the circuitry of FS1923U, resulting in a sharp reduction in its die size by approximately 50% compared with the previous generation. This frees up valuable internal space in devices and effectively improves the product's cost-effectiveness.

## 2. **Mid/high-power audio chips**

Audio signal amplification and driver chips with an output power of over 10W convert audio signals into high-power output by controlling audio effect algorithms (such as dynamic range enhancement technology, power consumption reduction, and smart audio amplifier control) to drive speakers, addressing core needs like high-fidelity playback, low distortion, and high-volume output. Mid/high-power audio chips are mainly used in devices such as smart displays, soundbars, and car audio systems. Among them, automotive-grade power amplifier audio chips are special high-power chips specifically designed for in-vehicle environments. In intelligent vehicles, automotive-grade power amplifier audio chips are widely used in intelligent cabins, automotive infotainment system, AVAS and T-BOX, among others.

The revenue from mid/high-power audio chips decreased slightly from approximately RMB26.7 million in 2024 to approximately RMB26.5 million in 2025, primarily due to a decrease in revenue from our FS2105 series products resulting from a deliberate strategic reallocation of resources towards the R&D and promotion of newer models. The sales volume of mid/high-power audio chips increased from approximately 11.7 million units in 2024 to approximately 13.0 million units in 2025. The gross profit from mid/high-power audio chips increased by approximately 28.3% from approximately RMB4.8 million in 2024 to approximately RMB6.2 million in 2025, primarily due to higher sales volume and consequently increased gross profit from the FS2105 series.

In mid-power audio application scenarios, such as smart speakers, smart displays, and soundbars, the internal space of devices is relatively more ample compared to portable devices. The industry tends to pursue the ultimate audio experience. To this end, in 2025, the Company launched a new generation of mid-power amplifier audio chips, featuring independent dual-channel algorithm debugging and smart bass enhancement and other technologies. This increases the flexibility of audio tuning for terminal devices, making it easy for device manufacturers to pursue ultimate effects and enhancing the immersive audio experience. The Company launched the FS2106E series in early 2026 and has initiated technical validation with a major TV brand and an audio equipment manufacturer. The tape-out of other models such as FS2125N and FS2128E has also been completed, enriching the mid-power product portfolio and expanding the potential application scenarios.

Currently, most dual-channel power amplifier chips partially bundle algorithm modules, such as equalizers for the left and right channels, dynamic range control, and limiter. As a result, adjusting the parameters of the left channel will also affect the right channel. With the Company's newly designed architecture, each channel has an independent equalizer, dynamic range control, gain and limiter, power protection, etc. This architecture makes differentiated tuning of the left and right channels possible. Tuning engineers can optimise two-way algorithms in parallel. For example, the left channel focuses on vocal clarity and the right channel centers on ambient atmosphere.

In addition, mid-power devices often use various bass boosting methods to enhance the audio experience. The bass enhancement technology developed by the Company is primarily based on a technical path that combines a psychoacoustic model with dynamic spectral reshaping, optimising low-frequency perception without introducing significant distortion or additional harmonics.

The new generation of mid-power audio power amplifiers provides device designers with unprecedented flexibility through independent dual-channel debugging and allows speakers to produce powerful low frequencies with smart bass enhancement technology. This plays a significant role in further consolidating the Company's advantageous position in application scenarios for mid-power audio chips such as smart displays.

# Management Discussion and Analysis

After launching FS5024E, China's first automotive-grade power amplifier audio chip, in 2023, the Company is vigorously advancing the R&D of its second-generation automotive-grade products, including FS5010E, which uses an analog interface Class-AB power amplifier, and successor models to FS5024E.

Due to users' increasing strict requirements for in-vehicle audio quality, the number of speakers configured in smart cockpits and external power amplifiers is rapidly rising. In-vehicle audio systems are facing unprecedentedly stringent requirements: a surge in the number of speakers, and a dual emphasis on diagnostic efficiency and reliability. The second-generation digital interface automotive-grade power amplifier audio products, with their three core functions—real-time load detection, low latency, and fast diagnosis—will become the new benchmark defining the Company's automotive-grade audio products.

The power-on detection mechanism used in previous-generation products could not capture sudden load changes that occur during driving, such as faults like short circuit/open circuit. In contrast, the second-generation digital interface automotive-grade power amplifier audio products can measure the status of each speaker in real time, effectively increasing the fault detection rate.

All kinds of noises generated during driving can be reduced through audio power amplifiers. The noise cancellation system stringently requires the real-time response of the audio power amplifier. For the application of noise cancellation algorithms, the latency of the audio power amplifier can lead to a reduction in effectiveness. The Company optimised the architecture to reduce latency, meeting the stringent real-time response demands of the noise cancellation system.

The power-on self-test for previous-generation products typically takes 200–500 milliseconds. Through an architectural upgrade, the second-generation products simultaneously measure parameters for all channels, effectively shortening the diagnosis time.

The second-generation in-vehicle power amplifier audio chip will provide full-process safety protection through real-time load detection, unlock noise cancellation applications with low latency, and enhance user experience with fast diagnosis. The Company is accelerating the development of this product, aiming to bring a leapfrog upgrade to in-vehicle audio.

3. SAR sensor chips, which are used to measure the distance with human bodies and the electromagnetic energy absorption rate in smart portable devices like smartphones to ensure electromagnetic safety. SAR sensors are transitioning from optional to standard components in smartphones and other devices, creating a vast market opportunity. To align with the trend of SAR sensors transitioning from optional to mandatory components in consumer electronic products, the Company is developing SAR sensor chips to measure human proximity and electromagnetic energy absorption rate in smart portable devices. This will lay the foundation for the Company's entry into the expanding electromagnetic safety market. In January 2026, our FS70 series SAR sensor chip successfully completed tape-out and is expected to be formally launched in the second quarter of 2026.

## II. Quality and Quantity Enhancement in New Business Expansion, and Further Enriched Business Application Scenarios

1. During the Reporting Period, the Company made key breakthroughs in the in-vehicle audio field. The FS5024E audio chip successfully entered mass production and was commercialized with NEV manufacturers from late 2025 into early 2026. This product generated RMB0.5 million in revenue for 2025, and we hold purchase orders of RMB5.0 million for this series as of February 28, 2026. The analog interface Class-AB automotive-grade power amplifier solution and the new-generation digital interface power amplifier solution are progressing in an orderly manner. The Company has successfully passed the strict audits of branded OEMs and branded Tier 1 suppliers in the automotive industry.

# Management Discussion and Analysis

These breakthroughs are not only a testament to the Company's technical strength, but also mark a new stage for its automotive-grade power amplifier audio products business, moving from "product usability" to "system reliability and large-scale delivery". This represents the Company's "key leap" from the consumer electronics market to the automotive-grade market.

The consumer electronics market is characterized by large cyclical fluctuations and fierce price competition, whereas the in-vehicle product market has high barriers to entry, long validation cycles, stable orders, and better profit margins. Passing the AEC-Q100 certification and entering the supply chains of branded OEMs and branded Tier 1 suppliers means that the Company has successfully completed the entire process of "automotive-grade design → reliability certification → customer acquisition → mass production and delivery". This is not just an extension of the product line, but also an elevation of the Company's strategic positioning. This leap will inject certainty into its revenue structure and growth. The mass production of multiple in-vehicle customer projects indicates that FS5024E has already generated continuous and predictable shipment revenue. The ongoing expansion of subsequent projects and increasing demand can bring a stable supply cycle and sales revenue.

Passing the audits of OEMs + Tier 1 suppliers demonstrates the trust of automobile manufacturers and industry recognition for the Company, as the audits by branded OEMs in the in-vehicle product industry are stringent, covering quality systems, functional safety, R&D management, production capacity assurance, long-term supply commitments, and more. Passing the audits is essentially an endorsement of the Company's R&D, quality, and delivery capabilities. This recognition will prompt the Company to strengthen its engagement with other OEMs and Tier 1 suppliers, reduce market expansion costs, and enhance the bargaining power of its related businesses.

The launch of the analog interface solution and the new-generation digital interface solution has further enriched the automotive-grade product matrix, covered more audio nodes, and potentially increased the value of main chips per vehicle, providing dual growth engines of digital + analog for the automotive-grade business.

The mass production of FS5024E has verified the Company's engineering capabilities in digital interfaces, high power, and reliability. Its core IP can be migrated to subsequent automotive-grade digital interface power amplifier audio products. The analog interface Class-AB power amplifier solution is known for its low distortion and high linearity, making it suitable for external power amplifier systems with stringent sound quality requirements. The launch of analog interface products will complement the digital interface solutions, more comprehensively satisfying customer needs. This enables the Company to offer customers a package solution of "digital power amplifier + analog power amplifier", thereby increasing customer stickiness and boosting revenue per project.

The Company has substantially completed the transition from a consumer electronics supplier to an automotive-grade semiconductor supplier. This is a sign of mature product technology, and more importantly, an upgrade of the Company's business model, revenue quality, and long-term competitive barriers. The in-vehicle product business will become a future growth point for the Company, which will help it become a leading domestic automotive-grade audio chip manufacturer.

2. Following smartphones, tablets, and wearable devices, the Company's low-power amplifier audio chips have successfully penetrated the fast-growing professional consumer electronics segment of motion cameras. Motion cameras require audio power amplifiers to efficiently ensure stable output throughout the battery life cycle, and precise matching allows miniature speakers to reach their full potential. This requires the Company's audio power amplifiers to find the optimal solution within the limitations of miniature speakers and battery capacity. This implies that the Company not only excels at providing high-voltage, high-power audio solutions, but can also precisely improve its products under extreme constraints, reflecting a system-level understanding of audio products. The successful introduction of the products to motion camera brands signifies that the Company will continuously accelerate its market expansion in areas such as drones and AR glasses.

## Management Discussion and Analysis

- The Company successfully launched the FS3001U haptic driver in 2023. This marks its successful expansion into the haptic drive field following its success in audio power amplifiers, proving its capability in cross-category mixed analog-digital signal design and its ability to develop a wider range of products. In 2025, the Company launched the subsequent FS3002N to expand its haptic feedback product series. It integrates an adaptive boost function, increasing the boost voltage to 11V and supporting a lower operating voltage. When the battery voltage is sufficient, the product can enhance the device's vibration effect through a higher voltage to ensure users' haptic experience. When the battery voltage drops, it can adaptively adjust the boost voltage to ensure vibration intensity.

During the Reporting Period, FS3002N has began to be introduced to branded consumer electronics manufacturers, providing customers with an "audio + haptic" package solution and increasing the value per device. Leveraging its high-voltage and adaptive features, the product is expected to secure a position in the mid-to-high-end market, generating over RMB4.5 million in revenue as of January 31, 2026.

### BUSINESS OUTLOOK

We will continue to increase our investment in the audio chip business and unwaveringly promote the platformization of technology and the serialization of products. Through a systematic R&D layout, we will continuously improve key indicators of our chips such as efficiency, power consumption, size, and reliability, to consolidate and strengthen our leading position in the audio chip field. We will accurately grasp the needs of market segments and continue to improve our product layout: the new generation of 12V portable power amplifier audio chips will further enrich the Company's high-voltage portable power amplifier product line, better meeting the high standards of high-end mobile equipment for sound quality and efficiency; The newly launched 30–40W audio chips will effectively fill a gap in the market, providing more competitive solutions for terminal equipment. In the automotive-grade market, the Company will accelerate the commercialization of related products in 2026, deepen cooperation with vehicle manufacturers and Tier 1 suppliers, and promote the integration of existing chip solutions into more mass-produced vehicle models. The Company will establish comprehensive services with multiple products and solutions for customers, promoting the full introduction of products such as portable power amplifier audio chips, adaptive power control audio chips, mid/high-power audio chips and haptic driver into the customer's supply chain, helping customers achieve one-stop chip procurement from audio to haptics and realizing deep integration of our products with the customer's ecosystem. Building on our existing customer relationships, the Company will actively explore new application scenarios and customers, continue to introduce more of our proprietary chips into high-end industry supply chains, and continuously increase our market share and brand influence.

While continuing to solidify the core competitiveness of its audio business, the Company will accelerate the horizontal development of its product matrix. Leveraging our mature R&D technology platform, professional R&D team, and years of chip design experience, we are systematically extending our products to core analog chip categories such as power management chips and signal chain chips. Through horizontal expansion of product categories and vertical refinement of technology, we will continue to enrich our product matrix to cover more application scenarios. This strategy will effectively promote the diversification of revenue sources and optimize the revenue structure. It will also leverage the rapid market introduction of new product categories to create economies of scale, steadily increasing the Company's overall revenue scale and profitability, helping the Company to steadily advance towards becoming a comprehensive analog chip solution provider.

In addition, we will continue to diversify our market presence and actively expand into new high-growth application areas such as robotics to unlock long-term growth potential. We will drive the Company's evolution from being driven by a single advantageous product to becoming a platform-based chip enterprise with synergistic development across multiple product categories, thereby building a solid business foundation for long-term and steady development.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, we primarily generated revenue from the sales of low-power audio chips and mid/high-power audio chips, and to a much lesser extent, from the sales of haptic drivers. Our revenue remained relatively stable at approximately RMB355.2 million in 2024 and approximately RMB365.7 million in 2025, primarily due to the reasons below.

- **Low-power audio chips.** Our revenue from low-power audio chips increased slightly from approximately RMB322.9 million in 2024 to approximately RMB329.5 million in 2025, primarily due to an increase in revenue from adaptive power control audio chips from approximately RMB172.3 million in 2024 to approximately RMB184.7 million in 2025.
- **Mid/high-power audio chips.** Our revenue from mid/high-power audio chips decreased slightly from approximately RMB26.7 million in 2024 to approximately RMB26.5 million in 2025, primarily due to a decrease in revenue from our FS2105 series products resulting from a deliberate strategic reallocation of resources towards the R&D and promotion of newer models.
- **Haptic drivers.** Our revenue from haptic drivers increased by approximately 60.8% from approximately RMB5.3 million in 2024 to approximately RMB8.6 million in 2025, primarily because the increased sales volume as we strategically directed more resources to promoting new haptic driver models, such as the FS3002 series, to expand our portfolio of available haptic driver models.

The following table sets forth a breakdown of our revenue by product line and the sales volume and average selling price of our low-power audio chips, mid/high-power audio chips, haptic drivers and power management chips during the year ended 31 December 2025 and 31 December 2024.

	Year ended December 31,							
	Revenue	2025			2024			ASP
		%	Sales Volume	ASP	Revenue	%	Sales Volume	ASP
(RMB in thousands for revenue, except for percentage and ASP; RMB for ASP; units in thousands for sales volume)								
Low-power audio chips	<b>329,496</b>	<b>90.1</b>	<b>486,217</b>	<b>0.68</b>	322,908	90.9	451,532	0.72
– Adaptive power control audio chips	<b>184,673</b>	<b>50.5</b>	<b>366,079</b>	<b>0.50</b>	172,329	48.5	330,181	0.52
– Portable power amplifier audio chips	<b>144,822</b>	<b>39.6</b>	<b>120,138</b>	<b>1.21</b>	150,579	42.4	121,351	1.24
Mid/high-power audio chips	<b>26,548</b>	<b>7.3</b>	<b>13,020</b>	<b>2.04</b>	26,707	7.5	11,739	2.28
Haptic drivers	<b>8,572</b>	<b>2.3</b>	<b>8,834</b>	<b>0.97</b>	5,332	1.5	5,845	0.91
Others <sup>(1)</sup>	<b>1,087</b>	<b>0.3</b>	<b>2,178</b>	<b>0.50</b>	248	0.1	1,026	0.24
<b>Total</b>	<b>365,703</b>	<b>100.0</b>			355,195	100.0		

Note:

(1) Others mainly refer to power management chips.

# Management Discussion and Analysis

## Cost of Sales

As a fabless company, our cost of sales primarily consists of (1) materials and processing cost; (2) transportation costs; (3) provisions; and (4) impairment losses on inventories.

Our cost of sales decreased by approximately 6.1% from approximately RMB308.6 million in 2024 to approximately RMB289.7 million in 2025, which was generally due to the improved economies of scale, reductions in chip size achieved through sustained research and development and the lowered market procurement cost, driven by intense price competition in the mature-process node segment.

## Gross Profit and Gross Profit Margin

Our gross profit increased by approximately 63.2% from approximately RMB46.6 million in 2024 to approximately RMB76.0 million in 2025, primarily due to revenue growth outpacing the increase in cost of sales, supported by our enhanced market recognition, increasingly diversified product portfolio, and a product iteration cycle that enables the introduction of products with a lower cost structure. Our gross profit margin increased from approximately 13.1% in 2024 to approximately 20.8% in 2025, primarily driven by the improved economies of scale and reductions in chip size, as well as effective cost control, which reduced raw material prices and processing fees, coupled with a favorable shift in product metrics towards higher-margin PA audio chip products.

- **Low-power audio chips.** Our gross profit from low-power audio chips increased by approximately 66.8% from approximately RMB40.9 million in 2024 to approximately RMB68.2 million in 2025, primarily due to a reduction in the cost structure of our adaptive power control audio chips achieved through product iteration, declining raw material and procurement costs, the realization of economies of scale as business expanded, combined with a higher revenue contribution from the higher-margin PA audio chip product category, collectively driving an increase in the overall gross profit margin for our low-power audio chips.
- **Mid/high-power audio chips.** Our gross profit from mid/high-power audio chips increased by approximately 28.3% from approximately RMB4.8 million in 2024 to approximately RMB6.2 million in 2025, primarily due to higher sales volume and consequently increased gross profit from the FS2105 series.
- **Haptic drivers.** Our gross profit for haptic drivers decreased slightly from approximately RMB3.4 million in 2024 to approximately RMB3.3 million in 2025.

## Other Income and Gains

Other income and gains primarily consist of foreign exchange gains, unconditional government grants, and bank interest income. Our other income and gains decreased by approximately 51.3% from approximately RMB9.6 million in 2024 to approximately RMB4.7 million in 2025, primarily due to a foreign exchange gain of approximately RMB4.8 million in 2024, compared to a foreign exchange gain of nil in 2025, as a result of exchange rate fluctuation.

## Research and Development Costs

Our research and development costs primarily consist of (1) employee benefit expenses including salaries, wages and bonuses for our research and development personnel; (2) materials and consumables for our research and development initiatives; (3) share-based payments; (4) professional service fees, which primarily consist of design and testing fees; (5) depreciation and amortization expenses, which were primarily related to our property, plant and equipment, and right-of-use assets representing our office leases.

# Management Discussion and Analysis

Our research and development costs remained relatively stable at approximately RMB68.1 million in 2024 and approximately RMB69.0 million in 2025, primarily due to the effective management and oversight of R&D projects, strict cost control measures, and the retention of key R&D personnel.

## Administrative Expenses

Our administrative expenses primarily consist of (1) listing expenses; (2) employee benefit expenses including primarily the salaries, wages and bonuses for our administrative personnel; (3) share-based payments; (4) traveling expenses; (5) professional service fees, primarily including recruitment fees, audit fees, consulting service fees, agency fees and legal fees; (6) depreciation and amortization expenses, which were primarily related to our property, plant and equipment and right-of-use assets representing our office leases; and (7) rental expenses which primarily consist of property management fees and short-term office rent fees.

Our administrative expenses increased significantly from approximately RMB19.7 million in 2024 to approximately RMB42.3 million in 2025, primarily driven by higher listing-related expenses, an increase in employee benefit expenses and additional professional service fees. The professional fees included costs of our shareholding restructuring and recruitment services.

## Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (1) employee benefit expenses including primarily the salaries, wages and bonuses for our selling and marketing personnel; (2) business development and traveling expenses; (3) share-based payment expenses; and (4) depreciation and amortization expenses, which were primarily related to our right-of-use assets representing our office leases.

Our selling and marketing expenses remained relatively stable at approximately RMB20.8 million in 2024 and approximately RMB19.6 million in 2025, primarily due to our consistent marketing headcount.

## Impairment Losses on Financial Assets, Net

In 2024, we recognized net impairment losses on financial assets of approximately RMB116,000. In 2025, we recorded a net reversal of impairment losses of approximately RMB16,000, primarily due to the enhanced customer credit management and the subsequent recovery of previously impaired receivables.

## Other Expenses

Our other expenses increased significantly from approximately RMB0.2 million in 2024 to approximately RMB3.3 million in 2025, primarily due to a net foreign exchange loss of approximately RMB3.2 million recognized in other expenses in 2025, compared to a net gain of approximately RMB4.8 million recognized in other income and gains in 2024, due to exchange rate fluctuations.

## Finance Costs

Our finance costs consist of interest on interest-bearing bank borrowings and interest on lease liabilities. Our finance costs increased from approximately RMB1.4 million in 2024 to approximately RMB2.7 million in 2025, primarily due to the increased bank borrowing to support our business operations as we expanded our business scale.

## Changes in the Carrying Amounts of Redemption Liabilities

In 2024 and 2025, we recognized changes in the carrying amounts of redemption liabilities of approximately RMB2.7 million and approximately RMB2.9 million, respectively, relating to the accrued interests on a financial liability of approximately RMB30.0 million arising from one of our Pre-IPO Investors' redemption rights. Following the Listing in March 2026, our redemption liabilities have been automatically re-classified to equity and therefore no more changes in carrying amount of the redemption liabilities will be recognized on our consolidated statements of profit or loss.

# Management Discussion and Analysis

## Income Tax Expense

We did not recognize any income tax expense in 2024 and 2025.

## Loss for the Year

As a result of the foregoing, our loss for the period increased by approximately 4.1% from approximately RMB56.8 million in 2024 to approximately RMB59.2 million in 2025.

## Property, Plant and Equipment

Our property, plant and equipment consist primarily of (1) machinery, mainly including automated test equipment and acoustic test equipment, (2) office equipment and electronic devices, (3) leasehold improvements, (4) vehicles and (5) construction in progress.

Our property, plant and equipment decreased by approximately 32.8% from approximately RMB14.8 million as of December 31, 2024 to approximately RMB9.9 million as of December 31, 2025, primarily due to the depreciation in machinery, in line with standard depreciation schedules and partially offset by the purchase of new equipment.

## Right-of-Use Assets

Our right-of-use assets consist primarily of buildings representing our leased offices. Our right-of-use assets then decreased by approximately 70.5% to approximately RMB3.6 million as of December 31, 2024, and further to approximately RMB1.1 million as of December 31, 2025, primarily as a result of normal depreciation in the ordinary course of business, and the renewal of office buildings within one year not being recognized as right-of-use assets.

## Intangible Assets

Our intangible assets primarily represent research and development software acquired from third parties. As a fabless semiconductor company, our intangible assets are not a significant component of our total assets. The carrying amount of our intangible assets remained relatively stable during the Reporting Period.

## Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables during the Reporting Period primarily consist of (1) prepayments to suppliers; (2) other tax recoverable representing input VAT credit carry-forward; (3) non-current rent deposits and property management fee deposits, (4) current deposits and other receivables, mainly relating to deposits for our leased offices and bid bond; (5) non-current prepayments for long-term assets representing decoration expenses; and (6) listing expenses.

Our prepayments, deposits and other receivables then decreased by approximately 16.1% from approximately RMB28.3 million to approximately RMB23.7 million as of December 31, 2025, primarily due to the decrease in other tax recoverable from RMB19.8 million as of December 31, 2024 to approximately RMB7.5 million as of December 31, 2025, primarily attributable to VAT refunds received related to VAT export declaration. As of December 31, 2025, the majority of unclaimed export refund declarations had been processed.

## Inventories

Our inventories primarily consist of raw materials, work in progress and finished goods. Our inventories decreased by approximately 9.4% from approximately RMB111.9 million as of December 31, 2024 to approximately RMB101.4 million as of December 31, 2025, primarily due to our effort to the optimization of inventory management and an increase in sales in 2025.

# Management Discussion and Analysis

## Trade Receivables

Our trade receivables remained relatively stable from approximately RMB41.9 million as of December 31, 2024 to approximately RMB40.3 million as of December 31, 2025.

## Contract liabilities

Our contract liabilities primarily represent the advance consideration received from our customers while the underlying goods are yet to be provided by us. Our contract liabilities decreased from approximately RMB7.8 million as of December 31, 2024 to approximately RMB6.5 million as of December 31, 2025, primarily due to the decrease in advances received from customers and an increase in sales in 2025, meaning more product delivery obligations have been fulfilled.

## Trade Payables

Our trade payables decreased from approximately RMB35.5 million as of December 31, 2024 to approximately RMB23.4 million as of December 31, 2025, primarily due to the optimization of our payables management in 2025.

## Other Payables and Accruals

Our other payables and accruals during the Reporting Period primarily consisted of (1) accrued listing expenses, (2) payroll and welfare payable, (3) government grants subject to conditions, (4) accrued expenses, (5) other tax payables and (6) others which mainly consisted of employee reimbursements payable.

Our other payables and accruals were approximately RMB12.7 million and approximately RMB14.8 million as of December 31, 2024 and December 31, 2025, respectively.

## Lease Liabilities

Our lease liabilities decreased from approximately RMB3.5 million as of December 31, 2024 to approximately RMB1.0 million as of December 31, 2025, primarily relating to the payment arrangements for lease fees at the end of the year.

## Provision

We recorded provision for product warranties that we provided to customers during the warranty period. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of each reporting period. The amount of provision takes into account our recent claim experience and is only made where a warranty claim is probable.

Our provision decreased from approximately RMB4.5 million as of December 31, 2024 to approximately RMB3.7 million as of December 31, 2025, primarily due to certain special warranty provision has been settled or paid.

## LIQUIDITY, FINANCIAL AND CAPITAL STRUCTURE

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

## Management Discussion and Analysis

Our primary uses of cash are to fund our working capital requirements and other recurring expenses. During the Reporting Period, we financed our capital expenditures and working capital requirements principally with funds from capital contribution from our Shareholders, cash generated from our operations and bank borrowings. After the Global Offering, our liquidity requirements will continue to be satisfied with cash generated from our operations, bank borrowings and net proceeds from the Global Offering.

Our cash and cash equivalents increased from approximately RMB66.1 million as of December 31, 2024 to approximately RMB118.1 million as of December 31, 2025, primarily due to withdrawal of non-pledged time deposits, an increase in sales collections and our access to more bank financing.

As at 31 December 2025, the cash balance held by the Group are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Cash and cash equivalents		
Denominated in RMB	<b>31,673</b>	27,616
Denominated in USD	<b>86,396</b>	38,458
Denominated in HKD	—	1
	<hr/>	<hr/>
Total	<b>118,069</b>	66,075

As of December 31, 2024 and December 31, 2025, our bank facilities available for use were approximately RMB90.0 million and approximately RMB154.1 million, respectively. As of the same dates, we had utilized RMB59.7 million and RMB115.9 million, respectively. We do not anticipate any changes to the availability of financing to fund our operations in the future.

As of December 31, 2025, we recorded pledged time deposits was approximately RMB21.8 million (2024: RMB21.2 million), which were primarily related to two RMB10.0 million loans secured by large-denomination certificates of deposit.

Our interest-bearing bank borrowings of effective and fixed interest rate between 2.20% to 3.45% increased from approximately RMB59.7 million as of December 31, 2024 to approximately RMB116.1 million as of December 31, 2025. Our current interest-bearing bank borrowings increased from approximately RMB40.0 million as of December 31, 2024 to approximately RMB96.5 million as of December 31, 2025. Our non-current interest-bearing bank borrowings remained relatively stable at approximately RMB19.7 million and approximately RMB19.6 million as of December 31, 2024 and December 31, 2025, respectively. The increase was primarily due to our increased bank borrowing to support our business operations as we expand our business scale.

# Management Discussion and Analysis

The maturity groupings of the borrowings are as follows:

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	96,472	40,030
In the second year	19,600	19,696
Total	<b>116,072</b>	59,726

The Group does not currently have any major capital investment plans and has no plans to conduct any fundraising activities.

## Redemption Liabilities

Our redemption liabilities increased from approximately RMB35.9 million as of December 31, 2024 to approximately RMB38.8 million as of December 31, 2025. The redemption liabilities recognized was solely due to the pre-IPO investment from Huzhou Zhuosheng. Upon the Listing, our redemption liabilities will automatically be re-classified to equity and therefore no more changes in carrying amount of the redemption liabilities will be recognized on our consolidated statements of profit or loss.

## Significant Investment, Material Acquisitions and Disposals

During the Reporting Period and up to the Latest Practicable Date, we did not conduct any significant investment, material acquisition or disposal. In addition, save for the expansion plans as disclosed in the sections headed “Future Plans and Use of Proceeds” in the Prospectus, there were no specific plan authorized by the Board for other material investments or acquisition of capital assets or any plans to conduct any fund-raising activities as at the Latest Practicable Date. However, our Group will continue to identify new opportunities for business development.

## Capital Expenditures

Our capital expenditures during the Reporting Period primarily consisted of expenditures on purchase of property, plant and equipment and purchase of intangible asset. In 2024 and 2025, we incurred capital expenditure of approximately RMB2.1 million and approximately RMB0.9 million, respectively.

## Purchase, Sale or Redemption of Our Company’s Shares

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2025, this disclosure requirement is not applicable to us.

# Management Discussion and Analysis

## Contingent Liabilities

During the Reporting Period, the Company had been a defendant in a patent dispute lawsuit filed by a party alleging that the Company infringed its invention patent in Chinese Mainland. The Company's PRC litigation advisor is of the view that there are reasonable grounds to believe the court would dismiss the claims on the basis that the said chip products should not fall under the protection of such invention patent. The directors, based on the advice from Company's PRC litigation advisor, believe that the Company has a valid defense against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs. See note 31 to the Financial Statements for details of our contingent liabilities.

Save as disclosed above, we did not have any material contingent liabilities.

## Gearing Ratio

Our gearing ratio is calculated based on our debt (being our interest-bearing bank borrowings, lease liabilities and redemption liabilities) divided by our total equity as of the respective dates and multiplied by 100%.

Our gearing ratio increased from approximately 61.3% as of December 31, 2024, to approximately 141.7% as of December 31, 2025, primarily due to the increase in interest-bearing bank borrowings and the decrease in equity due to the loss for the Reporting Period.

## Future Plans and Prospects

We intend to pursue the following key strategies to grow our business sustainably and maintain our market position: (1) strengthening research and development in power amplifier audio chips, (2) diversifying product portfolio and broaden customer base in key application scenarios, (3) building an ATE testing platform to strengthen supply chain stability, (4) fortifying our sales network to expand global reach, and (5) pursuing strategic alliances, investments and acquisitions to integrate industry resources.

## Use of Proceeds from the Global Offering

The H Shares of our Company were listed on the Main Board of the Stock Exchange on March 31, 2026. The gross proceeds from the Global Offering was HK\$480.0 million. The net proceeds received from the Global Offering, after deducting the underwriting fees and commissions and expenses payable by our Company in connection with the Global Offering, amounted to approximately HK\$422.7 million at the final offer price of HK\$40.00 per H Share. The issue price per H share and the net price per H Share offered under the Global Offering were HK\$40.00 and approximately HK\$35.23, respectively. As of the Latest Practicable Date, our Company did not change its plan on the use of proceeds as stated in the Prospectus. Our Company intends to use the net proceeds in the same manner and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

## Management Discussion and Analysis

The following table sets forth a summary of the intended use of net proceeds and their expected timeline of full utilization. Since the Company was listed on March 31, 2026, details of the utilization of net proceeds from the Global Offering was not available during the Reporting Period.

	Percentage of intended use of net proceeds	Net proceeds from the Global Offering	Expected timeframe for utilizing the remaining unutilized net proceeds	Amount utilised as at the Latest Practicable Date
<b>Establishing a new R&amp;D center to enhance our R&amp;D capabilities and technological competitiveness</b>	46.8%	HK\$197.8 million	By the end of 2030	—
<b>Procurement of automatic testing equipment and construction of an in-house testing verification line, and recruiting supply chain engineers</b>	17.8%	HK\$75.2 million	By the end of 2030	—
<b>Strategic acquisitions and partnerships to enhance industry integration and strengthen market position</b>	17.3%	HK\$73.1 million	By the end of 2027	—
<b>Marketing and sales of products, including hiring sales personnel and launching promotion campaigns</b>	8.1%	HK\$34.3 million	By the end of 2029	—
<b>Working capital and other general corporate purposes</b>	10.0%	HK\$42.3 million	By the end of 2027	HK\$13.1 million

Note: The expected timeframe for utilizing the remaining unutilized net proceeds is subject to confirmation by the Company based on actual business needs and market conditions. The Company will, in accordance with the Listing Rules, make further announcements and/or disclosures in its annual report as appropriate regarding any changes to the timetable to keep Shareholders and potential investors informed. Any discrepancies between the totals shown in the table above and the sum of the amounts listed are due to rounding.

# Biographies of Directors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. Xu Xiaolin (徐小林)**, aged 46, founded our Group in May 2016 and has been the chairman of our Board, Director and president since May 2016. He is primarily responsible for the overall strategic planning, business direction and management of our Group. Mr. Xu has also been serving as a director of Shanghai FourSemi, Shenzhen FourSemi and Fourier Technology.

Mr. Xu has approximately 20 years of experience in the field of power amplifier audio chips. Prior to founding our Company, from March 2008 to April 2016, Mr. Xu worked in NXP Semiconductors (Shanghai) Co., Ltd. (恩智浦半導體(上海)有限公司), a subsidiary under NXP Semiconductors N.V., whose shares are listed on the NASDAQ Stock Market (stock symbol: NXPI). From February 2007, Mr. Xu served as a product marketing engineer in Apexone Microelectronics (Shanghai) Co., Ltd. (埃派克森微電子(上海)股份有限公司). From March 2006 to February 2007, Mr. Xu worked in YOSUN Shanghai Corp. Ltd. (友尚電子(上海)有限公司), a subsidiary of YOSUN Industrial Corp. (友尚股份有限公司), whose shares were previously listed on the Taiwan Stock Exchange (stock code: 2403).

Mr. Xu obtained a bachelor's degree in physics and electronic information from Xiamen University (廈門大學) in July 2002 and a Master of Business Administration (MBA) from Shanghai Jiao Tong University (上海交通大學) in March 2009.

**Mr. Liu Baoliang (劉保良)**, aged 46, is an executive Director, vice president and director of algorithm applications of our Company. Mr. Liu co-founded our Company with Mr. Xu in May 2016 and has been serving as the director of algorithm applications. He has been our Director since January 2018 and was appointed as a vice president in May 2025. He is primarily responsible for the Systems Department of our Group.

Prior to founding our Company, from August 2013 to March 2016, Mr. Liu worked at NXP Semiconductors (Shanghai) Co., Ltd. (恩智浦半導體(上海)有限公司), with the last position being chief product engineer, a subsidiary under NXP Semiconductors N.V., whose shares are listed on the NASDAQ Stock Market (stock symbol: NXPI). From December 2006 to December 2007, Mr. Liu served as a system engineer in Integrated Device Technology (Shanghai) Co., Ltd. (艾迪悌科技(上海)有限公司) (currently known as Renesas Integrated Circuit (Shanghai) Co., Ltd. (瑞薩集成電路(上海)有限公司)).

Mr. Liu obtained a bachelor's degree in electronics and information technology from China University of Mining and Technology (中國礦業大學) in July 2002.

**Mr. Qian Shun (錢舜)**, aged 44, is an executive Director, vice president and chief technology officer of our Company. Mr. Qian joined our Company in July 2018 as a senior research and development manager. He has been our Director since May 2021, the chief technology officer since July 2022, and was appointed as a vice president in May 2025. He is primarily responsible for the research and development of our Group.

Prior to joining our Company, from January 2011 to July 2018, Mr. Qian served as an analog design manager in Texas Instruments Semiconductor Technologies (Shanghai) Co., Ltd. (德州儀器半導體技術(上海)有限公司), a subsidiary under Texas Instruments Incorporated, whose shares are listed on the Nasdaq Stock Market (stock symbol: TXN). From March 2006 to August 2010, Mr. Qian served as a senior design engineer in Integrated Device Technology (Shanghai) Co., Ltd. (艾迪悌科技(上海)有限公司) (currently known as Renesas Integrated Circuit (Shanghai) Co., Ltd. (瑞薩集成電路(上海)有限公司)).

Mr. Qian obtained a bachelor's degree in electronics engineering from Southeast University (東南大學) in June 2003 and a master's degree in engineering (circuit and system) from Shanghai Jiao Tong University (上海交通大學) in March 2006.

## Biographies of Directors and Senior Management

**Ms. Yu Bingbing (於冰冰)**, aged 46, is an executive Director, vice president and sales director of our Company. Ms. Yu joined our Company in January 2017 as the sales director. She has been our Director since December 2021 and was appointed as a vice president in May 2025. She is primarily responsible for the marketing and sales of our Company.

Prior to joining our Company, Ms. Yu worked at UHDevice Electronics Jiangsu Co., Ltd. (益海芯電子技術江蘇有限公司) From August 2007 to August 2011, Ms. Yu served as a field application engineer in Apexone Microelectronics (Shanghai) Co., Ltd (埃派克森微電子(上海)股份有限公司).

Ms. Yu obtained a bachelor's degree in business administration (engineering management) from Shanghai Jiao Tong University (上海交通大學) in July 2009.

### Non-Executive Directors

**Mr. Chen Binglin (陳兵林)**, aged 47, has been a non-executive Director since May 2025. He is primarily responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group.

Mr. Chen has been serving as the investment director of Huaqin Technology Co., Ltd. (華勤技術股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603296) since August 2021 and the director of Lianwei Electronics Co., Ltd. (聯維電子有限公司), NanchangYingli Precision Manufacturing Co., Ltd. (南昌英力精密製造有限公司), DBG Electronics (Investment) Limited (光弘科技(投資)有限公司) and Zheng Hong Electronics Limited (正弘電子有限公司) since April 2025. He also served as a hardware director of Huaqin Technology Co., Ltd. (華勤技術股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603296) from October 2008 to August 2021.

Mr. Chen obtained a bachelor's degree in material forming and control engineering from Wuhan University of Technology (武漢理工大學) in June 2002.

**Mr. Lin Enfeng (林恩峰)**, aged 54, has been a non-executive Director since January 2018. He is primarily responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group.

Mr. Lin has been serving as a partner of Vinno Capital Co., Ltd. (深圳市合創資本管理有限公司) since April 2017.

Mr. Lin obtained a bachelor's degree in materials science and engineering from Beijing Institute of Technology (北京理工大學) in July 1997.

Mr. Lin was previously a director of ITIBIA Technologies (Hong Kong) Limited (網經科技(香港)有限公司) ("ITIBIA Technologies", a dormant company), which was dissolved on May 7, 2021 by way of striking-off due to lack of operations. Mr. Lin confirmed that (i) ITIBIA Technologies was solvent prior to the striking-off; (ii) there was no wrongful act on his part leading to the striking-off; and (iii) he is not aware of any outstanding claims and/or liabilities as a result of the striking-off.

# Biographies of Directors and Senior Management

## Independent Non-Executive Directors

**Mr. Liu Hongcan (劉宏燦)**, aged 47, has been an independent non-executive Director since May 2025. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Liu has been serving as the independent director in Shenzhen Australis Electronic Technology Co., Ltd. (深圳市南極光電子科技股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 300940), since July 2024; the head of compliance and risk control and partner in Xiamen Midai Asset Management Partnership (Limited Partnership) (廈門蜜呆資產管理合夥企業(有限合夥)) since November 2021, and the supervisor in Xiamen Midai Investment Management Co., Ltd. (廈門蜜呆投資管理有限公司) since July 2016. Prior to that, from May 2013 to April 2019, Mr. Liu served as an independent director in Fujian Fynex Textile Science and Technology Co., Ltd. (福建鳳竹紡織科技股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600493). From January 2012 to November 2021, Mr. Liu worked in Pan-China (Xiamen) Consulting Co., Ltd. (廈門天健諮詢有限公司) with the last position being partner.

Mr. Liu obtained a bachelor's degree in accounting from Xiamen University (廈門大學) in July 2001. He is a member of the Chinese Institute of Certified Public Accountants (CICPA).

**Ms. Liu Liping (劉麗萍)**, aged 61, has been an independent non-executive Director since May 2025. She is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Liu has been serving as the executive director and general manager in Xiamen Huaren Qiaozhi Enterprise Management Consulting Co., Ltd. (廈門華仁僑智企業管理顧問有限公司) since October 2013.

Ms. Liu obtained a bachelor's degree in public finance from Inner Mongolia Institute of Finance and Economics (內蒙古財經學院) (currently known as Inner Mongolia University of Finance and Economics (內蒙古財經大學)) in July 1987. She has obtained the qualification of Senior Accountant accredited by Xiamen Professional Title Reform Leading Group (廈門市職稱改革領導小組) in December 2002.

Ms. Liu was previously a supervisor of Huaqiao Huaren International Health Club (Qingtian) Co., Ltd. (華僑華人國際健康俱樂部(青田)有限公司) ("**Huaqiao Huaren**", a company principally engaged in health management), which was established in the PRC and dissolved on February 1, 2012 by way of revocation due to the declaration of dissolution by its shareholder and lack of operations. Ms. Liu confirmed that (i) Huaqiao Huaren was solvent prior to the revocation; (ii) there was no wrongful act on her part leading to the revocation; and (iii) she is not aware of any outstanding claims and/or liabilities as a result of the revocation of Huaqiao Huaren.

**Mr. Dai Xueguang (戴雪光)**, aged 49, has been an independent non-executive Director since May 2025. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Dai has been serving as a partner in Beijing Anli Partners (Shanghai) (北京安理(上海)律師事務所) since October 2023. He has been simultaneously serving as a member of the internal controls committee of First Capital Investment Banking Co., Ltd (第一創業證券承銷保薦有限責任公司) since January 2022, a subsidiary under First Capital Securities Co., Ltd. (第一創業證券股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 002797). Prior to that, Mr. Dai served as an independent non-executive director in Shanghai Kinetic Medical Co., Ltd. (上海凱利泰醫療科技股份有限公司), whose shares are listed on the ChiNext Market of Shenzhen Stock Exchange (stock code: 300326), from February 2022 to March 2025.

Mr. Dai obtained a bachelor's degree in economics from Shandong University of Finance (山東財政學院) (currently known as Shandong University of Finance and Economics (山東財經大學)) in July 1999 and a master's degree in law from Nanjing University (南京大學) in June 2007. In addition, Mr. Dai has obtained the qualification of (1) Lawyer's Practice License accredited by Shanghai Municipal Bureau of Justice in August 2008 and (2) Legal Profession Qualification Certificate of the People's Republic of China accredited by the Ministry of Justice of the People's Republic of China in February 2006.

# Biographies of Directors and Senior Management

## SENIOR MANAGEMENT

**Mr. Xu Xiaolin (徐小林)** is the chairman of our Board, our executive Director and president. For details of his biography, see subsection headed “Directors — Executive Directors” above.

**Mr. Liu Baoliang (劉保良)** is our executive Director, vice president and director of algorithm applications. For details of his biography, see subsection headed “Directors — Executive Directors” above.

**Mr. Qian Shun (錢舜)** is our executive Director, vice president and chief technology officer. For details of his biography, see subsection headed “Directors — Executive Directors” above.

**Ms. Yu Bingbing (於冰冰)** is our executive Director, vice president and sales director. For details of her biography, see subsection headed “Directors — Executive Directors” above.

**Mr. Pan Fangsheng (潘昉晟)**, aged 45, is a vice president of our Company. Mr. Pan joined our Company in July 2024 as an assistant vice president and was appointed as a vice president in May 2025. He is responsible for our operations department and is our quality management representative.

Mr. Pan served as the deputy general manager of engineering operations in Shanghai Orient-Chip Technology Co., Ltd. (上海燦瑞科技股份有限公司) (whose shares are listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange, stock code: 688061) from March 2022 to June 2024, worked at Texas Instruments Semiconductor Technologies (Shanghai) Co., Ltd. (德州儀器半導體技術(上海)有限公司) (a subsidiary of Texas Instruments Incorporated whose shares are listed on the Nasdaq Stock Market, stock code: TXN) from April 2012 to February 2022, served as the product engineering project manager in VeriSilicon Microelectronics (Shanghai) Co., Ltd. (芯原微電子(上海)股份有限公司) (whose shares are listed on the Shanghai Stock Exchange, stock code: 688521) from November 2008 to March 2012, and served as the chief product engineer in Shanghai Huahong Group Co., Ltd. (上海華虹(集團)有限公司) (whose shares are listed on the Shanghai Stock Exchange, stock code: 688347) from September 2006 to October 2008.

Mr. Pan obtained a bachelor’s degree in electrical engineering and automation from University of Shanghai for Science and Technology (上海理工大學) in June 2003 and a master’s degree in microelectronics from Shanghai Jiao Tong University (上海交通大學) in February 2007. In addition, Mr. Pan has obtained the qualification of (1) Director of Standards and (2) Chief Quality Officer, both accredited by the Shanghai Municipal People’s Government in March 2024.

**Mr. Gao Wenchao (高文超)**, aged 35, was appointed as the joint company secretary of the Company in June 2025. He has been the director of investment and financing of our Group since May 2025 and was appointed as the joint co-chief financial officer since April 2026.

Prior to joining our Company, he worked in the investment banking department of China International Capital Corporation Limited (中國國際金融股份有限公司), whose shares are listed on the Stock Exchange (stock code: 3908) and the Shanghai Stock Exchange (stock code: 601995), from March 2021 to May 2025. Mr. Gao previously worked in Minsheng Securities Co., Ltd. (民生證券股份有限公司) and Beijing Grandway Law Offices (北京國楓律師事務所).

Mr. Gao obtained a bachelor’s degree in law from Tianjin University (天津大學) in July 2014 and a master’s degree in law from Shanghai Jiao Tong University (上海交通大學) in March 2017. In addition, Mr. Gao has obtained the qualification of (1) Legal Profession Qualification Certificate of the People’s Republic of China accredited by the Ministry of Justice of the People’s Republic of China in August 2014, (2) Type 1 (Dealing in Securities) and (3) Type 6 (Advising on Corporate Finance) both accredited by the Securities and Futures Commission of Hong Kong.

## Biographies of Directors and Senior Management

**Ms. Zhu Hongbei (朱泓蓓)**, aged 40, is the joint chief financial officer of our Company. Ms. Zhu joined our Company in August 2022 and has been serving as the chief financial officer since August 2022. She is responsible for the financial and accounting affairs of our Group.

Prior to joining our Company, Ms. Zhu worked in (1) Genor Biopharma Holdings Limited (嘉和生物藥業有限公司), whose shares are listed on the Stock Exchange (stock code: 6998), from April 2021 to August 2022, (2) Shanghai Taojing Lihua Information Technology Co., Ltd. (上海淘景立畫信息技術有限公司) from November 2020 to March 2021, (3) Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司), whose shares are listed on the Stock Exchange (stock code: 1877) and the Shanghai Stock Exchange (stock code: 688180), from December 2019 to October 2020, (4) Ford Motor (China) Co., Ltd. (福特汽車(中國)有限公司), a subsidiary under Ford Motor Company (美國福特汽車公司) whose shares are listed on the New York Stock Exchange (stock symbol: F), from January 2013 to May 2019, (5) Shanghai Office of Bureau Veritas (必維國際檢驗集團上海分公司) from November 2011 to December 2012, and (6) Shanghai Office of KPMG Huazhen LLP (畢馬威華振會計師事務所上海分所) from September 2008 to October 2011.

Ms. Zhu obtained a bachelor's degree in financial management with a focus on international asset operations from Shanghai Institute of Foreign Trade (上海對外貿易學院), which was renamed as Shanghai University of International Business and Economics (上海對外經貿大學), in 2008. In addition, Ms. Zhu has obtained the qualification of a Non-Practicing Member accredited by The Chinese Institute of Certified Public Accountants in March 2021.

### JOINT COMPANY SECRETARIES

**Mr. Gao Wenchao (高文超)** is the joint company secretary of the Company. For details of his biography, see the section headed "Senior Management" above.

**Mr. Tse Yu Yeung (謝愉陽)** was appointed as the joint company secretary of the Company in April 2026. Mr. Tse has over 5 years of experience in company secretarial and corporate governance fields and is currently an Assistant Manager, Entity Solutions at Computershare Hong Kong Investor Services Limited.

Mr. Tse obtained the Master of Science in Corporate Governance and Compliance from Hong Kong Baptist University in July 2024. He is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.



# Report of The Board of Directors

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2025 (the “**Consolidated Financial Statements**”).

## **BOARD OF DIRECTORS**

There are currently four executive Directors, two non-executive Directors and three independent non-executive Directors on the Board.

During the year ended December 31, 2025 and as of the Latest Practicable Date, the Directors were:

### **Executive Directors**

Mr. Xu Xiaolin (Chairman of Board)

Mr. Liu Baoliang

Mr. Qian Shun

Ms. Yu Bingbing

### **Non-Executive Directors**

Mr. Chen Binglin

Mr. Lin Enfeng

### **Independent Non-Executive Directors**

Mr. Liu Hongcan

Ms. Liu Liping

Mr. Dai Xueguang

## **CHANGES TO DIRECTORS' INFORMATION**

Save as disclosed in this annual report, since the Listing Date up to the Latest Practicable Date, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **GENERAL INFORMATION**

Our Company was incorporated in the PRC as a limited liability company on May 17, 2016 and was converted into a joint stock company with limited liability on June 12, 2025. The H Shares of our Company have been listed on the Main Board of the Stock Exchange since March 31, 2026.

## **PRINCIPAL ACTIVITIES**

We are a provider of power amplifier audio chips and haptic drivers in China. We specialize in the design of low-power audio chips, mid/high-power audio chips and haptic drivers under a fabless model to offer a wide array of solutions for emerging application scenarios. Our products include (1) low-power audio chips, comprising adaptive power control audio chips and portable power amplifier audio chips; (2) mid/high-power audio chips; (3) haptic drivers; and (4) others, comprising power management chips.

For further details of our Company's principal activities, please see “Business Review” under “Management Discussion and Analysis” of this annual report.

## SUBSIDIARIES OF OUR COMPANY

The details of the subsidiaries of our Company are set out in Note 1 to the Consolidated Financial Statements in this annual report. All subsidiaries within the PRC are limited liability companies.

## BUSINESS REVIEW AND RESULTS

A review of the business and future prospects of the Group during the Reporting Period are provided in the section headed “Business Review” under “Management Discussion and Analysis” of this annual report. An analysis of the Group’s financial performance during the Reporting Period is provided in the section headed “Financial Review” under “Management Discussion and Analysis” of this annual report.

## PRINCIPAL RISKS AND UNCERTAINTIES

We face a variety of risks relating to our financial position and prospects. Some of the major risks include:

- We have incurred net losses since our inception and may incur net losses for the foreseeable future. We incurred net losses of approximately RMB56.8 million (net loss adjusted for non-IFRS measures was approximately RMB49.0 million, for details, please see the “Four Years Financial Summary” in this annual report) and approximately RMB59.2 million (net loss adjusted for non-IFRS measures was approximately RMB33.3 million, for details, please see the “Four Years Financial Summary” in this annual report) in 2024 and 2025, respectively, and we expect to continue to incur net losses in the short term as we continue to invest in research and development and business expansion;
- We face substantial competition in the power amplifier audio chip market. The industries that we operate in are characterized by constant changes, including rapid technological evolution, frequent introductions of new products, shifts in customer demands, and the constant emergence of new industry standards and practices;
- We rely on third-party foundries and packaging and testing houses under our fabless business model. Purchases from our five largest suppliers during the Reporting Period accounted for a significant portion of our total purchases, and any disruption in our supply chain could materially affect our operations;
- We depend on a limited number of customers for a significant portion of our revenue. Revenue generated from our top five customers accounted for a significant portion of our total revenue during the Reporting Period, and any loss of a major customer could materially and adversely affect our business;
- We are currently defending a patent infringement lawsuit and may face additional IP disputes. An unfavorable outcome could prevent us from selling the specific product models cited in the litigation and could have a negative impact on our business, financial condition, and results of operations;
- Our products may be affected by rapid changes in technology and evolving industry standards. If we are unable to timely upgrade our products and technologies in an efficient and cost-effective manner, or adapt our offerings to meet customer needs or emerging industry standards, our existing technologies or products could become obsolete or unattractive;



## Report of The Board of Directors

- All material aspects of the design, development and commercialization of semiconductor products are heavily regulated. We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, which could adversely affect our business, results of operations and financial condition.

### **FOREIGN CURRENCY RISK**

We had transactional currency exposures. Such exposures arose from sales or purchases by operating units in currencies other than the units' functional currencies. We principally conducted business in Renminbi, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than Renminbi. In addition, the functional currency of our Company's subsidiary incorporated in Hong Kong is USD, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in currencies that are not the functional currencies of the relevant group entities. As at December 31, 2025, the Group has not entered into any hedging transaction against foreign currency risks. However, the Board will remain alert to any relevant risks and, if necessary, consider hedging any material potential foreign exchange risk.

### **CREDIT RISK**

We are exposed to credit risk relating to delay in payment and defaults of our customers. We may not be able to collect all such trade receivables due to a variety of factors that are beyond our control, such as long payment cycles of certain customers. We only offer credit terms to recognized and creditworthy customers. 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. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific verification procedures.

### **LIQUIDITY RISK**

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. We maintain a balance between continuity of funding and flexibility through the use of lease liabilities and interest-bearing bank loans.

### **CODE ON CORPORATE GOVERNANCE PRACTICES**

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2025, the Corporate Governance Code set forth in Appendix C1 to the Listing Rules was not applicable to us during such period under review. After the Listing, we will comply with all the code provisions set forth in the Corporate Governance Code.

### **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Group is subject to various social, health, safety and environmental laws and regulations and its operations are regularly inspected by local government authorities. The Group believes it has adequate policies and SOPs ensuring compliance with all social, health, safety and environmental protection regulations. Particularly, it believes its continued growth rests on integrating social values into its business. The Group intends to create a lasting positive ESG impact on our future customers, suppliers and the broader community whom its operation may impact. The Group acknowledges its responsibilities on environmental protection, social responsibilities and are aware of the climate-related issues that may have impact on its business.

For further details, please refer to the Environmental, Social and Governance Report in this annual report.

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended December 31, 2025, to the best knowledge of the Directors, there was no material breach of or non-compliance with applicable laws and regulations that have a significant impact on the business and operations of the Group.

## KEY RELATIONSHIP WITH STAKEHOLDERS

### Employees

As of the Latest Practicable Date, we had 141 full-time employees, with most based in China at our headquarters in Shanghai. We recruit talents, with high standards and rigorous procedures and through various methods, including online recruitment, internal referrals, and third-party recruiters, to select the best-fit personnel for the corresponding positions in response to various talent demands. We offer competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance.

We regularly evaluate the performance of our employees and reward well-performing employees with bonus and promotion. In addition, we provide training programs to our employees, including corporate-wide and department-specific trainings to improve their professional knowledge and management skills, and keep them abreast with market developments.

### Shareholders

The Group recognizes the importance of protecting the interests of the Shareholders and of having effective communication with them. The Group believes that communication with the Shareholders is a two-way process and strives to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This will be done through general meetings, corporate communications, interim and annual reports and results announcements.

### Customers and Suppliers

Under our fabless model, we outsource wafer fabrication, chip packaging and all testing activities for mass production to third-party business partners. Our primary procurement include (1) wafers from wafer foundry located in China, Japan and South Korea, and (2) chip packaging and testing services located in China. To a much lesser extent, we also procure certain equipment, such as testing equipment, and research materials, as well as other services that facilitate the design of our products, such as tape-out and multi-project wafer services.

We have established a procurement team to arrange and place orders for our major procurements. For the procurement of wafers and chip packaging and testing services, we also involve our vice president of operations in making final procurement decisions and our engineering department to evaluate the procurement from technical perspectives, to ensure our procurement can meet the needs of our business operations and align with our strategic objectives.

We have adopted a prudent approach to process selection, which prioritizes mature process, to optimize the cost structure of our products. We have also implemented systematic supplier management procedures. We generally procure from top suppliers in relevant categories to ensure that they can address our and our customers' requirements, prioritizing procurement from suppliers located in China. We will evaluate supplier candidates based on their technical standards and on-site review results, with which we are able to maintain a list of qualified suppliers.

During the Reporting Period, our customers included leading consumer electronics manufacturers, ODMs, and distributors. For the year ended December 31, 2025, revenue generated from the Group's largest customer accounted for approximately 30.4% of the Group's total revenue, and revenue from the Group's five largest customers accounted for approximately 88.0% of the Group's total revenue for the same year.



## Report of The Board of Directors

During the Reporting Period, our suppliers primarily consist of (1) foundries and (2) chip packaging and testing service providers. For the year ended December 31, 2025, our purchases from our largest supplier accounted for approximately 33.1% of our total purchases during the same year, and purchases from our five largest suppliers in the aggregate accounted for 93.4% of our total purchases during the same period.

None of our Directors, their respective associates or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers or suppliers.

### **FINANCIAL SUMMARY**

A summary of the consolidated operating results and the assets and liabilities of the Group for the last four financial years is set out in the section headed “Four Years Financial Summary” in this annual report. This summary does not form part of the audited Consolidated Financial Statements.

### **RETAINED PROFITS**

Details of retained profits of the Group as at December 31, 2025 are set out in the consolidated statement of changes in equity of this annual report.

### **PRE-EMPTIVE RIGHTS**

There is no provision for the pre-emptive rights under the Articles of Association or the PRC laws, which would oblige our Company to offer new shares on a pro-rata basis to its existing Shareholders.

### **TAX RELIEF AND EXEMPTION**

Our Company did not declare or pay any dividend for the year ended December 31, 2025. Accordingly, the Shareholders of our Company (including the holders of H Shares) are not subject to income tax on dividend distribution. If any of the H Shareholders is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the H Shares, he/she is advised to consult an expert.

### **PROPERTY, PLANT AND EQUIPMENT**

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in Note 13 to the financial statements.

### **DONATION**

No charitable donation was made by our Group during the year ended December 31, 2025.

### **PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S SHARES**

From the Listing Date up to the date of this annual report, there was no purchase, sale or redemption of any listed securities of our Company (including sales of treasury shares) by our Company or any of its subsidiaries.

As of December 31, 2025 and up to the date of this annual report, our Company did not hold any H shares of our Company as treasury shares (as defined in the Listing Rules).

### **BANK BORROWINGS**

Details of the Group's bank borrowings as at December 31, 2025 are set out in Note 22 to the consolidated financial statements in this annual report.

## **USE OF PROCEEDS FROM THE GLOBAL OFFERING**

Details of the use of proceeds from the Global Offering by our Group are set out in the section headed “Management Discussion and Analysis — Use of Proceeds from the Global Offering” in this annual report.

## **DIVIDENDS**

The Board does not recommend the payment of final dividend for the year ended December 31, 2025. During the Reporting Period, there were no arrangements for any Shareholder to waive or agree to waive any dividends.

## **SHARE CAPITAL**

Details of movements in share capital of our Company during the year ended December 31, 2025 are set out in Note 27 to the Consolidated Financial Statements.

## **DEBENTURE AND CONVERTIBLE BOND ISSUED**

The Group did not issue any debenture or any convertible bond for the year ended December 31, 2025.

## **EQUITY-LINKED AGREEMENTS**

Save as disclosed in this report, our Company has not entered into any equity-linked agreement during the year ended December 31, 2025.

## **PERMITTED INDEMNITY PROVISION**

Our Company has purchased directors’ and officers’ liability insurance in respect of legal actions arising out of corporate activities against the current Directors and senior management of our Company and its associated companies and the Directors and senior management of our Company and its associated companies who resigned during the Reporting Period. The permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

## **RESERVES AND DISTRIBUTABLE RESERVES**

Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity of this annual report. As of December 31, 2025, our Company did not have any distributable reserves.

## **BANK LOANS AND OTHER BORROWINGS**

Particulars of bank loans of the Group as of December 31, 2025 are set out in the section headed “Management Discussion and Analysis” in this annual report and Note 22 to the Consolidated Financial Statements.

Save as disclosed in this report, during the year ended December 31, 2025, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of our Company, the Controlling Shareholders or their respective connected persons.

## **DIRECTORS’ SERVICE CONTRACTS**

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of office commencing on the date of the approval at the relevant Company’s general meeting and ending on the expiration of the term of office of the prevailing session of the Board; and (b) termination provisions in accordance with their respective terms.



## Report of The Board of Directors

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

### **CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors (being Mr. Liu Hongcan, Ms. Liu Liping and Mr. Dai Xueguang), and the Company considers such Directors to be independent for the year ended December 31, 2025.

### **EMPLOYEE SHAREHOLDING PLATFORMS**

In recognition of the contributions of our key employees and to incentivize them to further promote our development, we award the partnership interest in our employee shareholding platforms to the employees and adopted the employee stock ownership plan, which is not subject to the provisions of Chapter 17 of the Listing Rules. As of the Latest Practicable Date, Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke were established as our employee shareholding platforms. Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke are controlled by the same general partner, Mr. Xu.

According to the employee stock ownership plan and the respective grant agreements, all management and voting powers of the employee shareholding platforms are exercised by their respective sole general partner, Mr. Xu, whereas the relevant employees as the limited partners of such employee shareholding platforms are entitled to the economic interest.

As of the date of this report, all of the underlying Shares under the employee stock ownership plan had already been issued to the Employee Shareholding Platforms and all the participants have been granted with relevant limited partnership interests in the Employee Shareholding Platforms pursuant to the employee stock ownership plan.

### **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which our Company or any of its subsidiaries was a party and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended December 31, 2025.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES**

Save as disclosed in this annual report, during the year ended December 31, 2025, neither the Company nor any of its subsidiaries was a party to any arrangement that would enable the Directors or chief executive of the Company or their respective associates to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

During the Reporting Period and as of the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

### **COMPETITION AND CONFLICT OF INTERESTS**

During the Reporting Period and as of the Latest Practicable Date, the group of Controlling Shareholders confirmed that they did not have any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group.

### **MANAGEMENT CONTRACTS**

Other than the Directors' service contracts, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year or subsisted at the end of the year ended December 31, 2025.

# Report of The Board of Directors

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, our Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES

As our Company was not listed on the Stock Exchange as of December 31, 2025, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the substantial shareholders and other persons of our Company as of December 31, 2025.

As of the Latest Practicable Date, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of our Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by our Company under the SFO, or would, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of our Company were as follows:

Name of Substantial Shareholder	Capacity/Nature of Interest	Number of Shares Held	Approx. % of H Shares/ Domestic Shares	Approx. % of total issued Shares
Mr. Xu <sup>(2)(3)</sup>	Beneficial owner	8,859,800 H Shares	7.99%	7.91%
	Interest in controlled corporation	23,897,600 H Shares	21.55%	21.34%
	Interest held jointly with other person	2,518,500 H Shares	2.27%	2.25%
Mr. Liu <sup>(3)</sup>	Beneficial owner	2,518,500 H Shares	2.27%	2.25%
	Interest held jointly with other person	32,757,400 H Shares	29.54%	29.25%
Shanghai FourSemi Management <sup>(2)</sup>	Beneficial owner	12,617,800 H Shares	11.38%	11.27%
Xiamen FourSemi Management <sup>(2)(4)</sup>	Beneficial owner	7,073,700 H Shares	6.38%	6.32%
Mr. Qian Shun (錢舜) <sup>(4)</sup>	Interest in controlled corporation	7,073,700 H Shares	6.38%	6.32%
Gansheng Investment <sup>(5)</sup>	Beneficial owner	6,406,800 H Shares	5.78%	5.72%
Xianyun Management <sup>(5)</sup>	Interest in controlled corporation	6,406,800 H Shares	5.78%	5.72%
Ye Feng (葉楓) <sup>(5)</sup>	Interest in controlled corporation	6,406,800 H Shares	5.78%	5.72%
Moqin Intelligent <sup>(6)</sup>	Beneficial owner	6,361,400 H Shares	5.74%	5.68%
Huaqin Technology <sup>(6)</sup>	Interest in controlled corporation	6,361,400 H Shares	5.74%	5.68%
Shanghai Aoqin <sup>(6)(7)</sup>	Interest in controlled corporation	7,684,200 H Shares	6.93%	6.86%
Qiu Wensheng <sup>(6)(7)</sup>	Interest in controlled corporation	7,684,200 H Shares	6.93%	6.86%
Vinno Intelligent and Health <sup>(6)</sup>	Beneficial owner	5,776,900 H Shares	5.21%	5.16%
Vinno Capital <sup>(6)</sup>	Interest in controlled corporation	5,776,900 H Shares	5.21%	5.16%
Ding Mingfeng <sup>(6)(9)</sup>	Interest in controlled corporation	5,894,800 H Shares	5.32%	5.26%
Huzhou Zhuosheng	Beneficial owner	1,110,200 Domestic Shares	100%	0.99%

Notes:

- (1) The calculation is based on the total number of 110,889,800 H Shares and 1,110,200 Domestic Shares in issue.
- (2) As of the Latest Practicable Date, Mr. Xu Xiaolin (徐小林) acted as the general partner of Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke. Under the SFO, Mr. Xu is deemed to be interested in the entire Shares held by Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke.
- (3) Pursuant to the Concert Party Agreement, Mr. Liu Baoliang (劉保良) irrevocably agreed to, among others, act in concert with Mr. Xu and follow his instructions in exercising his vote at the general meetings of our Company within one year after the Listing. Under the SFO, Mr. Xu is deemed to be interested in the Shares held by Mr. Liu Baoliang, and Mr. Liu Baoliang is deemed to be interested in the Shares held by Mr. Xu.
- (4) As of the Latest Practicable Date, Xiamen FourSemi Management was owned as to approximately 35.60% by Mr. Qian Shun (錢舜) as a limited partner. Under the SFO, Mr. Qian Shun is deemed to be interested in the 7,073,700 H Shares held by Xiamen FourSemi Management.

## Report of The Board of Directors

- (5) As of the Latest Practicable Date, Gansheng Investment was owned as to approximately 1% by Xianyun (Shanghai) Investment Management Co., Ltd (顯鑿(上海)投資管理有限公司)(“**Xianyun Management**”) as the general partner, which in turn was owned as to 65% by Ye Feng (葉楓). None of the limited partners holds more than one-third partnership interests in Gansheng Investment. Under the SFO, each of Xianyun Management and Ye Feng (葉楓) is deemed to be interested in the 6,406,800 H Shares held by Gansheng Investment.
- (6) As of the Latest Practicable Date, Moqin Intelligent was wholly owned by Huaqin Technology Co., Ltd. (華勤技術股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603296 (“**Huaqin Technology**”), which in turn was controlled by Shanghai Aoqin Telecom Technology Co., Ltd. (上海奧勤信息科技有限公司) (“**Shanghai Aoqin**”). As of the Latest Practicable Date, Shanghai Aoqin was owned as to 51% by Qiu Wensheng (邱文生). None of other shareholders holds more than one-third equity interests in Huaqin Technology and Shanghai Aoqin. Under the SFO, each of Huaqin Technology, Shanghai Aoqin and Qiu Wensheng is deemed to be interested in the 6,361,400 H Shares held by Moqin Intelligent.
- (7) Further, as of the Latest Practicable Date, Shanghai Kuanlian Investment Co., Ltd. (上海寬聯投資有限公司) (“**Kuanlian Investment**”) was a wholly-owned subsidiary of Shanghai Aoqin which is ultimately controlled by Qiu Wensheng. Under the SFO, each of Qiu Wensheng and Shanghai Aoqin is deemed to be interested in the 1,322,800 H Shares held by Kuanlian Investment.
- (8) As of the Latest Practicable Date, Shenzhen City Vinno Intelligent and Health was owned as to approximately 1.78% by Vinno Capital Co., Ltd. (深圳市合創資本管理有限公司)(“**Vinno Capital**”) as the general partner, which in turn was owned as to 72% by Ding Mingfeng (丁明峰). None of the limited partners holds more than one-third partnership interests in Vinno Intelligent and Health. Under the SFO, each of Vinno Capital and Ding Mingfeng (丁明峰) is deemed to be interested in the 5,776,900 H Shares held by Vinno Intelligent and Health.
- (9) Further, as of the Latest Practicable Date, the general partner of Qingdao Xinda Venture Capital Center (Limited Partnership) (青島信達普創投資中心(有限合夥)) (“**Xinda Venture Capital**”) was Ding Mingfeng (丁明峰). Under the SFO, Ding Mingfeng is deemed to be interested in the 117,900 H Shares held by Xinda Venture Capital.
- (10) All interests are held in long positions.

Save as disclosed above, as of the Latest Practicable Date, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of our Company) who had interests or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by our Company under the SFO.

### **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY AND ANY OF ITS ASSOCIATED CORPORATIONS**

As our Company was not listed on the Stock Exchange as of December 31, 2025, Divisions 7 and 8 of Part XV of the SFO and section 352 of the SFO were not applicable to the Directors or chief executive of our Company as of December 31, 2025.

Save as disclosed below, as of the Latest Practicable Date, so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

# Report of The Board of Directors

Name of Director	Capacity/Nature of Interest	Number of H Shares Held	Approx. % of H Shares	Approximate % of total issued share capital <sup>(1)</sup>
Mr. Xu Xiaolin <sup>(2)(3)</sup>	Beneficial owner; interest in controlled corporations; interest held jointly with another person	35,275,900	31.81%	31.50%
Mr. Liu Baoliang <sup>(3)</sup>	Beneficial owner; interest held jointly with another person	35,275,900	31.81%	31.50%
Mr. Qian Shun <sup>(4)</sup>	Interest in controlled corporations	7,073,700	6.38%	6.32%

Notes:

- (1) The calculation is based on the total number of 110,889,800 H Shares and 1,110,200 Domestic Shares in issue.
- (2) As of the Latest Practicable Date, Mr. Xu Xiaolin (徐小林) acted as the general partner of Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke. Under the SFO, Mr. Xu is deemed to be interested in the entire Shares held by Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke. Mr. Xu beneficially holds 8,859,800 Shares. Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke hold 12,617,800 Shares, 7,073,700 Shares and 4,206,100 Shares, respectively.
- (3) Pursuant to the Concert Party Agreement, within the period of one year following the listing, Mr. Liu Baoliang (劉保良) irrevocably agreed to, among others, act in concert with Mr. Xu and follow his instructions in exercising his vote at the general meetings of our Company. Under the SFO, Mr. Xu is deemed to be interested in the Shares held by Mr. Liu Baoliang, and Mr. Liu Baoliang is deemed to be interested in the Shares held by Mr. Xu. Mr. Liu Baoliang beneficially holds 2,518,500 Shares.
- (4) As of the Latest Practicable Date, Xiamen FourSemi Management was owned as to approximately 35.60% by Mr. Qian Shun (錢舜) as a limited partner. Under the SFO, Mr. Qian Shun is deemed to be interested in the Shares held by Xiamen FourSemi Management.
- (5) All interests are held in long positions.

## LOCK-UP PERIOD

Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including our Pre-IPO Investors) are prohibited from disposing of any of the Shares held by them. Based on information that is publicly available to the Company or otherwise within the knowledge of the Directors, the following Shares are subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules as of the Latest Practicable Date:

Name	Capacity	Aggregate number of H Shares held	Approximate percentage of shareholding	Lock-up period
<b>Key persons and their close associates:</b>				
Mr. Xu	Our founder, chairman of the Board, executive Director and president	8,859,800	7.91%	Lock-up period commencing on the date of the Prospectus and ending on expiry of 12 months from the Listing Date (i.e. March 31, 2026)
Mr. Liu	Co-founder, executive Director, vice president and director of algorithm applications	2,518,500	2.25%	
Shanghai FourSemi Management <sup>(1)</sup>	Employee shareholding platform controlled by Mr. Xu	12,617,800	11.27%	
Xiamen FourSemi Management <sup>(1)</sup>	Employee shareholding platform controlled by Mr. Xu	7,073,700	6.32%	

# Report of The Board of Directors

Name	Capacity	Aggregate number of H Shares held	Approximate percentage of shareholding	Lock-up period
Xiamen FourSemi Chuangke <sup>(1)</sup>	Employee shareholding platform controlled by Mr. Xu	4,206,100	3.76%	
<b>Pathfinder SII:</b>				
Moqin Intelligent	Pathfinder SII	6,361,400	5.68%	Commencing on the date of the prospectus and ending on expiry of six months from the Listing Date (i.e. March 31, 2026) <sup>(2)</sup>
Fortune Chuanghong	Pathfinder SII	4,696,800	4.19%	
Caizhi Chuangying	Pathfinder SII	221,300	0.20%	
Gansheng Investment	Pathfinder SII	6,406,800	5.72%	
Ark Investment	Pathfinder SII	4,601,600	4.11%	

Note:

- (1) As of the Latest Practicable Date, each of Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke was controlled by Mr. Xu as the general partner. Therefore, each of Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke is a close associate of Mr. Xu under the Listing Rules and is subject to the lock-up requirements pursuant to Rule 18C.14 of the Listing Rules.

Certain limited partners of Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke, namely Mr. Qian Shun, Mr. Liu, Mr. Shi Hongxiao, Mr. He Xiuan, Mr. Yang Xiaoming, Mr. Liu Yanhai and Mr. Zhu Huaping, are also key persons under Rule 18C.14 of the Listing Rules and shall be subject to a lock-up period commencing from the date of the prospectus and ending on expiry of 12 months from the Listing Date. They undertake that they will not dispose of their interests in the above partnerships within the aforementioned lock-up period.

Pursuant to the respective partnership agreement of Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke, any transfer of partnership interest by limited partners shall be approved by the general partner, Mr. Xu and the majority of the limited partners. Mr. Xu as the general partner of the aforementioned three employee shareholding platforms will ensure that the lock-up restriction will be effectively enforced in respect of the indirect interests held by these key persons as limited partners.

- (2) Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including our Pathfinder SII) are prohibited from disposing of any of the Shares held by them.

## CONNECTED AND RELATED PARTY TRANSACTIONS

The related party transactions disclosed in note 33 to the Consolidated Financial Statements does not constitute connected transactions or continuing connected transactions which are required to be disclosed under the Listing Rules.

### Pension Scheme/Retirement Benefit Plan

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in central pension schemes operated by the local municipal governments. The subsidiaries operating in the Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension schemes.

Particulars of these retirement plans are set out in Note 2.4 to the Consolidated Financial Statements.

For the year ended December 31, 2025, there are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## **Emolument Policy**

We offer our executive Director and senior management members, who are also employees of our Group, emolument in the form of fees, salaries, bonuses, allowances, benefits in kind, share-based payment expenses and pension scheme contributions. Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairperson of Board committees).

The Remuneration and Appraisal Committee was set up for reviewing our Company's remuneration and assessment management system of Directors and senior management officers of the Company.

## **Remuneration of Directors and Five Individuals with Highest Emoluments**

Details of the emoluments of the Directors and five highest paid individuals of the Group are set out in Notes 8 and 9 to the Consolidated Financial Statements of this annual report.

For the year ended December 31, 2025, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) No director has waived or agreed to waive any remuneration, and no remuneration was paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office.

Except as disclosed above, no other payment has been paid, for the year ended December 31, 2025, by our Group to or on behalf of our Directors.

## **CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS**

No contract of significance was entered into between our Company or its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended December 31, 2025.

## **MATERIAL LITIGATION**

The Group is currently defending a patent infringement lawsuit initiated by a competitor regarding its invention patent titled "Open-Loop Charge Pump". The plaintiff alleges that three of our chip models — FS1512N-M, FS1512N and FS1512GN — infringe its patent rights. The plaintiff seeks monetary damages of RMB10 million and reimbursement of legal fees of RMB0.5 million. The court has scheduled the first hearing on April 27, 2026.

The three implicated chip models are charge pump chips launched during our early stage and are not our core products. Based on an appraisal report and the advice of our litigation advisor, we believe that the technical solutions of our implicated products do not infringe the plaintiff's intellectual property rights. Given the minimal contribution of these early-stage products to our total revenue and gross profit, we believe this outcome would not materially affect our overall business or financial condition.



## Report of The Board of Directors

Save as disclosed above, as of the Latest Practicable Date, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

### **PUBLIC FLOAT**

Based on information that is publicly available to our Company and within the knowledge of the Directors, our Company has an approximately 67.51% of our total issued Shares counted towards the public float, which is higher than the prescribed public float of 25% under 19A.13A(1) of the Listing Rules since its listing on March 31, 2026 up to the Latest Practicable Date.

### **AUDIT COMMITTEE**

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and discussed the Group's risk management, internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2025.

### **AUDITOR**

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by Ernst & Young. There has been no change in the auditor of the Company since the Listing Date. The Company will seek approval from its Shareholders at the 2025 annual general meeting of the Company for the reappointment of Ernst & Young as the auditors of the Company for the year ending December 31, 2026.

### **ANNUAL GENERAL MEETING**

The specific arrangements regarding the time and arrangement of the closure of register of members of H Shares for the upcoming annual general meeting will be disclosed separately in the circular for the annual general meeting.

### **EVENTS AFTER THE REPORTING PERIOD**

On March 31, 2026, the H Shares of our Company were listed on the Main Board of the Stock Exchange. Save as disclosed in this annual report, we are not aware of any material subsequent events from the end of the Reporting Period to the date of this annual report.

On behalf of the Board

**Mr. Xu Xiaolin**

*Chairman of the Board, Executive Director and president*

**Shanghai FourSemi Semiconductor Co., Ltd.**

Shanghai, the PRC, April 22, 2026

The Board of Directors is pleased to present the Corporate Governance Report for the year ended December 31, 2025.

## **CORPORATE CULTURE AND VALUES**

Our Company is committed to ensuring that our Group's business is conducted with high standards of business ethics, and the Board of Directors believes that corporate culture is the foundation for the continuous, commercial success and sustainable growth of our Group's business. A strong culture enables our Company to achieve long-term sustainable performance, and to achieve long-term goals, it is necessary to act with integrity, transparency and accountability. Our Company believes that acting in this way will maximize returns for shareholders in the long run, and that our Group's employees, business partners and the communities in which our Group operates will benefit.

Corporate governance is the process by which the Board of Directors directs our Group's management on how to operate the business to achieve its objectives. Our Group is committed to achieving high standards of corporate governance to ensure that:

- satisfactory and sustainable returns are delivered to shareholders;
- the interests of those who have business dealings with our Group are safeguarded;
- overall business risks are understood and properly managed;
- quality products and services are provided to the satisfaction of customers; and
- high standards of business ethics are maintained.

## **CORPORATE GOVERNANCE PRACTICES**

Our Company was listed on the Main Board of the Stock Exchange on March 31, 2026, and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules was not applicable to our Company prior to the Listing Date.

Our Company is committed to achieving high standards of corporate governance to safeguard the interests of shareholders.

The Board of Directors believes that good corporate governance standards are crucial for our Company to establish a framework to protect the interests of shareholders, enhance corporate value, formulate business strategies and policies, and improve its transparency and accountability.

Our Company's Corporate Governance Practices are based on the principles and code provisions set out in the Corporate Governance Code, and our Company has adopted the Corporate Governance Code as its own corporate governance code.

The Board of Directors believes that, during the period from the Listing Date to the date of this annual report, save as disclosed in "Chairman and Chief Executive Officer" below and in this annual report, our Company has complied with the principles and all applicable code provisions set out in Part 2 of the Corporate Governance Code. Our Company will continuously review and monitor its Corporate Governance Practices to ensure compliance with the Corporate Governance Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

Our Company has, since the Listing Date, adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they have strictly complied with the required standards set out in the Model Code during the period from the Listing Date to the date of this annual report.

At the request of our Company, relevant staff and employees of our Company are also required to comply with the Model Code, which prohibits them from dealing in the relevant securities at any time when they are in possession of inside information relating to the securities of our Company. Our Company is not aware of any violation of the Model Code by the relevant employees who may be in possession of inside information of our Company.

# Corporate Governance Report

## THE BOARD

The Board of Directors is responsible for the overall leadership of our Group, overseeing its strategic decisions, monitoring its business and performance, and supervising its senior management. The Board of Directors has delegated the power and responsibility for the day-to-day management and operation of our Group to our Group's senior management. To oversee specific areas of our Company's affairs, the Board of Directors has established three Board Committees, namely the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. These committees operate under the terms of reference established by the Board of Directors.

The Board of Directors possesses a balance of skills, experience and diversity of views appropriate to the requirements of our Company's business, and regularly reviews the contributions made by Directors in fulfilling their duties to the Company, as well as whether they devote sufficient time to their roles and responsibilities on the Board. The Board of Directors has a balanced composition of executive and non-executive Directors (including independent non-executive Directors), which gives the Board a strong degree of independence and enables it to make independent judgments effectively.

All Directors have been performing their duties in good faith and in compliance with applicable laws and regulations, and have always acted in the interests of our Company and its shareholders.

For the year ended December 31, 2025, our Company was not involved in any material legal proceedings for which the Directors were liable. Our Company has arranged for appropriate liability insurance for legal actions against the Directors. The scope of coverage of such insurance will be reviewed annually.

The following table sets out the skills and expertise most relevant to the Board in relation to the Company's strategy, governance and business, which enable the Board to effectively discharge its duties and responsibilities in order to achieve the Company's strategic objectives and attain sustainable and balanced development of the Group:

### Board Skills Matrix

	Strategic development	Leadership	Industry knowledge and experience	Financial knowledge/business acumen	Risk management and compliance	Personnel management experience	Professional expertise in accounting/finance/law, etc.
<b>Executive Directors</b>							
Mr. Xu Xiaolin	✓	✓	✓	✓			✓
Mr. Liu Baoliang	✓	✓	✓	✓			✓
Mr. Qian Shun	✓	✓	✓	✓			✓
Ms. Yu Bingbing	✓	✓	✓	✓			✓
<b>Non-Executive Directors</b>							
Mr. Chen Binglin	✓	✓	✓	✓			✓
Mr. Lin Enfeng	✓	✓		✓			✓
<b>Independent Non-Executive Directors</b>							
Mr. Liu Hongcan	✓	✓		✓	✓		✓
Ms. Liu Liping	✓	✓		✓			✓
Mr. Dai Xueguang	✓	✓			✓	✓	✓

Notes:

Skill Area	Description
Strategic development	Ability to identify strategic opportunities and threats, while also formulating and implementing plans to achieve corporate goals
Leadership	Ability to lead corporate teams and implement plans and policies
Industry knowledge and experience	Familiarity with the Company's daily business operations, market development, competitors, technology and innovation
Financial knowledge/business acumen	Ability to read and understand the Company's accounts, financial information and financial reporting requirements
Personnel management experience	Experience at senior management level, responsible for personnel management and successful implementation of changes
Professional expertise in accounting/finance/law, etc.	Experience or formal qualifications in relevant fields such as accounting/finance, economics/business, law/capital markets that can assist the Board in decision-making

## BOARD COMPOSITION

As at the date of this annual report, the Board of Directors comprises four executive Directors, two non-executive Directors and three independent non-executive Directors, details of the term of office and current appointment period for each director are as follows:

Executive Directors	Date of Appointment of Director	Current Appointment Period
Mr. Xu Xiaolin ( <i>Chairman and President</i> )	May 2016	Approximately 9 years and 11 months
Mr. Liu Baoliang	January 2018	Approximately 8 years and 3 months
Mr. Qian Shun	May 2021	Approximately 4 years and 11 months
Ms. Yu Bingbing	December 2021	Approximately 4 years and 4 months
Non-Executive Directors		
Mr. Chen Binglin	May 2025	Approximately 11 months
Mr. Lin Enfeng	January 2018	Approximately 8 years and 3 months
Independent Non-Executive Directors		
Mr. Liu Hongcan	May 2025	Approximately 11 months
Ms. Liu Liping	May 2025	Approximately 11 months
Mr. Dai Xueguang	May 2025	Approximately 11 months

During the period from the Listing Date to the Latest Practicable Date, the Board of Directors has complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors, at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise.

Pursuant to Rule 3.10A of the Listing Rules, independent non-executive Directors must represent at least one-third of the members of the Board of Directors. During the period from the Listing Date to Latest Practicable Date, the Company's current three independent non-executive Directors represent one-third of the members of the Board of Directors, and the Company has therefore complied with the requirement of Rule 3.10A of the Listing Rules.

All Directors (including independent non-executive Directors) provide the Board of Directors with a wide range of valuable business experience, knowledge and expertise, enabling the Board of Directors to operate efficiently and effectively. The independent non-executive Directors are invited to join the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.



# Corporate Governance Report

All Directors have obtained the legal advice referred to in Rule 3.09D of the Listing Rules on June 17, 2025, and have confirmed and understood the requirements under the Listing Rules applicable to a listed issuer and their duties as directors of a listed issuer, as well as the consequences of making false statements or providing false information to the Stock Exchange.

As for the code provision of the Corporate Governance Code which requires Directors to disclose to the issuer the number and nature of their positions in public companies or organizations and other significant commitments, and also to disclose the names of the public companies or organizations involved and the time involved in their duties, each Director has agreed to disclose their commitments to our Company in a timely manner.

The biographical details of the Directors are set out in the section headed “Biographies of Directors and Senior Management” in this annual report.

Save as disclosed in the biographical details of the Directors set out in the section headed “Biographies of Directors and Senior Management” in this annual report, no Director has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Director or chief executive.

## **BOARD MEETINGS AND DIRECTORS’ ATTENDANCE RECORDS**

Our Company has adopted the practice of holding regular Board meetings in accordance with the Corporate Governance Code, with at least four Board meetings held annually, approximately once every quarter. All Directors will be given at least 14 days’ notice of regular Board meetings to give all Directors an opportunity to attend and discuss matters on the agenda.

For other meetings of the Board and Board Committees, our Company will give notice of meetings within the time limits prescribed in the Articles of Association or the terms of reference of the Board Committees. The notice of meeting also includes the agenda and relevant meeting documents to ensure that the Directors have sufficient time to review the documents and prepare for the meeting. If a Director or a member of a Board Committee is unable to attend a meeting, they will be informed of the matters to be discussed and will have the opportunity to inform the chairman of their views before the meeting. Minutes of meetings are kept by the secretary of the Board and copies of such minutes are provided to all Directors for their reference and records.

The minutes of meetings of the Board and Board Committees record in detail the matters considered and decisions made by the Board and Board Committees, including any questions raised or dissenting opinions expressed by the Directors. Draft minutes of each Board and Board Committee meeting will be sent to each Director for their consideration within a reasonable time after the meeting, and the final version will be kept for record purposes. The minutes of Board meetings are open for inspection by all Directors.

Pursuant to code provision C.2.7 of the Corporate Governance Code, the Chairman should hold at least one meeting annually with the independent non-executive Directors without the presence of other Directors. For the year ending December 31, 2026, the Chairman will hold at least one meeting annually with the independent non-executive Directors without the presence of other Directors.

Pursuant to code provision C.5.1 of the Corporate Governance Code, the Board should meet regularly and Board meetings should be held at least four times a year, at approximately quarterly intervals. For the year ending December 31, 2026, our Company will hold at least four regular Board meetings.

# Corporate Governance Report

As our Company was listed on March 31, 2026, the provisions of code provision C.2.7 and code provision C.5.1 were not applicable to our Company for the full year of 2025. For the year ended December 31, 2025, Our Company held no meetings between the Chairman and the independent non-executive Directors.

During the Reporting Period, the Board held 4 Board meetings and 4 general meetings. The attendance of the individual Directors at Board meetings and the general meetings of our Company during the year ended December 31, 2025 is set out below:

	<b>Number of Board Meetings attended by the Director/Number of Board Meetings held</b>	<b>Number of General Meetings attended by the Director/Number of General Meetings held</b>
<b>Executive Director</b>		
Mr. Xu Xiaolin	4/4	4/4
Mr. Liu Baoliang	4/4	4/4
Mr. Qian Shun	4/4	3/4
Ms. Yu Bingbing	4/4	3/4
<b>Non-Executive Director</b>		
Mr. Chen Binglin <sup>(note)</sup>	3/3	2/2
Mr. Lin Enfeng	4/4	4/4
<b>Independent Non-Executive Director<sup>(note)</sup></b>		
Mr. Liu Hongcan	3/3	2/2
Ms. Liu Liping	3/3	2/2
Mr. Dai Xueguang	3/3	2/2

Note: Mr. Chen Binglin, Mr. Liu Hongcan, Ms. Liu Liping and Mr. Dai Xueguang were all appointed as Directors in May 2025.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman plays a leadership role, responsible for ensuring the effective functioning of the Board of Directors and leading the Board in providing overall guidance to our Group on business, strategy and corporate development. The Chief Executive Officer focuses on the formulation of our Group's overall strategic planning, business development and daily operations.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Our Company does not have a separate chairman and chief executive officer, and Mr. Xu currently holds both positions. Our Board believes that vesting the roles of both the chairman of our Board and the chief executive officer in the same person has the benefit of (1) ensuring consistent leadership within our Company, (2) enabling more effective and efficient overall strategic planning for our Company, and (3) facilitating the flow of information between the management and our Board. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the chief executive officer of our Company at a time when it is appropriate by taking into account the circumstances of our Company as a whole.

# Corporate Governance Report

## INDEPENDENT NON-EXECUTIVE DIRECTOR

Independent non-executive Directors play an important role on the Board of Directors as they provide an impartial view on our Group's strategy, performance and control to ensure that the Board can exercise independent judgment effectively in the decision-making process and provide independent advice to shareholders, taking into account the interests of all shareholders. All independent non-executive Directors possess appropriate academic, professional qualifications or relevant financial management experience. None of the independent non-executive Directors holds any other position in our Company or any of its subsidiaries or has any interest in any shares.

Our Company adopted the Mechanism for Assessing the Independence of the Board (the "**Mechanism for Assessing the Independence of the Board**") on April 22, 2026. The Mechanism for Assessing the Independence of the Board aims to ensure that the Board of Directors has a strong element of independence, enabling it to make independent judgments effectively and better safeguard the interests of shareholders.

To ensure that the independent non-executive Directors can provide independent views and opinions to the Board of Directors, the Nomination Committee and the Board of Directors assess the independence of the independent non-executive Directors annually, considering relevant factors including the following:

- the character, integrity, professional knowledge, experience and stability required to perform their duties;
- the time and effort devoted to the affairs of our Company;
- commitment to fulfilling their duties as independent non-executive Directors and their contribution to the work of the Board or Board Committees;
- declaration of conflicts of interest in serving as an independent non-executive Director;
- not participating in the daily management of our Company, and there are no relationships or circumstances that would affect their independent judgment; and
- the Chairman meets regularly with the independent non-executive Directors without the presence of the executive Directors.

According to the Mechanism for Assessing the Independence of the Board, Directors are allowed to seek independent professional advice in the performance of their duties and are encouraged to contact and consult with the senior management of our Company independently. In addition, the Board of Directors will conduct an annual review of its independence.

As our Company was listed on March 31, 2026, for the year ended December 31, 2025, our Company has not yet reviewed the implementation and effectiveness of the Mechanism for Assessing the Independence of the Board. The Company on April 22, 2026 reviewed the implementation and effectiveness of the Mechanism for Assessing the Independence of the Board and considered it to have been effectively implemented.

Our Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. Our Company is of the view that all such Directors have maintained their independence in accordance with the criteria set out in Rule 3.13 of the Listing Rules during the period from the Listing Date to the date of this annual report.

## **APPOINTMENT AND RE-ELECTION OF DIRECTORS**

Code provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the Articles of Association, Directors (including non-executive Directors and independent non-executive Directors) shall be elected or replaced by the shareholders' meeting for a term of three years. Each Director is appointed under a director's service agreement for a specific term of three years. Upon expiry of the term of office, a Director may be re-elected in accordance with the securities regulatory rules of the place where the Company's shares are listed, but an independent non-executive Director who has served for more than nine years shall be subject to the corresponding deliberation procedures as required by the Listing Rules for re-appointment. If a Director's term of office expires and is not re-elected in time, or if the resignation of a Director during his/her term of office results in the number of members of the Board of Directors falling below the statutory minimum, the original Director shall continue to perform his/her duties as a Director in accordance with the provisions of laws, administrative regulations, normative documents and these Articles of Association until the newly elected Director takes office. Without prejudice to relevant laws, administrative regulations and normative documents, if the Board appoints a new Director to fill a casual vacancy on the Board, the term of office of the appointed Director shall only last until the first shareholders' meeting after his/her appointment, at which time he/she shall be eligible for re-election.

The procedures and processes for the appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board and making recommendations to the Board on the appointment, re-election and succession planning of Directors.

The term of office of each Board of Directors shall not exceed three years, and Directors shall be eligible for re-election and re-appointment.

On March 19, 2026, each of the Directors entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of office commencing on the date of approval at the relevant general meeting of our Company and ending on the expiration of the term of office of the current Board of Directors (with respect to Directors); and (b) termination provisions in accordance with their respective terms.

## **RESPONSIBILITIES, ACCOUNTABILITY AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT**

The Board is responsible for leading and controlling our Company and is collectively responsible for directing and supervising the affairs of our Company.

The Board, directly and indirectly through its committees, leads and guides the management, including formulating strategies and overseeing their implementation, monitoring the operational and financial performance of our Group, and ensuring the establishment of sound internal control and risk management systems.

All Directors (including non-executive Directors and independent non-executive Directors) provide the Board with valuable business experience, knowledge and expertise in various fields, enabling the Board to operate efficiently and effectively.

The independent non-executive Directors are responsible for ensuring that our Company maintains high standards of regulatory reporting and for balancing the power of the Board by making effective independent judgments on corporate actions and operations.

All Directors have full and timely access to all information of our Company and may, upon request and where appropriate, seek independent professional advice to perform their duties to our Company at our Company's expense.



# Corporate Governance Report

The Board reserves its decision-making power on all material matters relating to our Company's policy matters, strategies and budgets, internal control and risk management, material transactions (especially those that may involve conflicts of interest), financial information, appointment of Directors and other major operations.

The management is responsible for the day-to-day management and operation of our Group's business. To maintain the efficient operation and flexible and prompt business decision-making of our Company, the Board will also delegate its management and administrative powers to the management when necessary, and provide clear guidance on the delegation to avoid hindering or weakening the ability of the Board as a whole to perform its functions.

## **CORPORATE GOVERNANCE FUNCTIONS**

The Board confirms that corporate governance is the collective responsibility of the Directors, and their corporate governance functions (including those set out in Code Provision A.2.1 of the Corporate Governance Code) include:

- (a) to develop and review our Company's policies and practices on corporate governance, and to make recommendations to the Board and report to the Board on relevant matters;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor our Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual for employees and Directors; and
- (e) to review our Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report.

The Board has performed the above corporate governance functions during the reporting period.

## **DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT**

Each newly appointed Director is provided with necessary induction training and information to ensure that he/she has an appropriate understanding of our Company's operations and business and his/her responsibilities under relevant laws, regulations, rules and ordinances. In accordance with code provision C.1.4 of the Corporate Governance Code regarding continuing professional development, our Company also arranges seminars for Directors on a regular basis to provide them with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. Directors are also regularly provided with updates on the performance, status and prospects of our Company, enabling the Board as a whole and the Directors to perform their duties. In addition, meetings between the Directors and the senior management of our Company will be arranged.

Our Company encourages Directors to participate in appropriate continuing professional development seminars and programs to enhance and update their knowledge and skills to ensure that they continue to contribute to the Board in a fully informed and relevant manner. Our Company has also engaged external legal advisers to provide training to the Directors on updates to the Listing Rules and the latest changes in relevant rules and regulations. The Joint Company Secretaries of our Company also update and provide written training materials on the roles, functions and duties of Directors from time to time.

# Corporate Governance Report

According to the information provided by the Directors, the training received by all Directors during the Reporting Period is summarised as follows:

Name of Directors	Continuing Professional Development Nature of courses <small>(Note)</small>
<b>Executive Directors</b>	
Mr. Xu Xiaolin <i>(Chairman of the Board and President)</i>	C
Mr. Liu Baoliang	C
Mr. Qian Shun	C
Ms. Yu Bingbing	C
<b>Non-Executive Directors</b>	
Mr. Chen Binglin	C
Mr. Lin Enfeng	C
<b>Independent Non-Executive Directors</b>	
Mr. Liu Hongcan	C
Ms. Liu Liping	C
Mr. Dai Xueguang	C

Note:

A: Attending seminars and/or conferences and/or forums and/or briefings

B: Speaking at seminars and/or conferences and/or forums

C: Participating in training provided by law firms, training related to the company's business

D: Reading materials on a wide range of topics, including corporate governance, directors' duties, the Listing Rules and other relevant legislation

## BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, to oversee specific areas of our Company's affairs. All Board Committees shall report their work and recommendations or opinions to the Board of Directors.

All Board Committees of our Company have clear terms of reference setting out their powers and duties. The procedures and arrangements for meetings of the Board Committees are, as far as practicable, consistent with those set out in their terms of reference.

All Board Committees are provided with sufficient resources to perform their duties and may, upon reasonable request and where appropriate, seek independent professional advice at the expense of our Company.

## AUDIT COMMITTEE

Our Company has established an Audit Committee in accordance with Rule 3.21 of the Hong Kong Listing Rules and the Corporate Governance Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Hongcan, Ms. Liu Liping and Mr. Dai Xueguang, with Mr. Liu Hongcan as its chairman. Mr. Liu Hongcan possesses the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

# Corporate Governance Report

The main duties of the Audit Committee are as follows:

- (1) to make recommendations to the Board on the appointment, re-appointment, replacement and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and to deal with any questions of resignation or dismissal of that external auditor;
- (2) to supervise and evaluate the work of the external auditor;
- (3) to review the Company's financial policies, financial controls, internal audit system, risk management and internal control systems, and to propose improvements and recommendations;
- (4) to review the company's financial reports and express opinions thereon;
- (5) to coordinate communication between the management, the internal audit department and relevant departments and the external auditor; and
- (6) other matters authorised by the Company's Board of Directors and other matters involved in relevant laws and regulations.

The terms of reference of the Audit Committee are published on the websites of our Company and the Stock Exchange and are available for inspection by shareholders.

As our Company was listed on March 31, 2026, for the year ended December 31, 2025, no Audit Committee meeting was held.

As our Company was listed on March 31, 2026, for the year ended December 31, 2025, the Audit Committee did not meet with the external auditor without the presence of the executive Directors and management.

## REMUNERATION AND APPRAISAL COMMITTEE

Our Company has established a Remuneration and Appraisal Committee in accordance with Rule 3.25 of the Hong Kong Listing Rules and the Corporate Governance Code. The Remuneration and Appraisal Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Xu Xiaolin, Mr. Liu Hongcan and Ms. Liu Liping, with Mr. Liu Hongcan as its chairman.

The main duties of the Remuneration and Appraisal Committee are as follows:

- (1) to formulate remuneration plans or schemes based on the main responsibilities, scope, importance, time commitment of the positions of Directors and senior management, as well as other necessary factors such as the remuneration levels of comparable positions in the market;
- (2) The remuneration plans or schemes shall mainly include but not be limited to performance evaluation criteria, procedures and main evaluation systems, principal reward and penalty schemes and systems, and shall include non-monetary benefits, pension rights and compensation amounts (including compensation for loss or termination of office or appointment);
- (3) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- (4) to make recommendations to the Board on the remuneration of non-executive Directors;

- (5) to consider the remuneration paid by comparable companies, the time commitment and responsibilities required, and the employment conditions of other positions within the Group;
- (6) to study the performance appraisal standards for Directors and senior management and make recommendations to the Board, and to review the performance of duties by the Company's Directors (non-independent non-executive Directors) and senior management and conduct their annual performance appraisal;
- (7) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms; if inconsistent with contractual terms, the compensation must also be fair and reasonable and not excessive;
- (8) to review and approve compensation arrangements relating to dismissal or removal of a Director for misconduct to ensure that such arrangements are consistent with contractual terms; if inconsistent with contractual terms, the relevant compensation must also be reasonable and appropriate;
- (9) to supervise the implementation of our Company's remuneration rules and to review the relevant remuneration policies on a regular basis;
- (10) to review and/or approve matters relating to share schemes as described in Chapter 17 of the Hong Kong Listing Rules; and
- (11) other matters as authorised by the Board of Directors.

The terms of reference of the Remuneration and Appraisal Committee are published on the websites of our Company and the Stock Exchange and are available for inspection by shareholders.

The Remuneration and Appraisal Committee will hold at least one meeting annually to discuss remuneration-related matters (including the remuneration of Directors and senior management) and to review our Group's remuneration policy. The Remuneration and Appraisal Committee will make recommendations to the Board on the remuneration packages of each executive Director and senior management.

Details of our Company's remuneration policy are set out in the "Report of the Board of Directors" section of this annual report.

As our Company was listed on March 31, 2026, for the year ended December 31, 2025, no meeting of the Remuneration and Appraisal Committee was held.

## REMUNERATION OF SENIOR MANAGEMENT

Pursuant to Code Provision E.1.5 of Part 2 of the Corporate Governance Code, details of the remuneration range of the members of the senior management (other than Directors and the chief executive) for the year ended December 31, 2025 are set out below:

Remuneration bands	Number of individuals
HK\$1,000,001 to HK\$1,500,000	2
HK\$1,500,001 to HK\$2,000,000	1

# Corporate Governance Report

## NOMINATION COMMITTEE

Our Company has established a Nomination Committee in accordance with Rule 3.21 of the Hong Kong Listing Rules and the Corporate Governance Code. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Xu Xiaolin, Mr. Dai Xueguang and Ms. Liu Liping, with Mr. Xu Xiaolin as its chairman.

The main duties of the Nomination Committee are as follows:

- (1) to assess and review at least annually the size and composition of the Board of Directors (including in respect of skills, knowledge and experience) based on the Company's business activities, asset size and shareholding structure, and to make recommendations to the Board of Directors on any proposed changes to the Board of Directors to complement the Company's strategy;
- (2) to formulate our Company's corporate governance policies and practices, check their implementation, and make recommendations to the Board of Directors;
- (3) to study and make recommendations on the selection criteria and procedures for Directors, the general manager and other senior management, and to check and supervise the training and continuous professional development plans for Directors and senior management;
- (4) to select qualified candidates for Directors, the general manager and other senior management;
- (5) to review and make recommendations on candidates for Directors, the general manager and other senior management;
- (6) to review the independence of independent non-executive Directors, to review annually the time commitment required of non-executive Directors (including independent non-executive Directors), and to assess through performance evaluation whether non-executive Directors (including independent non-executive Directors) have devoted sufficient time to discharge their duties;
- (7) to make recommendations to the Board of Directors on the appointment or re-appointment of Directors and on succession planning for Directors (particularly the chairman), the general manager and other senior management;
- (8) to formulate and maintain a policy on board diversity, and to regularly review and disclose the policy or a summary thereof in our Company's annual report;
- (9) to formulate, check and monitor the code of conduct and compliance manual (if any) for employees and Directors;
- (10) to check our Company's compliance with the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules and the information disclosed in the Corporate Governance Report; and
- (11) other requirements for the duties and powers of the Nomination Committee as amended from time to time by the Hong Kong Listing Rules and other powers granted by the Board of Directors.

The terms of reference of the Nomination Committee are published on the websites of our Company and the Stock Exchange and are available for inspection by shareholders.

As our Company was listed on March 31, 2026, for the year ended December 31, 2025, no Nomination Committee meeting was held.

## BOARD PERFORMANCE ASSESSMENT

As the Company was listed on March 31, 2026, no Board performance assessment was conducted during the Reporting Period. The Company currently anticipates the next Board performance assessment to be conducted in 2028.

## BOARD DIVERSITY POLICY

To enhance the effectiveness of the Board of Directors and maintain a high level of corporate governance, our Company has adopted a Board Diversity Policy (the “**Board Diversity Policy**”), effective from Listing. The Board Diversity Policy sets out the criteria in selecting candidates to our Board of Directors, 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 of Directors.

The Nomination Committee is responsible for reviewing the diversity of the Board of Directors. 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.

From the Listing Date and up to the date of this annual report, the Board of Directors consists of seven male members and two female members, and the Nomination Committee and the Board of Directors consider that the composition of the Board of Directors has achieved sufficient diversity (including gender diversity). The Board of Directors’ goal is to at least maintain the current level of female representation, and will continue to explore opportunities to increase the proportion of female members when suitable candidates become available in the future, to help improve gender diversity in line with stakeholder expectations and recommended best practices. Our Company also intends to enhance gender diversity when recruiting mid-to-senior level employees, so as to provide the Board of Directors with a pipeline of female senior management and potential successors. The Directors of our Company have a balance of knowledge and skills, including but not limited to overall business management, financial accounting and law. They have obtained degrees in various disciplines, including physics and electronic information, electronics and information technology, engineering (circuits and systems), electronic engineering, business administration, material forming and control engineering, materials science and engineering, public finance, accounting, economics, and law. In addition, the Board of Directors has a wide age span, ranging from 44 to 61 years old.

The Nomination Committee and the Board of Directors have reviewed the membership, structure and composition of the Board of Directors and are of the view that the structure of the Board of Directors is reasonable, and the experience and skills of the Directors in various aspects and fields enable our Company to maintain a high level of operation.

### Measurable Targets

### Current Status and Future Plans

Board Gender Diversity

Currently, the Board has two female directors, representing approximately 22.2% of the board. The Company will continue to seek qualified female candidates in future director selections and strive to maintain a proportion of female directors that is not less than the current proportion.

Diverse Professional Backgrounds

The Board currently comprises individuals with backgrounds in physics and electronic information, electrical engineering, business administration, materials science and engineering, finance, accounting, economics, and law, enabling them to support the Company’s strategy and business development.

Board Structure and Talent Pool

The Company will continue to focus on diversity in the recruitment and training of middle and senior management and key positions, gradually building a talent pool to support the Board’s succession planning.

# Corporate Governance Report

After considering our Company's current business model and specific needs, as well as the diverse backgrounds, abilities, ages and genders of the Directors, the Directors are of the view that all Directors (including independent non-executive Directors) bring a variety of valuable business experience, knowledge and expertise to the Board of Directors, enabling it to operate effectively, and that the Board Diversity Policy has been effectively implemented.

The Nomination Committee will review the Board Diversity Policy in a timely manner to ensure its effectiveness. If necessary, the Nomination Committee will discuss any relevant amendments and submit them to the Board of Directors for consideration and approval.

For the year ended December 31, 2025, among the 6 senior management of our Company, 2 were female, representing a ratio of approximately 33%. The total number of employees of our Company (including senior management) was 141, of which 79% were male and 21% were female. Considering the nature of the industry, our Company considers the gender ratio of our Group's employees to be normal and believes that our Group's workforce has currently achieved gender diversity among its employees, and therefore has not set any measurable objectives. Our Company has not identified any factors or circumstances that would make it more challenging or less relevant for all employees (including senior management) to achieve gender diversity. By implementing human resources management policies, our Group aims to avoid any form of harassment and discrimination in the workplace relating to age, gender, race, nationality, religion, marital status or disability, and to ensure that all employees are treated equally and fairly. Our Company will also promote gender diversity in the recruitment of middle and senior level staff, so that our Company will have a reserve of female senior management and cultivate potential successors for the Board of Directors.

## **DIRECTOR NOMINATION POLICY**

Our Company has adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the provisions of the Corporate Governance Code and the Listing Rules, and the Nomination Committee, in accordance with its terms of reference, implements the following policy/procedure for the selection of Directors to select and recommend candidates for directorship.

The Director Nomination Policy contains the selection criteria and process for the nomination and appointment of Directors and the factors for consideration in the Board's succession plan, and is designed to ensure that the Board of Directors has a balance of skills, experience and diversity of perspectives that is appropriate to the requirements of our Company's business.

### **Selection Criteria**

The Nomination Committee will evaluate, select and recommend candidates for directorship to the Board of Directors by giving due consideration to the criteria, with due regard to the benefits of board diversity (including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service), whether they have sufficient time to effectively perform their duties, their service in other listed and non-listed companies (which should be limited to a reasonable number), qualifications (including achievements and experience in relevant industries involved in our Company's business), independence, reputation for integrity, potential contribution to the Board of Directors, and commitment to enhancing and maximizing shareholder value.

## Selection Procedures

The Nomination Committee will provide recommendations to the Board of Directors on the appointment of Directors in accordance with the following procedures and processes:

- (a) The Nomination Committee shall, in accordance with the relevant laws, administrative regulations, other normative documents, the Hong Kong Listing Rules and the Articles of Association, and in light of the actual situation of our Company, study the selection criteria, selection procedures and term of office of the Company's Directors and senior management, and submit the resolutions to the Board of Directors for consideration and adoption, and shall comply with and implement them.
- (b) The Nomination Committee shall actively communicate with the relevant departments of our Company to study our Company's needs for Directors and senior management and prepare written materials;
- (c) The Nomination Committee may conduct a broad search for candidates for Directors, the general manager and other senior management within our Company, its holding (or equity-participating) companies, and in the talent market;
- (d) to collect information on the shortlisted candidates' profession, educational background, professional titles, detailed work experience, and all concurrent positions, and prepare written materials;
- (e) The consent of the nominee to the nomination shall be obtained; otherwise, such person cannot be included as a candidate for Director or senior management;
- (f) to convene meetings of the Nomination Committee to conduct qualification reviews of shortlisted candidates in accordance with the eligibility criteria for Directors and senior management;
- (g) to submit recommendations on candidates for Directors and newly appointed senior management, together with relevant materials, to the Board of Directors one to two months prior to the election of new Directors and the appointment of new senior management;
- (h) to carry out other follow-up work in accordance with the decisions and feedback of the Board of Directors. If necessary, the Nomination Committee may engage intermediary institutions to provide professional advice for its decision-making, and the relevant reasonable expenses shall be borne by the Company.

For the re-election of Directors at a shareholders' meeting, the Nomination Committee shall review the retiring Director's overall contribution and service to our Company, including attendance at Board meetings, Board committee meetings and shareholders' meetings (if applicable) and his/her level of participation and performance on the Board. The Nomination Committee shall require the nominee to submit an updated biographical data and a consent to be re-elected as a Director; and shall review and determine whether the retiring Director still meets the selection criteria for Directors. The Nomination Committee will then make recommendations to the Board of Directors on the re-election of Directors.

The Nomination Committee will monitor and review the implementation of the Director Nomination Policy from time to time and will report to the Board of Directors annually to ensure its effectiveness.

As our Company was listed on March 31, 2026, for the year ended December 31, 2025, our Company has not yet reviewed the effectiveness of the Director Nomination Policy. Our Company will conduct a review during the year ending December 31, 2026.

# Corporate Governance Report

## RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management

Our Company understands that risk management is crucial to the success of our Company's business operations. The main operational risks faced by our Group include the Company's ability to respond to technological changes, competition in the relevant industries, the Company's ability to retain and grow the Company's customer base and usage, its ability to enhance or upgrade our existing solutions and introduce new ones, our ability to maintain and expand its sales and distribution network, and its ability to successfully expand to and develop market recognition in various industry sectors. For a discussion of the various operational risks and uncertainties faced by our Group, please refer to the section "Report of The Board of Directors — Principal Risks and Uncertainties" in this annual report.

Our Company is committed to establishing and maintaining risk management and internal control systems appropriate for our Company and constantly strives to improve such systems. The Board of Directors confirms its responsibility for our Group's risk management and internal control systems and reviews their effectiveness annually. The risk management and internal control systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Our Group has implemented policies and procedures for risk management in each aspect of our operations, including administration of daily operations, data security, financial reporting procedures, employee conduct and legal compliance. Risks identified by management will be analyzed based on their likelihood and impact, and will be properly followed up, mitigated and rectified by our Group, and reported to the Directors. The Directors supervise the implementation of the risk management policies.

To monitor the continuous implementation of risk management policies and corporate governance measures after the Listing, our Group has adopted or will continue to adopt, among others, comprehensive risk management measures and infrastructure, which include:

- The Audit Committee oversees and manages the overall risks associated with our Group's business operations.
- The internal control team, under the supervision of the Board of Directors, will be responsible for formulating risk management policies and supervising their implementation regularly, including providing guidance to different operational departments, reviewing performance, conducting annual self-assessments to confirm that each division/department is properly complying with monitoring policies and reporting to the Audit Committee.
- Each key functional department shall strictly follow the relevant policies and measures to carry out daily risk management work, and shall report to our Company's internal control team in a timely manner upon discovery of any material risks.

Our Company is of the view that the Directors and senior management possess the requisite knowledge and experience to provide sound corporate governance oversight in risk management and internal control.

### Internal Control

In addition, the Board of Directors is responsible for formulating the internal control system and reviewing its effectiveness. Our Company's internal control policies set out a framework to continuously identify, assess and monitor key risks related to our Company's strategic objectives. The following is an overview of the internal control policies, measures and procedures that our Company has implemented or plans to implement:

- Our Company has adopted various measures and procedures for various aspects of its business operations. Our Company's professional verification personnel will supervise the implementation of internal control policies, report any deficiencies found to the management and the Audit Committee, and follow up on rectification measures.



# Corporate Governance Report

- The Directors responsible for overseeing our Company's corporate governance, with the assistance of legal advisers, will also regularly review our Company's compliance with all relevant laws and regulations.
- Our Company has established an Audit Committee, which is responsible for (i) making recommendations to the Directors on the appointment and removal of the external auditor; and (ii) reviewing the financial statements and providing advice on financial reporting as well as overseeing our Company's internal control procedures.
- Our Company has appointed Orient Capital (Hong Kong) Limited as its Compliance Adviser to provide advice to the Directors and senior management team on matters relating to the Listing Rules. Upon consultation by our Company, our Company's Compliance Adviser is expected to provide advice and guidance in a timely manner on compliance with applicable laws and the Listing Rules (including various provisions on directors' duties and internal controls).
- Our Company provides various ongoing training to update the Directors, senior management and relevant employees from time to time on the latest laws and regulations, so as to proactively identify any concerns and issues related to any potential non-compliance.
- The agreements entered into with distributors stipulate the anti-bribery and anti-corruption obligations of the distributors. According to these obligations, distributors (i) shall not provide or promise any form of improper benefits, directly or indirectly, to personnel who may influence and make cooperation decisions; and (ii) must comply with and require their employees to comply with applicable anti-bribery laws and regulations. In addition, our Company reserves the right to take action against distributors for non-compliance and to pursue other available legal rights.
- Our Company has established an internal control mechanism to identify connected transactions. In the event that our Company enters into a connected transaction with a controlling shareholder or any of its associates, our Company will comply with the applicable Listing Rules.
- Our Company has established internal policies such as the Intellectual Property Management Procedures and the Trademark Management Procedures as part of our routine practices, with the aim of proactively preventing intellectual property infringement.

Our Group has engaged an independent internal control consultant (the “**internal control consultant**”) to review our Company's risk management (the “**Internal Control Review**”) and perform an initial review, including, among others, financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, cash and treasury management, asset management, R&D, information technology general controls and compliance management. The internal control consultant performed an initial review and made recommendations in May 2025, and our Group has implemented rectification and improvement measures, as the case may be, in response to their findings and recommendations. The internal control consultant performed follow-up procedures on our Group's remedial measures in June 2025 and did not identify any material deficiency in our Company's internal control system.

The risk management and internal control systems are reviewed annually. The management has conducted its annual internal control review and confirmed to the Board of Directors and the Audit Committee the effectiveness of the risk management and internal control systems during the Reporting Period. The Board of Directors, with the support of the Audit Committee, management reports and internal audit results, reviewed our Group's risk management and internal control systems during the Reporting Period. The review covered all material controls, including financial, operational and compliance controls, as well as risk management and internal control functions, and found no material issues or any significant failures. The Board of Directors considers that the risk management and internal control systems were effective and adequate for the Reporting Period, and considers that our Company has adequate resources, staff qualifications and experience, training programs and budget for its accounting, internal audit and financial functions, as well as for its ESG performance and reporting.



# Corporate Governance Report

## ***Whistle-blowing Policy***

Our Group has also established a whistle-blowing system for members of the Board of Directors, management, employees, and third parties representing our Group such as suppliers and business partners, which aims to ensure that our Group and relevant stakeholders will uphold the highest standards of professional conduct. The whistle-blowing system not only further strengthens our Group's internal control environment, but also enables employees and persons having business dealings with our Company to report to the Audit Committee, through this platform in a confidential and anonymous manner, any possible improprieties, fraud or illegal acts in any matter related to our Company.

## ***Anti-corruption Policy***

Our Company has also formulated an anti-corruption policy to eliminate any corruption and bribery within our Company. Our Company has an open internal reporting channel for our Company's employees to report any suspected acts of corruption and bribery. Employees may also make anonymous reports in accordance with the procedures set out in the Whistle-blowing Policy.

For the year ended December 31, 2025, no non-compliance incidents related to bribery or corruption occurred.

## ***Inside Information Disclosure Policy***

Our Company has complied with the Securities and Futures Ordinance and formulated internal policies on handling and disclosing inside information. The internal policy sets out the procedures and internal controls for the timely handling and dissemination of inside information, and provides general guidance to the Directors, senior management and relevant employees on monitoring information disclosure and responding to enquiries. Our Company has implemented control procedures to ensure that unauthorized access to and use of inside information are strictly prohibited.

## **DIRECTORS' FINANCIAL REPORTING RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility to prepare the consolidated financial statements of our Group for the year ended December 31, 2025, so as to give a true and fair view of the affairs of our Company and our Group, and of our Group's results and cash flows. The Directors are also aware of their responsibility to ensure the timely publication of our Group's consolidated financial statements.

The management of our Company has provided the Board of Directors with the necessary explanations and information to enable the Board of Directors to make an informed assessment of our Group's consolidated financial statements submitted to the Board of Directors for approval. Our Company provides all members of the Board of Directors with monthly updates on our Group's performance, position and prospects.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon our Company's ability to continue as a going concern.

The statement by our Company's auditor regarding their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 106 to 110 of this annual report.

## AUDITOR'S REMUNERATION

For the year ended December 31, 2025, the remuneration paid and payable by our Company to our Group's external auditor for audit and non-audit services is set out below:

Type of services	Amount (RMB in thousands)
Audit services	1,800
Non-audit services (internal control service in relation to Main Board listing)	320
<b>Total</b>	<b>2,120</b>

## JOINT COMPANY SECRETARIES

Mr. Gao Wenchao ("**Mr. Gao**"), the director of investment and financing, co-chief financial officer and a joint company secretary of our Company, is responsible for advising the Board of Directors on corporate governance matters and ensuring compliance with the Board's policies and procedures, applicable laws, rules and regulations.

To maintain good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, our Company has also engaged Mr. Chow Shing Lung ("**Mr. Chow**") of Computershare Hong Kong Investor Services Limited, a corporate secretarial service provider, as another joint company secretary of our Company to assist Mr. Gao in fulfilling his duties as a joint company secretary of our Company.

On April 10, 2026, the Company announced the resignation of Mr. Chow as a joint company secretary and the appointment of Mr. Tse Yu Yeung ("**Mr. Tse**") to the position of joint company secretary. Mr. Chow has confirmed that he has no disagreement with the Board of Directors and that there are no matters relating to his resignation that need to be brought to the attention of the Shareholders and the Stock Exchange. The primary contact person for Mr. Tse at our Company is Mr. Gao.

The biographical details of Mr. Gao and Mr. Tse are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

Given that the shares of our Company were listed on the Stock Exchange on March 31, 2026, Mr. Gao received less than 15 hours of relevant professional training in 2025 and will comply with the requirements of Rule 3.29 of the Listing Rules in the coming year. Mr. Chow and Mr. Tse have complied with Rule 3.29 of the Listing Rules by receiving no less than 15 hours of relevant professional training in 2025.

All Directors have access to the advice and services of the company secretaries on matters relating to corporate governance and Board practices.

## DIVIDEND POLICY

In accordance with the requirements of Code Provision F.1.1 of the Corporate Governance Code, our Company is required to disclose the principles and guidelines it intends to adopt for the declaration and payment of dividends.



# Corporate Governance Report

Our Company has not adopted any dividend policy and does not have a predetermined dividend payout ratio. During the Track Record Period, our Company did not declare or pay any dividends. Whether to pay dividends and the amount thereof are determined based on factors that the Board of Directors may deem relevant. Any dividends paid by our Company will be at the discretion of our Company's Directors and will depend on our Company's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Company's Directors consider relevant. The Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Company's Board of Directors. As advised by our Company's PRC legal advisers, no dividend shall be declared or payable except out of our Company's profits and reserves lawfully available for distribution. Any future net profit that our Company makes will have to be first applied to make up for our Company's historically accumulated losses, after which our Company will be obliged to allocate 10% of our net profit to our Company's statutory common reserve fund until such fund has reached more than 50% of our Company's registered capital. The Company is currently in its development stage and is operating at a loss. Operating income is primarily used for reinvestment and business expansion to maintain financial flexibility and support long-term growth. The Board will decide on whether to pay dividends on a case-by-case basis, based on actual profitability, cash flow needs, and overall strategic objectives, and will formulate a dividend policy as appropriate.

## **SHAREHOLDERS' RIGHTS**

To protect the interests and rights of shareholders, our Company will propose separate resolutions for each matter (including the election of individual Directors) at shareholders' meetings. In accordance with the Listing Rules, all resolutions proposed at shareholders' meetings will be put to a vote by poll, and the poll results will be published on the websites of our Company and the Stock Exchange after the conclusion of each shareholders' meeting.

All resolutions proposed at shareholders' meetings will be put to a vote by poll in accordance with the Listing Rules, and the poll results will be published on the websites of our Company and the Stock Exchange in a timely manner after each shareholders' meeting.

## **RIGHT TO CONVENE AN EXTRAORDINARY SHAREHOLDERS' MEETING**

According to the Articles of Association of our Company, shareholders who individually or collectively hold more than 10% of our Company's shares have the right to request the Board of Directors to convene an extraordinary shareholders' meeting and shall make a request in writing to the Board of Directors.

The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association of our Company, provide a written response indicating whether it agrees or disagrees to convene the extraordinary shareholders' meeting within ten days upon receipt of the request.

Where the Board of Directors agrees to convene the extraordinary shareholders' meeting, a notice of convening the shareholders' meeting shall be issued within five days after the resolution of the Board of Directors is made, and any changes to the original request in the notice shall be subject to the consent of the proposing shareholders.

Where the Board of Directors does not agree to convene the extraordinary shareholders' meeting, or fails to give feedback within ten days after receiving the request, shareholders individually or collectively holding 10% or more of our Company's shares have the right to propose to the Audit Committee to convene an extraordinary shareholders' meeting and shall make a request in writing to the Audit Committee. Where the Audit Committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice to convene the shareholders' meeting within five days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Audit Committee fails to issue a notice of the shareholders' meeting within the prescribed period, the Audit Committee shall be deemed to not convene or preside over the shareholders' meeting, and the shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting on their own.

Where shareholders convene a shareholders' meeting on their own, they must notify the Board of Directors in writing, and before the announcement of the resolution of the shareholders' meeting, the shareholding ratio of the convening shareholders shall not be less than 10%.

## **RIGHT TO PROPOSE AT A SHAREHOLDERS' MEETING**

According to Article LV of the Articles of Association of our Company, when the Company convenes a shareholders' meeting, shareholders individually or collectively holding 1% or more of the Company's shares have the right to make proposals to the Company.

Shareholders who individually or collectively hold 1% or more of the Company's shares may make a provisional proposal and submit it in writing to the convener ten days before the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within two days of receipt of the proposal, announcing the content of the provisional proposal, and submit the provisional proposal to the shareholders' meeting for deliberation.

For matters relating to the nomination of candidates for election as Directors of our Company, please visit our Company's website at ([www.foursemi.com](http://www.foursemi.com)).

## **ENQUIRIES TO THE BOARD**

Shareholders and other investors who wish to make enquiries to the Board of Directors about our Company may contact our Company through the following channels.

### **Contact Details**

Shareholders may submit their enquiries or requests in the following ways:

Address: 9th floor, Building 1, 2007 Hongmei Road, Xuhui District, Shanghai, PRC

Tel: +86-21-60270725

Email: [ir@foursemi.com](mailto:ir@foursemi.com)

For the avoidance of doubt, if shareholders make enquiries in writing, they must deposit or send the original of their duly signed written request, notice or statement, as the case may be, to the address above, and provide their full names, contact details and identity proof in order to enable our Company to reply. Shareholders' information may be disclosed as required by law.

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS**

Our Company believes that effective communication with shareholders is crucial for fostering investor relations and enhancing the understanding of our Group's business, performance and strategies. Our Company also understands the importance of timely and non-selective disclosure of our Company's information, which helps shareholders and investors make informed investment decisions.

The annual shareholders' meeting provides an opportunity for shareholders to communicate directly with the Directors. The Chairman and the chairmen of each Board committee will attend the annual shareholders' meeting to answer questions from shareholders. Our Company's auditor will also attend the annual shareholders' meeting to answer questions regarding the audit work, the preparation and content of the auditor's report, accounting policies and the auditor's independence.

Since our Company was listed on March 31, 2026, no annual shareholders' meeting was held during the Reporting Period.

To promote effective communication, our Company has adopted a Shareholders Communication Policy, which aims to establish a two-way relationship and communication between our Company and its shareholders, and maintains a website ([www.foursemi.com](http://www.foursemi.com)) to publish the latest information on our Company's business operations and development, financial information, corporate governance practices and other information for public access.



# Corporate Governance Report

Our Company is committed to disclosing relevant and consistent information to investors to ensure that they can understand the latest information on our Group's business development, operational strategies and industry on a regular or ad-hoc basis; At the same time, our Company actively develops investor relations through various channels and methods to ensure effective two-way communication and close contact with investors.

Our Company has established the following channels to maintain communication with shareholders:

- (i) Corporate Communications (as defined under the Listing Rules) are provided to shareholders in plain Chinese and English versions for their easy understanding. Shareholders have the right to choose the language or means of receipt (in printed or electronic form) of Corporate Communications;
- (ii) Annual shareholders' meetings and extraordinary shareholders' meetings provide a platform for shareholders to express their opinions and exchange views with the Directors and senior management; The Board of Directors welcomes opinions from shareholders and encourages them to attend annual shareholders' meetings to raise any concerns they may have directly to the Board;
- (iii) Disclosures made by our Company in accordance with the Listing Rules are available on the Stock Exchange's website;
- (iv) Information uploaded by our Company to the Stock Exchange's website will also be promptly published on our Company's website (including but not limited to documents such as announcements, annual reports, interim reports, circulars and notices of shareholders' meetings);
- (v) Other corporate information regarding our Company's business development, objectives and strategies, corporate governance and risk management will also be available on our Company's website; and
- (vi) Our Company's H Share Registrar provides services to shareholders in respect of share transfers, dividend distribution and related matters.

Our Company reviews the implementation and effectiveness of the above-mentioned Shareholders Communication Policy (including communication channels) annually.

Our Company has reviewed the implementation and effectiveness of the Shareholders Communication Policy and confirms that our Company has disclosed all necessary information to shareholders in compliance with the Listing Rules, has incorporated communication channels for shareholders to express their views on various matters affecting our Company, and that our Company has taken appropriate and sufficient measures to solicit and understand the views of shareholders and stakeholders. Our Company believes that the Shareholders Communication Policy has been effectively implemented through the above channels and methods, as it provides ample opportunities and channels for ongoing communication between our Company (including the Board of Directors and management) and shareholders.

## **CHANGES IN CONSTITUTIONAL DOCUMENTS**

The Articles of Association were adopted on June 17, 2025 and became effective from the Listing Date, and are available for inspection on the websites of the Stock Exchange and our Company. From the Listing Date and up to the date of this annual report, our Company has not made any amendments to its Articles of Association.

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

This report is the first environmental, social and governance (“ESG”) report issued by Shanghai FourSemi Semiconductor Co., Ltd. (hereinafter referred to as “FourSemi”, “the Company” or “We”), aiming to disclose to stakeholders the Company’s management measures, key practices and performance in environmental, social and governance aspects in 2025.

### Basis of Preparation

This report is prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Code (hereinafter referred to as “the Code”) of the Listing Rules issued by the Hong Kong Exchanges and Clearing Limited (hereinafter referred to as “the Stock Exchange”) which came into effect on January 1, 2025, and strictly complies with the mandatory disclosure requirements, the “comply or explain” provisions and the four reporting principles set out in the Code (see below). In the course of preparation, this report has also made appropriate reference to the GRI Sustainability Reporting Standards” (GRI Standards) of the Global Reporting Initiative.

### Reporting Scope

- **Organizational scope:** Unless otherwise specified, the content of this report covers Shanghai FourSemi Semiconductor Co., Ltd. and its subsidiaries (collectively referred to in the main text as “FourSemi”, “the Company” or “We”).
- **Time scope:** This report covers the period from January 1, 2025 to December 31, 2025 (hereinafter referred to in the main text as “the Reporting Period”).

### Reporting Principles

In the preparation of this report, the Company has followed the four reporting principles of materiality, quantification, balance and consistency as required by the Code:

- **Materiality:** The Company has conducted a materiality assessment through stakeholder engagement activities to identify and prioritize ESG issues that have significant impacts on both the Company and its stakeholders. Upon review and confirmation by the Board of Directors, this report focuses on the disclosure of material issues.
- **Quantification:** This report discloses key performance indicators in environmental and social aspects, and explains, where appropriate, the methods and conversion factors used for reporting emissions and other relevant data.
- **Balance:** This report objectively presents the Company’s ESG performance during the reporting period, disclosing relevant data and current conditions in an unbiased manner to ensure transparency and reliability of information.
- **Consistency:** This report is the Company’s first ESG report. We will adopt consistent statistical methods in future years to ensure meaningful comparability of data over the years.

### Data Sources and Reliability Assurance

All data and disclosed information presented in this report are originated from the Company’s official documents and reports, and they have been confirmed through internal review procedures. This report has been reviewed and approved by the Board of Directors of the Company on April 22, 2026. The Board of Directors assumes full responsibility for the contents of this report.

### Report Format and Access

This report is available in both Chinese and English versions. In case of any discrepancies, the Chinese version shall prevail. To support environmental protection, this report is published in electronic form only. You may access or download the electronic version via the HKEXnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) or the Company’s official website (<https://www.foursemi.com/>).

### Feedback Mechanism

We highly value your opinions and suggestions on this report, and welcome you to contact us via our website (<https://www.foursemi.com/investor-contact.html?id=84>) or by email ([IR@foursemi.com](mailto:IR@foursemi.com)).

# Environmental, Social and Governance Report

## BOARD STATEMENT

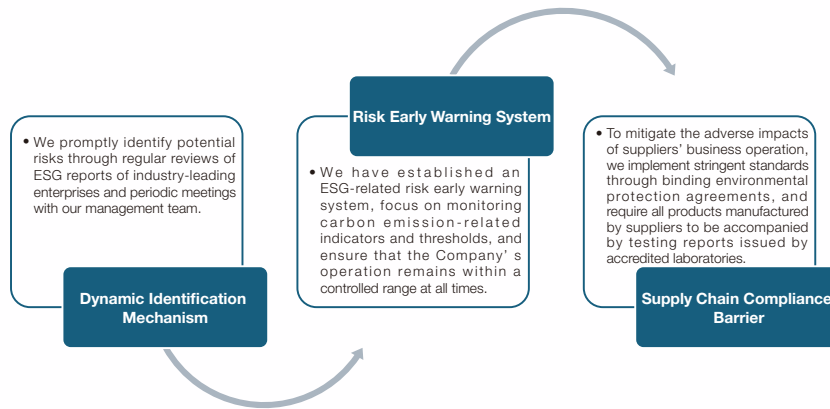
The Board of Directors of the Company hereby declares that the contents of our first environmental, social and governance (ESG) report are true and accurate, and strictly comply with the disclosure requirements of the Environmental, Social and Governance Reporting Guide issued by Hong Kong Exchanges and Clearing Limited. The Board confirms that it assumes ultimate responsibility for the Company’s ESG matters, and provides the following specific statements:

### The Board’s Supervision Role

As the leading and decision-making body for ESG work, the Board of Directors is responsible for reviewing and approving the Company’s ESG management systems, approving key objectives and finalizing the ESG report. We are committed to establishing and continuously improving a robust ESG governance system to ensure that our sustainability strategy is closely aligned with the Company’s long-term vision. By incorporating material ESG matters into the Board’s core agenda, we ensure that the decision-making level can effectively oversee and lead the Company in addressing evolving environmental and social challenges.

### ESG Management Policy and Strategy

Under the guidance of the Board, a full-process risk management framework covering “identification, assessment, management and mitigation” has been established. We adopt diversified strategies to address environmental, social and climate-related risks:



### Target Review and Business Integration

The Board firmly believes that a responsible operation model is the cornerstone of long-term value creation. We are committed to closely integrating ESG practices with business operation, steadily advancing ESG work with a transparent and pragmatic approach, and creating sustainable and shared long-term value for shareholders, customers, employees and society.



# Environmental, Social and Governance Report

## MESSAGE FROM THE CHAIRMAN

Dear Stakeholders:

On behalf of the Board of Directors of the Company, I am pleased to present our first environmental, social and governance (“ESG”) report. As a Hong Kong-listed technology enterprise focusing on the research, development and manufacturing of audio amplifier chips and haptic feedback chips, we firmly believe that robust ESG governance is the core driving force for sustainable innovation in semiconductor enterprises. This report aims to articulate the Company’s commitment to integrating ESG principles into the core of its strategy, current management practices and future roadmap in sincere response to stakeholders’ expectations.

The Company has been always upholding its positioning of “providing chip-level solutions for connecting the digital world and the physical world”, and it is committed to enhancing human-machine interaction through innovative technologies. We deeply integrate the concept of sustainable development into the full product lifecycle: Through architectural optimization and low-power design, audio amplifier chips significantly reduce energy consumption, improve acoustic quality, and help terminal devices extend battery life; haptic feedback chips empower perception interaction through precise vibration control technologies, and enhance user operation efficiency. These technologies are inherently aligned with sustainable development: At the environmental level, energy efficiency-oriented chip design directly responds to resource conservation objectives; at the social level, precise interaction narrows the gap between humans and machines, reflecting the intrinsic value of “technology for humanity”.

The value of technology lies not only in commercial achievements but also in its positive contributions to the environment and society. In terms of environmental responsibility, the Company strictly complies with international environmental regulations such as RoHS and REACH, and it has established a full-process hazardous substances control system, including the signing of environmental protection agreements across the supply chain, declarations of compliance with per-and polyfluoroalkyl substances (PFAS), and zero-use commitment for conflict minerals, ensuring the green safety of products throughout their lifecycle. We continue to deepen green design by strengthening low-power architectures at the R&D stage, taking concrete actions to respond to the global low-carbon transition trend.

In terms of social responsibility, we have adhered to a “people-oriented” approach, established a systematic employee development framework, and stimulated talent potential through professional training and diverse and inclusive cultures. Meanwhile, the Company actively promotes the deep integration of industry, academia and research, and carries out strategic university-enterprise collaborations. Through joint R&D and the establishment of practical training bases, we are committed to cultivating semiconductor talents in the future, driving innovation through talents, and supporting the long-term development of the intelligent chip sector. In supply chain management, we implement responsible procurement principles, requiring partners to adhere to standards in environmental protection, business ethics and labor and human rights, jointly building an honest and sustainable industrial ecosystem.

At the governance level, the Board has incorporated ESG issues into the strategic decision-making framework, and established dedicated supervision mechanisms to ensure systematic identification of ESG risks. As our first report, this document marks a new starting point in our sustainable development. We are committed to advancing our initiatives in a pragmatic and transparent manner, continuously improving our governance system, and strengthening dialogues with stakeholders.

Long as the journey is, we will reach our destination if we stay the course. On behalf of the Board, I would like to express my sincere gratitude to all employees, customers, suppliers and all sectors of society for their trust and support. We look forward to working together with you to build a green, inclusive and sustainable future through the power of technology.

**Shanghai FourSemi Semiconductor Co., Ltd.**

**Xu Xiaolin**, *Chairman of the Board, Executive Director and President*

# Environmental, Social and Governance Report

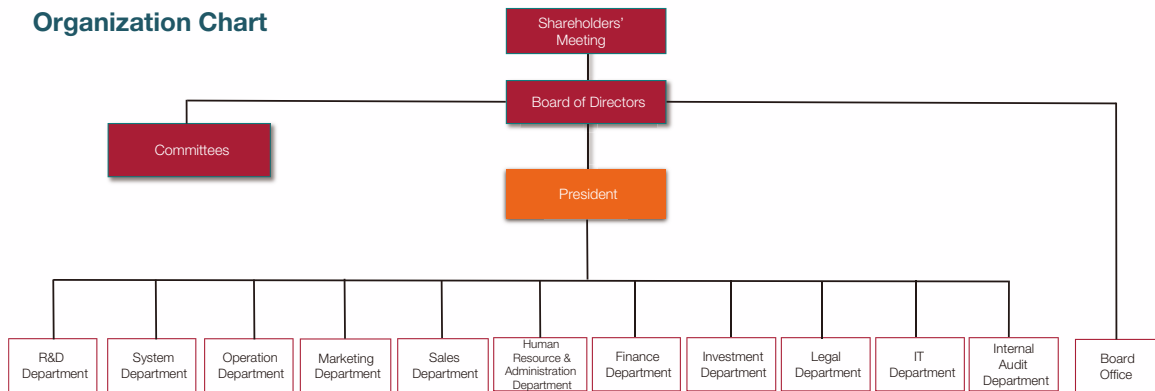
## ABOUT FOURSEMI

Shanghai FourSemi Semiconductor Co., Ltd. (“**FourSemi**”, “**the Company**” or “**We**”) was founded in 2016. Its core team members have, on average, more than 20 years of experience in leading international semiconductor companies, with extensive expertise in the design of mixed signal chips with complex structures. The Company is a leading domestic provider of perception intelligence chips, focusing on driving innovation in intelligent audio and haptic feedback. Its product portfolio covers low power audio chips, mid/high power audio chips, haptic feedback chips and power management chips, with multiple performance indicators leading competing products of first-tier domestic and international manufacturers. These products are widely applied in automotive electronics, TV audio systems, smartphones, tablets, portable computers and smart speakers.

FourSemi integrates digital circuits, simulation circuits and intelligent audio algorithms, launching ASIC DSP intelligent audio chips, mid/high power intelligent audio chips and AEC-Q100 certified automotive-grade intelligent audio chips in 2017, 2021 and 2023, respectively, and achieving a domestic breakthrough in this field. It has been recognized by the Ministry of Industry and Information Technology as one of the fifth batch of specialized and innovative “little giant” enterprises, and the Shanghai Municipal Commission of Economy and Informatization as a specialized and innovative enterprise. It has also been awarded “the Innovation and Entrepreneurship Award of Pudong New Area in 2022”.

FourSemi’s products have gained recognition from leading domestic and international brand customers. Leveraging its well-established supply chain system and long-term investment and accumulation in audio technologies, FourSemi is breaking through the signal chain and expanding perception intelligence chips into deeper and broader applications.

## Organization Chart



# Environmental, Social and Governance Report

## Highlights and Honors

National Specialized and Innovative “Little Giant” Enterprise by the Ministry of Industry and Information Technology of the People’s Republic of China



Specialized and Innovative Enterprise by the Shanghai Municipal Commission of Economy and Informatization



“Annual Automotive-Grade Chip Technology Breakthrough Award”  
by China Semiconductor Investment Alliance and Aijiwei



# Environmental, Social and Governance Report

## Corporate Culture

### Positioning

To provide chip-level solutions for connecting the digital world and the physical world.

### Mission

Drive development through innovation, connect the world through technologies

### Value

Proactiveness, accountability, full commitment, teamwork, continuous learning

## 1. GOVERNANCE: BUILDING A STRONG CHIP FOUNDATION WITH ROBUST GOVERNANCE AND COMPLIANCE

### 1.1 ESG Governance

The Company firmly believes that outstanding environmental, social and governance (ESG) performance is the cornerstone for achieving long-term value and sustainable development. We have formulated the ESG Management Policy, integrating ESG principles deeply into our corporate development strategy and business decision-making, and establishing a top-down governance structure with clearly defined roles and responsibilities. By strengthening the Board's central leadership role and establishing a regular stakeholder communication mechanism, we strive to pursue business success, actively respond to environmental and social expectations, and create lasting value for stakeholders.

#### 1.1.1 ESG Governance Structure

The Company has established a comprehensive and formal ESG governance framework, aiming to ensure systematic supervision, strategic alignment and effective operation execution through a structured governance system. We have deeply embedded ESG responsibilities into our business management and decision-making system, building an integrated management structure that is led by the Board, coordinated by the ESG Sustainability Management Group, and participated in by various functional departments and subsidiaries.

As the leadership and decision-making body for ESG matters, the Board is responsible for reviewing and approving the Company's ESG management policies and finalizing the ESG report. Directors are authorized to provide guidance and recommendations in the performance of ESG responsibilities. The Board and the management incorporate social impact assessments into the framework for major investment decisions.

The ESG Sustainability Management Group serves as the daily working and coordination body for ESG matters, and it is responsible for understanding stakeholders' requirements, opinions and suggestions, coordinating internal and external ESG-related work, studying material issues, and guiding the daily implementation of ESG works and the preparation of ESG reports.

All functional departments and subsidiaries serve as the execution units for ESG work, assuming primary responsibilities within their respective scopes. They are responsible for implementing ESG tasks in accordance with the Company's overall plan and regularly reporting execution progress.

# Environmental, Social and Governance Report

## 1.1.2 Stakeholder Communication

In-depth communication with stakeholders is a core source for optimizing our decision-making and identifying material issues. We recognize that the Company's sustainable development path is closely linked to the interests and expectations of all stakeholders. To this end, we have established a multi-channel and systematic communication mechanism to proactively listen to the voices of investors, customers, employees and suppliers. By collecting and analyzing stakeholders' feedback, we are able to more accurately grasp market trends and social demands, and translate them into important drivers for the continuous improvement of ESG management.

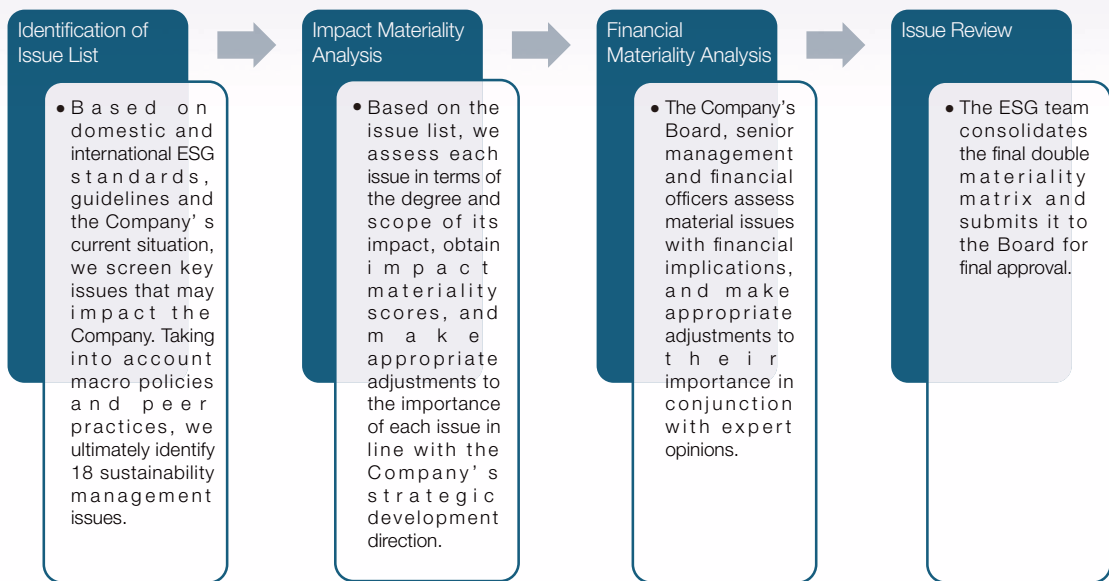
Stakeholders	Key Issues	Communication Channels
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>Operation Performance</li> <li>Market Value Management</li> <li>Business Strategy</li> <li>Core Competition Advantages</li> </ul>	<ul style="list-style-type: none"> <li>Email for Investors</li> <li>Annual Reports, Financial Statements and Announcements</li> <li>Shareholders' Meetings</li> <li>Company Website</li> <li>Roadshows and Reverse Roadshows</li> <li>Investor and Broker Survey</li> </ul>
<b>Government and Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>Compliant Operation</li> <li>Tax Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Policy Briefings</li> <li>Seminars</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee Benefits and Compensation</li> <li>Employee Career Development</li> <li>Employee Training and Education</li> <li>Employee Physical and Mental Health</li> <li>Talent Retention</li> </ul>	<ul style="list-style-type: none"> <li>Internal Meetings</li> <li>HR Email</li> <li>Company-wide Email Announcements</li> <li>Intranet Site</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer Service and Satisfaction</li> <li>Innovation Management</li> <li>Industry Competitive Advantages</li> <li>Product Quality Control</li> <li>Confidential Information Protection</li> <li>Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Communication Meetings</li> <li>Other Daily Customer Communications</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Business Ethics</li> <li>Sustainability Management</li> <li>Timely Payment</li> </ul>	<ul style="list-style-type: none"> <li>Business Communication and Cooperation</li> <li>Assessment and Evaluation</li> <li>On-site Audit</li> </ul>
<b>Community and the Public</b>	<ul style="list-style-type: none"> <li>Community Participation</li> <li>Environmental Protection</li> </ul>	<ul style="list-style-type: none"> <li>Press Release</li> <li>Social Media</li> </ul>

# Environmental, Social and Governance Report

## 1.1.3 Double Materiality Assessment

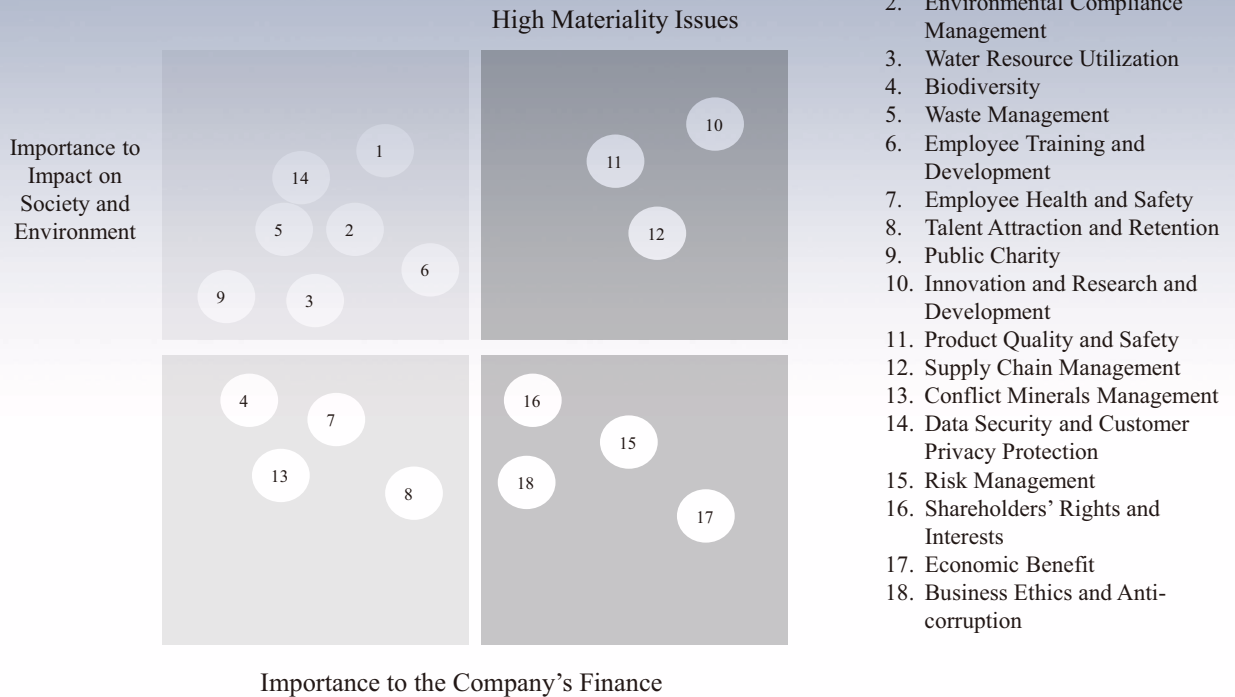
We regard double materiality analysis as the cornerstone of our sustainability governance, aiming to systematically define key ESG issues from two dimensions: impact materiality (the impact of business activities on the environment and society) and financial materiality (the impact of environmental and social issues on the Company's financial performance). By deeply integrating stakeholder feedback and taking into account industry trends in semiconductor design, domestic and international laws and regulations, peer benchmarking analysis and the Company's long-term development strategy, we have scientifically prioritized various issues. This ensures that our sustainability practices can accurately respond to market expectations and enhance the Company's long-term resilience in addressing climate change and social transformation.

### Double Materiality Issue Identification and Assessment Process



# Environmental, Social and Governance Report

## Matrix for Materiality Issues in 2025



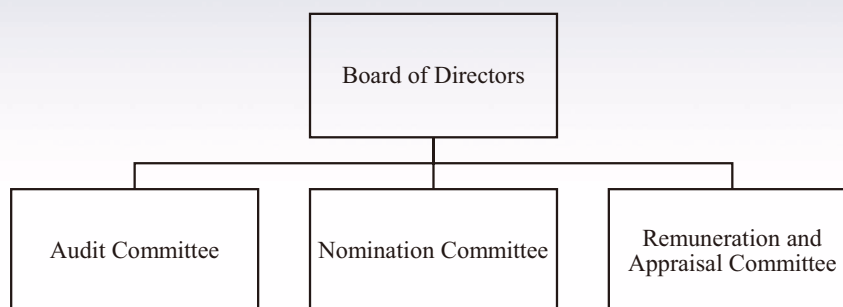
## 1.2 Board Development

The Company is committed to building an efficient, professional and transparent board system, regarding excellence in corporate governance as the core safeguard for shareholders' interests and the driver of long-term value creation. We place great emphasis on the performance quality of directors by ensuring that directors can devote sufficient time and effort to the company affairs through a well-established training mechanism and adequate resource allocation. Leveraging deep expertise in semiconductor industry management, financial auditing and legal compliance, the Board provides scientific and prudent decision-making support for the Company's strategic planning and global expansion. We strictly adhere to a three-year term system and re-election mechanism to ensure that the Board maintains both vitality and sound governance standards. During the Reporting Period, a total of four Board meetings were convened.

# Environmental, Social and Governance Report

## 1.2.1 Board Governance Structure

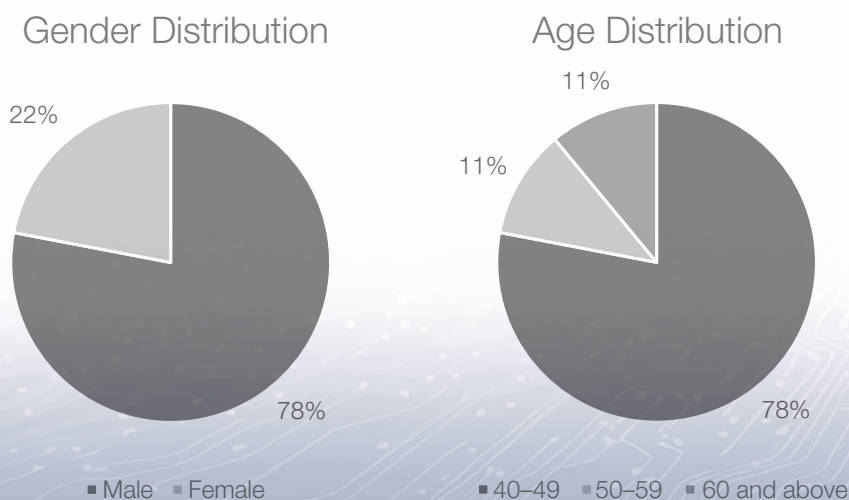
The Company has established a clearly defined and well-regulated board governance structure. Through the establishment of specialized committees, we achieve in-depth supervision and precise guidance over key governance areas. The Board has established an Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee. Each committee independently performs its functions within clearly defined terms of reference, assisting the Board in handling complex decision-making matters. As of the end of the Reporting Period, the Board comprised 9 directors, including 4 executive directors, 2 non-executive directors and 3 independent non-executive directors.



## 1.2.2 Board Diversity

We regard board diversity as a strategic measure to enhance collective wisdom and deal with complex market conditions. We have formally adopted a Board Diversity Policy, under which a range of factors including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service are incorporated into the standards for selecting candidates.

The Nomination Committee is responsible for regularly reviewing the effectiveness of the implementation of the diversity policy to ensure that the Board possesses cross-disciplinary and cross-sectoral expertise. As of the end of the Reporting Period, female directors accounted for 22% of the Board, and members of each specialized committee included directors of different genders in compliance with the diversity requirements under the Hong Kong Listing Rules. By integrating professional perspectives from diverse backgrounds, we have not only enhanced governance transparency but also significantly strengthened the Company's decision-making resilience in technological innovation and global supply chain management.



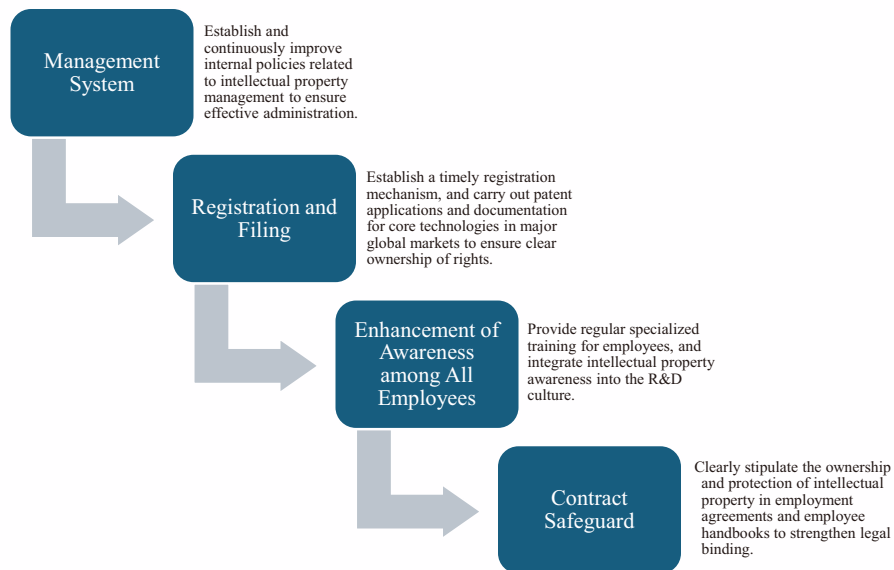
# Environmental, Social and Governance Report

## 1.3 Intellectual Property Management

The Company recognizes that intellectual property is the cornerstone of driving semiconductor technological innovation and maintaining market competitiveness. We strictly comply with intellectual property laws and regulations in the jurisdictions where we operate, incorporating intellectual property protection into our corporate governance and compliance system. We are committed to building a comprehensive technological protection framework to lay a solid foundation for our sustained success and technological leadership.

### 1.3.1 Intellectual Property Protection

The Company regards intellectual property as the core engine and core competitiveness of technological innovation. We have established a full lifecycle management system covering R&D proposals, registration and filing, and daily maintenance. Through the integration of internal policies and regular training, we systematically transform intellectual achievements into legally protected strategic assets, ensuring the long-term effectiveness of protection measures in operation.



### 1.3.2 R&D Achievements and Patent Portfolio

We persist in a path of independent innovation, achieving full autonomy and control over core technologies through strong technical capabilities. All patents held by the Company are proprietary without third-party licensing, fully demonstrating its strong original innovation capabilities. We actively pursue a global patent portfolio strategy, carrying out forward-looking applications and protection for core technologies in major markets. As of the end of the Reporting Period, our global patent portfolio is as follows:

Country/Region	Number of Registered Patents	Number of Patent Applications to Be Approved
China	32	19
USA	2	1
Europe	1	—

# Environmental, Social and Governance Report

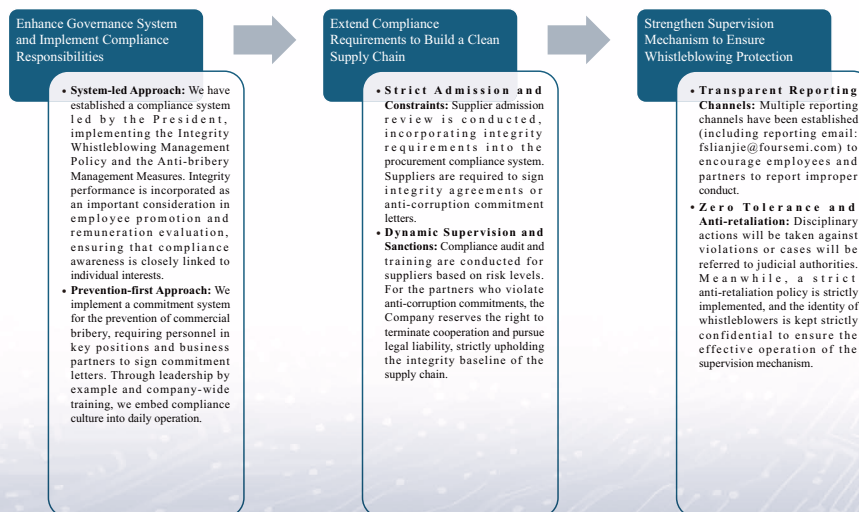
## 1.3.3 Intellectual Property Compliance and Risk Monitoring

While safeguarding its own rights, the Company fully respects and strictly protects the intellectual property rights of others. We have established the Intellectual Property Management Procedures and the Trademark Management Procedures”, and formed a proactive internal control system that deeply embeds risk identification into the entire R&D and operation processes. Through rigorous front-end technical screening, professional novelty searches and compliance reviews in the recruitment of key personnel, we strive to eliminate potential infringement risks and legal exposures at the source.

Front-end R&D Screening	Compliance Review for Talent Recruitment	Institutionalized Preventive Measures	Controlled Trademark Process
<p>Thorough technical screening is conducted at the product approval stage. We ensure the uniqueness and compliance of technical paths through comprehensive analysis and detailed searches of competing technologies in the market.</p>	<p>Independent background investigation is conducted for key R&amp;D positions to confirm that new employees are not subject to any obligation of prohibition on business competition, thereby avoiding potential labor and intellectual property disputes at the source.</p>	<p>In accordance with the Intellectual Property Management Procedures, prior to major technological innovations, the Legal Department collaborates with business units to conduct novelty searches and intellectual property screening. All technical solutions are subject to internal review by the Company’s Technical Committee.</p>	<p>In accordance with the Trademark Management Procedures, Marketing Department, Legal Department and Human Resources and Administration Department collaborate across functions to strictly control the design, use and application processes of trademarks, preventing unauthorized or out-of-scope usage.</p>

## 1.4 Business Ethics

The Company upholds the principle of integrity in operation and is committed to conducting business in a transparent, fair and professional manner. We strictly comply with the Criminal Law of the People’s Republic of China, the Anti-Unfair Competition Law of the People’s Republic of China and other applicable laws and regulations in the jurisdictions where we operate, and resolutely prohibit any form of corruption, bribery or improper business conduct. During the Reporting Period, neither the Company nor its employees were involved in any concluded corruption litigation cases, and the number of reported anti-corruption incidents was zero.

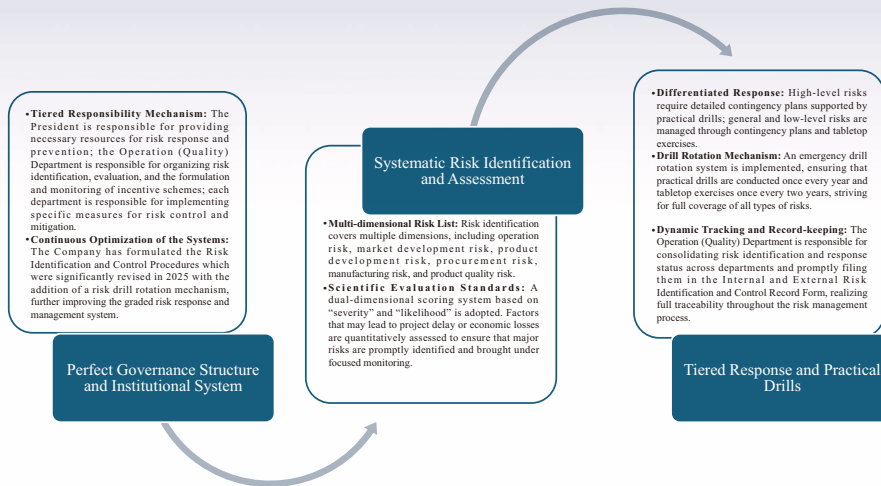


# Environmental, Social and Governance Report

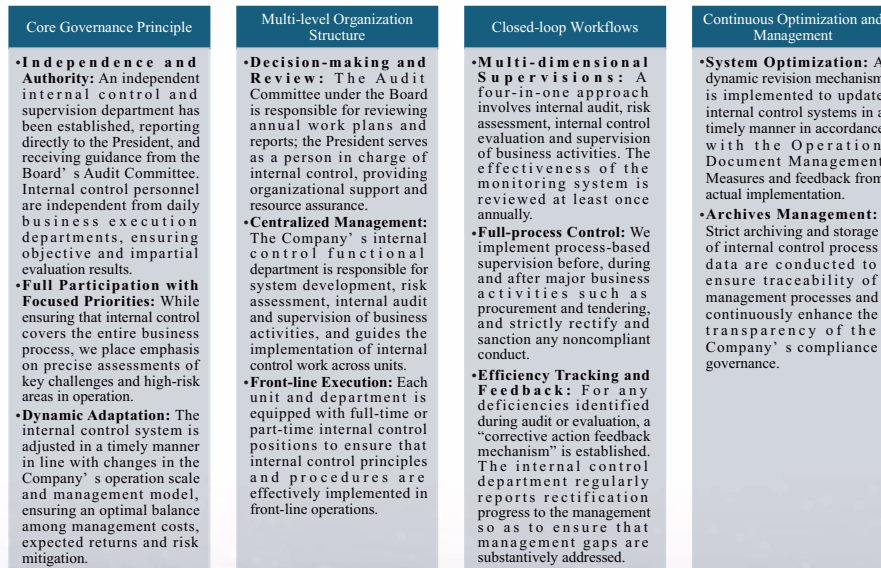
## 1.5 Internal Control of Risks

The Company regards effective internal control as a safeguard for stable and sustainable development. Drawing on international best practices, we have established an internal control and risk management framework covering all employees, processes and business activities, ensuring that the Company achieves operation excellence on the premise of being legal and compliant.

### Risk Management System



### Internal Control System



# Environmental, Social and Governance Report

## 2. CUSTOMERS: LISTENING TO NEEDS, DELIVERING EXCELLENT QUALITY

### 2.1 Excellent Research and Development

The Company firmly believes that strong R&D capabilities are the core engine for maintaining market competitiveness. We make substantial investments in research and development to sustain our competitive advantage. Our continuous focus on technological breakthroughs and product innovation enables us to effectively address complex technical challenges and provide practical solutions to our customers, thereby further strengthening our market position. Through years of dedicated R&D efforts, we have built deep expertise in the fields of audio amplifier chips and haptic feedback chips. We continuously expand our product portfolios, upgrade existing products, and launch cost-effective new solutions to enhance competitiveness.

#### *R&D Investment*

Year	Expense (RMB)
2023	59.3 million
2024	68.1 million
2025	69.0 million

#### **2.1.1 Talent Support**

We have established a stable and highly qualified R&D team, which serves as the foundation for our sustainable growth. We offer competitive remuneration packages to our employees, which are generally determined based on their qualifications, industry experience, positions and performances. We conduct regular performance evaluations and provide bonuses and promotion opportunities to high-performing employees.

During the Reporting Period, our R&D team accounted for 62% of our total employees, and possesses solid expertise in chip design, chip verification and terminal product development. This structure ensures the effectiveness and efficiency of our innovation pipeline and R&D activities. Our team comprises talents from diverse academic and professional backgrounds including engineering, computer science, materials science and applied physics, possessing experience from leading technology companies and research institutions. This diversity fosters a dynamic environment where interdisciplinary thinking and the integration of different perspectives drive breakthrough innovations.

We have implemented a systematic talent management framework for our R&D team to retain and expand our talent pool. Through competitive compensation, benefits and equity incentives, we strive to retain key management and technical personnel. We require all key personnel to provide at least 30 days' prior written notice of resignation, including the reasons for resignation. Upon receipt of such notice, we proactively engage in sincere discussions to address the concerns of resignation employees, which may include competitive retention arrangements such as compensation adjustments, position changes or other feasible measures.

## 2.1.2 Incentive System

Through the formulation of documents such as the Administrative Measures for Technological Innovation Assessment and Incentives and the Implementation Rules for Performance Assessment of the R&D Department, we have established a systematic management and incentive system for technological innovation. We have introduced multi-dimensional incentive packages for core personnel responsible for new product directions, comprehensively covering “short-term performances, medium-term contributions and long-term value alignment”, and providing competitive overall returns and development opportunities for key positions. During the Reporting Period, we formulated the Compensation and Incentive Policy, linking individual and corporate development through dimensions such as “innovation driving”, “value orientation”, “co-growth”, and “market responsiveness”. We have also introduced a “probation period for promotion assessment” as a dedicated evaluation mechanism, assessing competency through periodic target evaluations, clarifying salary grades, and effectively motivating employee growth and development.

### Establishment of a Dedicated Technology Reward Fund

To incentivize teams and individuals who have made significant contributions to technological innovation, we have established a technology reward fund. The fund is allocated annually from the total payroll by the General Management Department, accumulates year by year based on the Company’s annual revenue and profit, and ensures the stability of incentive resources.

### Rigorous Performance Evaluation System

The R&D Department, as the centralized management unit for technology assessment and incentives, is responsible for formulating scientific evaluation indicators. These are incorporated into the monthly or annual performance scorecards of each department by the General Management Department. The evaluation approach adheres to a combination of “quantitative and qualitative assessments”. For innovation outputs that are difficult to be quantified, a 360-degree performance evaluation model is introduced to collect multi-dimensional feedback and reflect the true nature of R&D work.

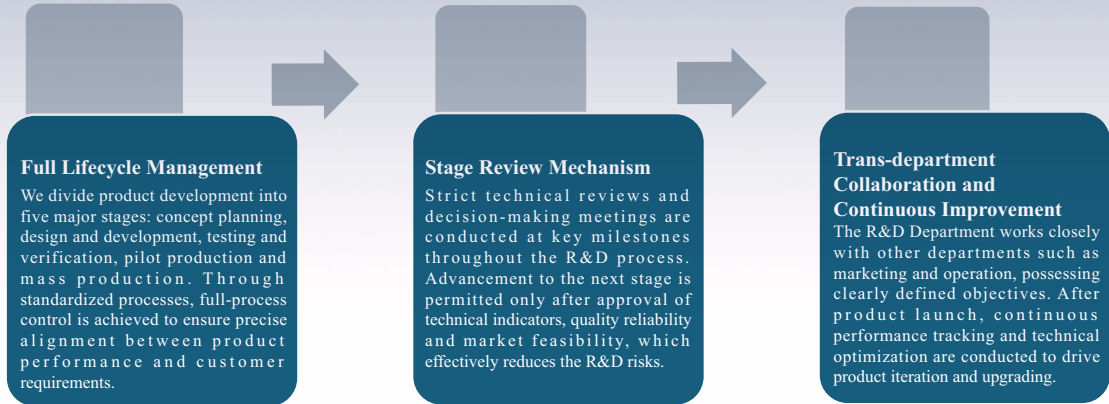
### Structured R&D Management Process

The R&D Department formulates an annual technology incentive budget based on assessment milestones, which is implemented upon approval by the Company’s management, ensuring that each innovation activity is supported by corresponding financial resources. Meanwhile, an annual R&D work plan is developed at the beginning of each year and further broken down into monthly action plans.

# Environmental, Social and Governance Report

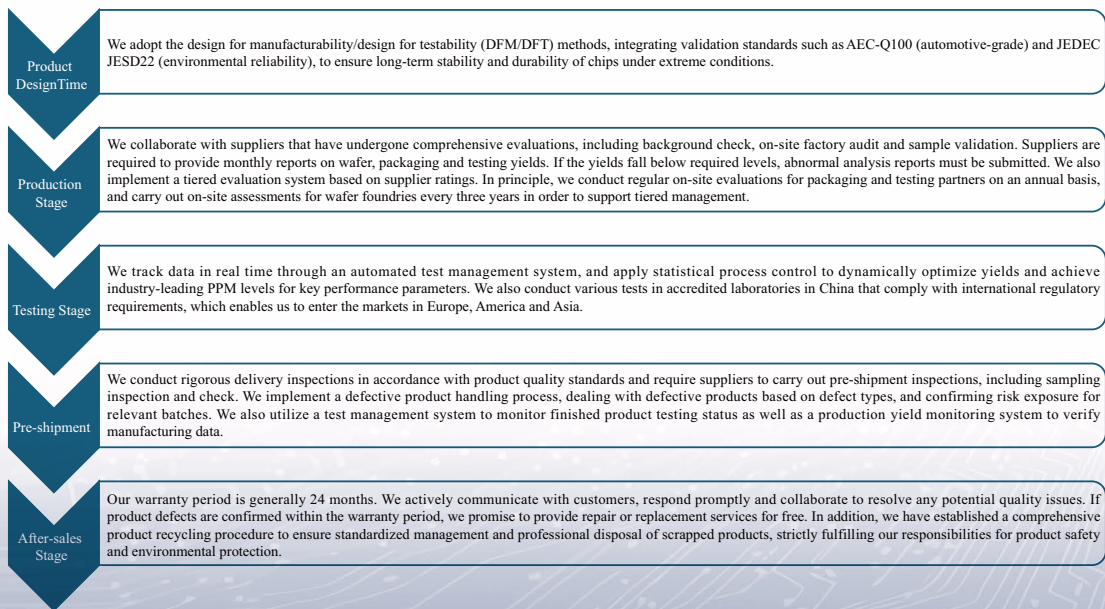
## 2.1.3 R&D Process

We have established rigorous Design and Development Management Procedures and Product Development Management Processes to ensure that all stages from market demand to mass production are highly controllable and meet excellent quality standards.



## 2.2 Quality Management

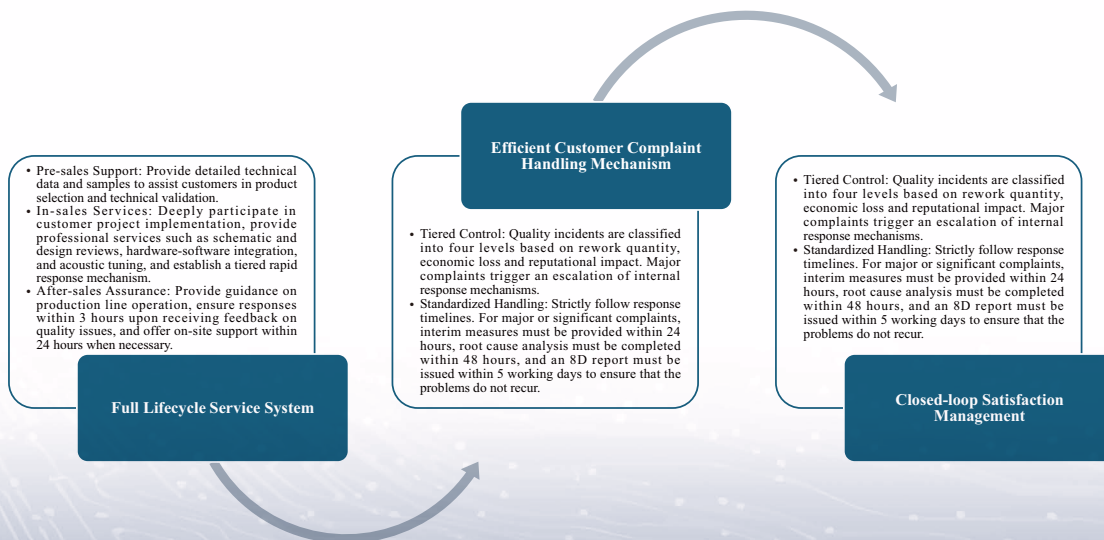
As a fabless chip company specializing in high-reliability chip design, we are committed to delivering high-quality chip products. We have implemented an end-to-end “design quality” system in compliance with ISO 9001 requirements, established and continuously improved internal standards and guidelines such as Quality Management Manual, Test Supplier Quality Process Checklist and Supplier Quality System Audit Checklist to cover the full product lifecycle from architectural design, wafer manufacturing to packaging and testing. Our products comply with multiple industry standards and quality requirements. We have also engaged independent product testing and certification institutions to test and certify our products against relevant standards in certain target markets. During the Reporting Period, we did not receive any material complaints regarding product quality, or undergo any significant product returns, refunds or recalls.



# Environmental, Social and Governance Report

## 2.3 Quality Services

The Company insists on a “customer-centric” service philosophy and ensures precise response to customer needs through systematic management procedures. We have established a comprehensive service system covering pre-sales, in-sales and after-sales stages, striving to meet customer requirements to the greatest extent and continuously enhance customer satisfaction. During the Reporting Period, we did not receive any major complaints about our services.



# Environmental, Social and Governance Report

## 2.4 Information and Privacy Protection

The Company recognizes that information security and personal privacy are fundamental to integrity in business operation. We are committed to building a secure data environment in technical exchanges and business cooperation, and strictly comply with the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China and other applicable laws and regulations in the jurisdictions where we operate.

### Intellectual Property and Confidentiality Management Mechanism

- **Company-wide Compliance Commitment:** The Company has established a comprehensive confidentiality management system under which all employees are required to sign confidentiality agreements. For management personnel and sales interface personnel involved in sensitive information, more stringent confidentiality undertakings are implemented to ensure accountability at the individual level.
- **Document Security Protection:** All internal office and R&D documents are protected through encryption mechanisms. Without review and approval by relevant management, no company documents or proprietary information may be disclosed externally to ensure absolute data security during transmission.
- **Security in Technology Transfer:** When transferring technology, experience, knowledge or information, we implement strict review procedures to ensure that the intellectual property rights of the Company and its partners are fully protected.

### Personal Information Privacy Protection

- **Full Lifecycle Control:** During the collection, storage, processing, transmission and sharing of personal information, we strictly comply with applicable laws and regulations to ensure information security.
- **Protection of Trade Secrets:** The scope of trade secrets and proprietary information is clearly defined, including core data that is not generally known to the public and has reference value for competitors. Specific obligations are strictly implemented in accordance with the Employee Handbook to ensure information security.

## 2.5 Responsible Supply Chain

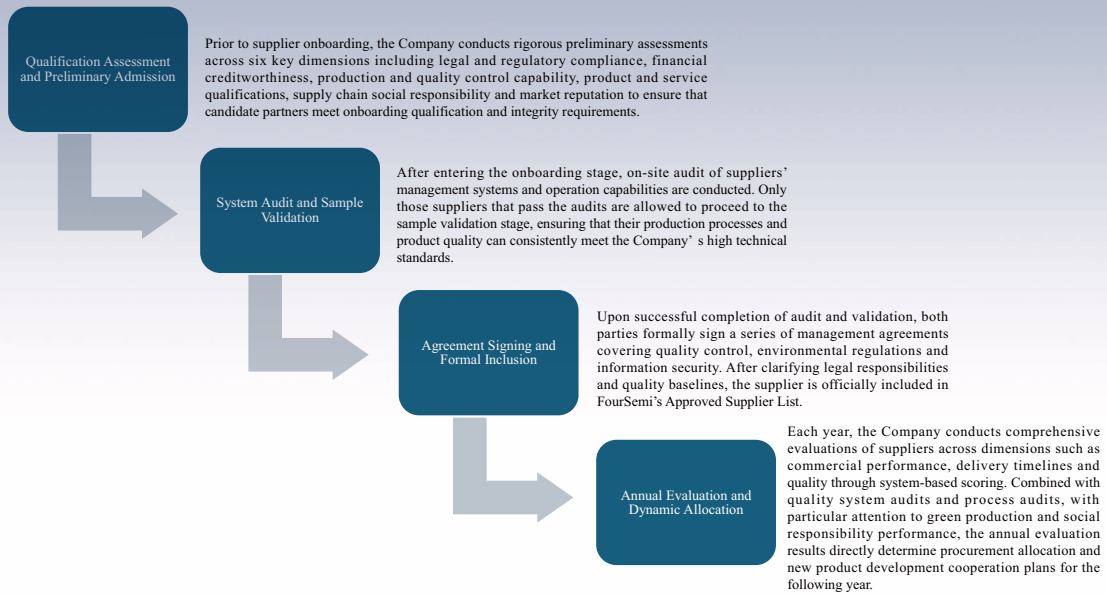
We are committed to building a responsible, transparent and sustainable supply chain. The Supply Chain Compliance Management Policy has been formulated to embed environmental and social risk management throughout the procurement process. Through the Supplier Environmental Protection Agreements, we implement stringent and quantifiable environmental standards across the supply chain, ensuring that all materials, components and finished products supplied by our suppliers fully comply with the latest international environmental regulations, including the EU Packaging Directive, the RoHS Directive, the REACH Regulation and conflict minerals requirements. In 2025, the Company updated the list of Substances of Very High Concern (SVHC) to 253 items in a timely manner, and continuously required suppliers to conduct rigorous self-inspections so as to ensure full compliance with EU environmental management requirements. We conduct annual conflict minerals investigations for suppliers and require them to continuously update and submit the latest version of the Conflict-Free Minerals Declaration, strictly prohibiting the procurement of illegal mineral resources from conflict-affected or high-risk areas.

### **Number of Suppliers in 2025 (Unit)**

Total Number of Suppliers		52
By Region	China (including Hong Kong, Macao and Taiwan)	49
	Overseas	3

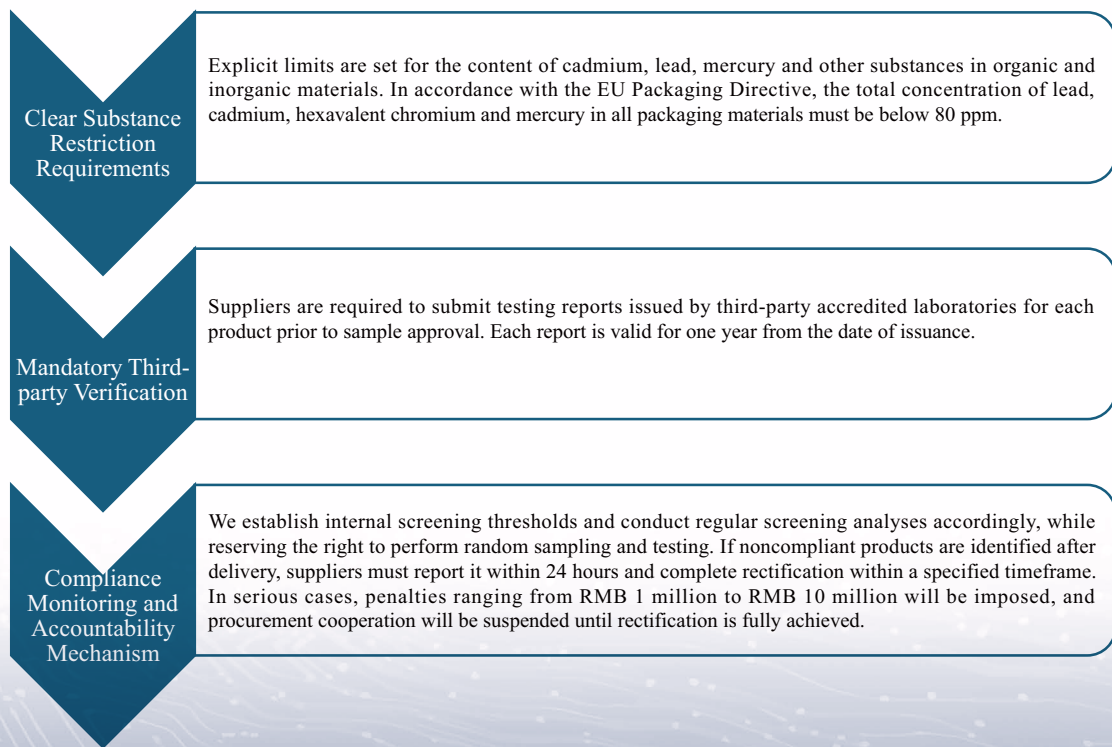
# Environmental, Social and Governance Report

## Supplier Management Process



### 2.5.1 Environmental Management

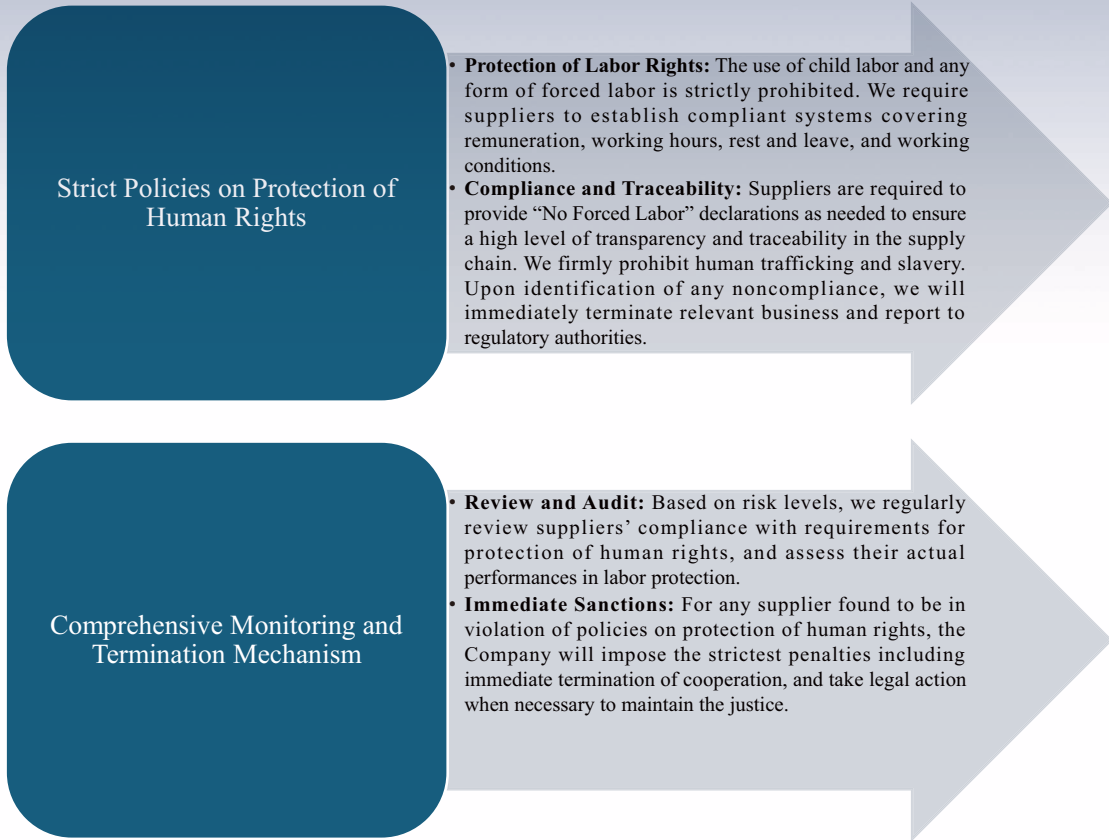
To effectively identify and control environmental risks across all stages of the supply chain, we have established a systematic implementation and monitoring mechanism:



# Environmental, Social and Governance Report

## 2.5.2 Protection of Human Rights

We strictly comply with international labor standards and the laws and regulations of the jurisdictions in which we operate, ensuring that every worker in our value chain is treated fairly and with dignity.



### 3. EMPLOYEES AND SOCIETY: EMPOWER THE FUTURE WITH CONCERTED EFFORTS

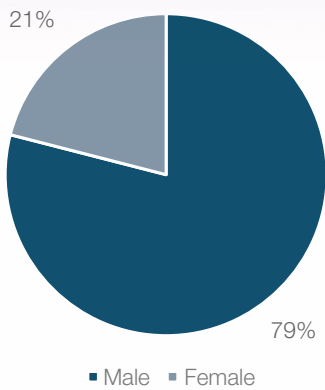
#### 3.1 Compliant Employment

We strictly comply with labor-related laws and regulations in the jurisdictions where we operate, including the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, the Employment Promotion Law of the People’s Republic of China, the Law of the People’s Republic of China on the Protection of Women’s Rights and Interests, and the Law of the People’s Republic of China on the Protection of Minors. We have also established a comprehensive set of internal management systems that clearly regulate employee onboarding, attendance, transfer, performance evaluation, promotion, remuneration, incentives, benefits and allowances, thereby preventing child labor and forced labor. We attach great importance to employee feedback. In 2025, we conducted an employee satisfaction survey and offered a platform to collect and handle employee suggestions. During the Reporting Period, the signing rate of our labor contracts was 100%.

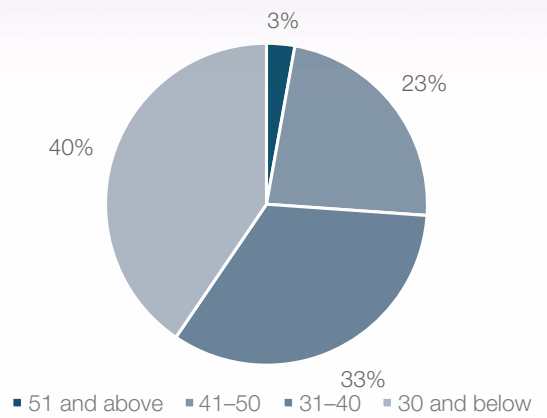
# Environmental, Social and Governance Report

We recruit talents based on the needs identified by the Human Resources Department, utilizing multiple channels such as headhunters, online recruitment platforms and campus recruitment. Throughout the recruitment process, we adhere to the principles of openness, fairness, impartiality and transparency, and strictly prohibit any form of discrimination based on gender, age, educational background or other factors in recruitment, employment and management. We actively respond to evolving social expectations regarding workforce diversity and inclusion. Our workforce comprises individuals from diverse backgrounds. The Board currently includes two female directors, and senior management also includes two female executives. We are committed to ensuring that our human capital management practices align with evolving market expectations, leveraging the valuable experience of our existing workforce.

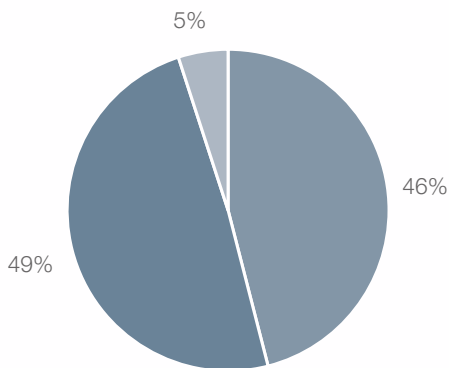
### Gender



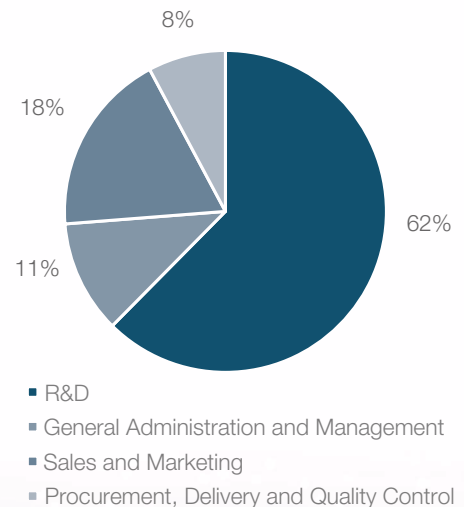
### Age



### Education Background



### Functional Categories



Master's degree and above    Bachelor's degree    Below Bachelor's degree

Note: Due to rounding, the sum of percentages may not equal 100%.

# Environmental, Social and Governance Report

<b>Total Number of Employees</b>		Person	141
<b>By Employment Type</b>	Labor Contract Employees	Person	141
	Labor Dispatch Employees	Person	0
	Others	Person	0
<b>By Region</b>	China	Person	139
	Other Countries and Regions	Person	2
<b>By Employee Type</b>	Total Number of Frontline Employees	Person	106
	Total Number of Middle Management Employees	Person	29
	Number of Female Employees in Middle Management	Person	6
	Total Number of Senior Management Employees	Person	6
	Number of Female Employees in Senior Management	Person	2
<b>Total Number of Resignation Employees</b>			
Note: Including voluntary resignations as well as termination of employment due to layoffs, retirement, death and other reasons; the same as below.		Person	25
<b>Employee Turnover Rate</b>		%	15%
<b>By Gender</b>	Number of Male Resignation Employees	Person	19
	Number of Female Resignation Employees	Person	6
<b>By Age</b>	Number of Resignation Employees Aged 51 and Above	Person	1
	Number of Resignation Employees Aged 41–50	Person	6
	Number of Resignation Employees Aged 31–40	Person	10
	Number of Resignation Employees Aged 30 and Below	Person	8
<b>By Region</b>	Number of Resignation Employees in China	%	96%
	Number of Resignation Employees in Other Countries and Regions	%	4%
<b>By Employment Type</b>	Labor Contract Employees	%	100%
	Labor Dispatch Employees	%	0
	Others	%	0

# Environmental, Social and Governance Report

## 3.2 Talent Development

We have established and continuously improved the Training Management Policy and the Position Grade Development System Management Measures. We are committed to building a learning-oriented culture and developing a talent pipeline through comprehensive employee development programs covering all functions and levels to support our sustainable development. Our employee training programs include company-level and departmental-level training, such as new employee onboarding training, job-specific training (including key position talent training), professional skills training, on-site training, new product-related training and other programs to enhance professional knowledge and management capabilities and keep pace with market developments. Our structured and multi-level training system supports all stages of career development from onboarding of new employees to the continuous professional growth of every team member.

<b>Total Number of Employees Receiving Training</b>		Person	146
<b>By Gender</b>	Number of Male Employees Receiving Training	Person	115
	Number of Female Employees Receiving Training	Person	31
<b>By Employee Type</b>	Number of Frontline Employees Receiving Training	Person	60
	Number of Middle Management Employees Receiving Training	Person	13
	Number of Senior Management Employees Receiving Training	Person	28
<b>Total Training Hours for Employees</b>		Hour	2,107
<b>Average Training Hours for Employees</b>		Hour	14.4
<b>By Gender</b>	Total Training Hours for Male Employees	Hour	1,861
	Total Training Hours for Female Employees	Hour	246
<b>By Employee Type</b>	Total Training Hours for Frontline Employees	Hour	1,160
	Total Training Hours for Middle Management Employees	Hour	149
	Total Training Hours for Senior Management Employees	Hour	230

Note: As the statistical scope includes employees who have resigned from the Company, the total number of employees receiving training is not consistent with the total number of employees in the previous table.

# Environmental, Social and Governance Report

## 3.3 Health and Safety

The Company always places the safety of employees' lives and their physical and mental well-being as top priorities. We strictly comply with applicable laws and regulations, including the Work Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases. We conduct regular risk inspections of the office environment and have professional-grade emergency supplies to ensure timely response to emergencies. By enhancing employees' capabilities in self-rescue and mutual assistance, we foster a strong corporate safety culture and create a safe, comfortable and professional working environment for all employees. During the Reporting Period, the Company invested RMB48,100 in employee occupational health and safety, recorded zero work-related fatalities, and reported no lost workdays due to work-related injuries.

<b>Emergency Medical Equipment</b>	Automated External Defibrillators (AEDs) are installed in prominent locations within office premises and kept in a state of readiness at all times, providing a fundamental safeguard for employee life safety.
<b>Fire Safety Facilities</b>	Fire hydrant boxes and fire extinguishers are properly installed in office areas. Professional third-party institutions are engaged to conduct regular comprehensive inspections and maintenance of office fire safety facilities, ensuring that all sprinkler systems, smoke detectors and fire suppression systems comply with national safety standards.
<b>Professional First Aid Training</b>	Employees are regularly organized to participate in first aid training courses provided by external professional institutions, ensuring that they possess the necessary operation capabilities in emergency situations.
<b>Multi-dimensional Information Communication</b>	Through various channels such as posters and corporate emails, occupational health and fire safety knowledge is communicated to employees, enhancing their overall risk awareness and self-protection capabilities.

### Case: Multi-Park Fire Safety Practical Training Strengthened the Safety Defense in 2025

The Company has always regarded employee life safety as the bottom line of its operation. In 2025, we coordinated multiple resources and conducted a series of fire safety training programs at Yuanzhong Industrial Park, Harbor City Plaza and Zhangjiang Hi-tech Park, aiming to enhance employees' emergency response and self-rescue capabilities through practical drills. The training sessions focused on core fire safety skills, including hands-on use of firefighting equipment and emergency evacuation simulations, improving employees' risk prevention awareness, and providing strong safety assurance for the Company's continuous and stable operations.



# Environmental, Social and Governance Report

## 3.4 Employee Welfare and Care

To build a stable and high-quality workforce, we have established a systematic talent management and benefits framework, providing employees with health protection beyond legal requirements to ensure that the team can respond to complex technical challenges in optimal condition. Meanwhile, we enhance team cohesion through festive care and exclusive benefits, creating a workplace environment with a sense of belonging and vitality.

### Comprehensive Health and Insurance Protection

In addition to statutory social insurances, we secure supplementary commercial insurances for all formal employees, expanding coverage for medical and accident protection, and reducing employees' financial burden in healthcare.

We implement an annual free professional health check-up program to help employees learn about their health conditions in a timely manner.

We adopt a humanized attendance policy that grants employees an additional half day of paid sick leave each month, encouraging them to take adequate rest when feeling unwell and maintain a healthy balance between work and health.

### Warm Workplace and Festive Care

**Birthday Benefit:** On employee's birthday, the Company prepares selected birthday gifts.

**Holiday Benefits:** Prior to major festivals, we provide festive gifts to all employees, extending corporate care to employees' families.

### Case: Annual Company Gathering Enhanced Organizational Cohesion

The Company regards employees as partners in shared growth. In 2025, through a two-day annual gathering and team-building activities, we broke down communication barriers between departments. In an atmosphere of joy and interaction, we reviewed the corporate mission, strengthened the momentum for the challenges in the new year, and enabled every "FourSemi member" to feel the power of teamwork on the path of innovation.



# Environmental, Social and Governance Report

## **Case: The Special Event Was Held to Celebrate the “Chip” Strength on International Women’s Day**

We actively foster a diverse, equal and inclusive workplace environment and highly recognize the outstanding contributions of female employees. On International Women’s Day, we organized a portrait photography activity to express sincere appreciation and best wishes to every hardworking female employee.

## **Case: Engaging in Sport Event to Connect with Peers in the Semiconductor Industry**

We advocate the philosophy of “physical and mental balance, and vibrant career”. In addition to internal employee welfare, we actively encourage our employees to attend industry activities. In 2025, the Company supported and encouraged employees to take part in the Shanghai Semiconductor Industry Badminton Tournament. Employees formed teams in their spare time to compete on the court, exchanging skills with peers across the industry chain, and releasing stress through sports and teamwork.

### **3.5 Community Investment**

The Company firmly believes that corporate growth is inseparable from the prosperity of the talent ecosystem. Through the deep integration of industry, academia and research, we translate our internal talent development experience into social contributions. We cooperate with renowned universities such as Xiamen University in R&D activities and have entered into a strategic cooperation agreement with the College of Physical Science and Technology, Xiamen University. By aligning business needs with academic priorities, promoting personnel exchanges and co-hosting academic conferences, we have also developed a comprehensive internship and training program for university students to enable them to gain practical industry experience. In addition, our employees lead professional seminars and development training courses, sharing expertise with academic communities, and contributing to the cultivation of chip professionals with practical experience for the industry. To support the talent development and community growth objectives, we continuously invest in professional research and development human resources and special funds for academic exchanges, providing student guidance and internship opportunities. Our goal is to build a semiconductor technology community that fosters co-creation and win-win results.

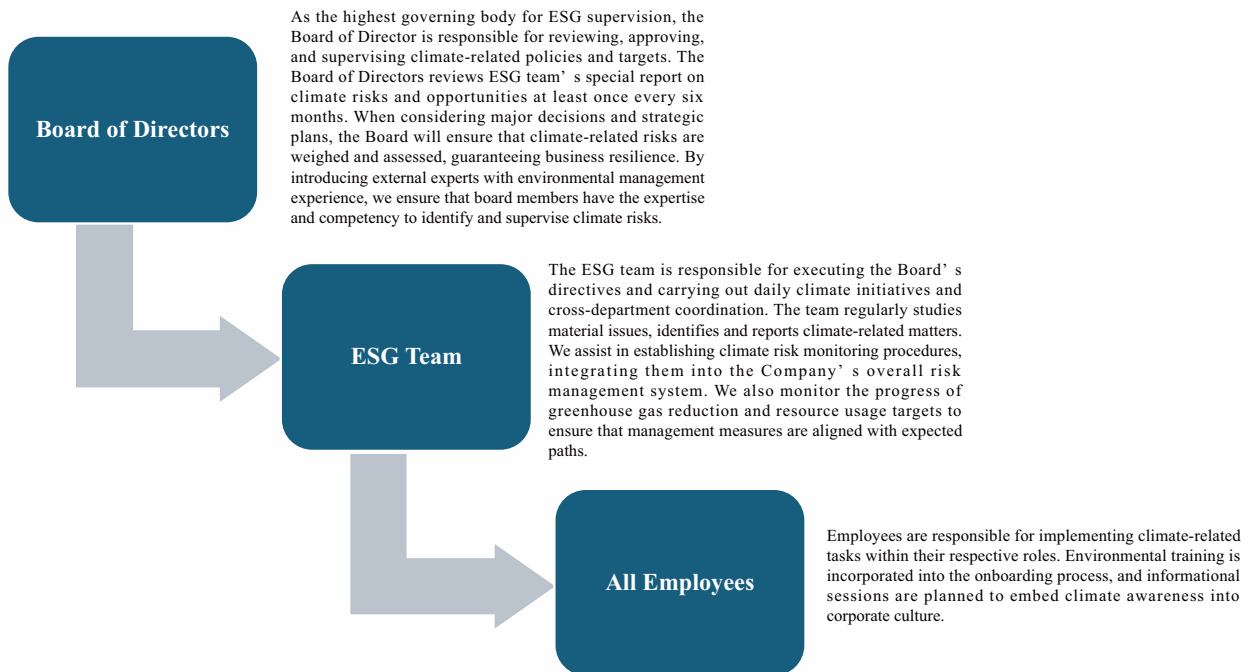
## 4. ENVIRONMENT: SOUND EFFICIENCY, TACTILE ENERGY REDUCTION

### 4.1 Climate Action

In response to the global consensus on climate change, the Company actively takes actions by assessing business resilience through science-based scenario analysis and formulating response strategies. Through concrete measures, we address global climate challenges and ensure robust adaptability and competitive advantages in the transition toward a low-carbon economy.

#### 4.1.1 Climate Governance

We have established a climate governance structure directly supervised by the Board of Directors and implemented by the ESG team, ensuring strong alignment among climate strategy, long-term corporate vision, and operation execution. Currently, the Company has not yet integrated climate-related performance indicators into the remuneration policy. We will continue to assess the substantial impact of climate risks on our business and explore the possibility of linking climate performance with long-term incentive mechanism in the future based on governance maturity.



# Environmental, Social and Governance Report

## 4.1.2 Identification of Climate-related Risks and Opportunities

We continuously monitor climate-related risks that may affect our business, strategy, and financial performance. Through peer benchmarking, early warning systems, and carbon emission threshold monitoring, we have identified the following risks and opportunity factors relevant to our fabless business model. Considering semiconductor product development cycles, technological iteration speed, and key milestones of global climate targets, we define the time horizons as follows: short-term (within 3 years), medium-term (3–10 years), and long-term (over 10 years).

*Climate-related Risk Assessment Table*

Climate-related Risks		Description of Risks	Time Range	Current/Expected Impact on Business Model and Value Chain	Potential Financial Impact	Countermeasures
Physical Risk	Acute	Increasing frequency of extreme weather events such as typhoons, heavy rainfall, and flooding threatens office premises and wafer foundries as well as assembly and testing facilities located in East Asia (China, Japan, and South Korea).	Short term	It may lead to supply chain disruptions or forced suspension of R&D and production, directly affecting product delivery timelines.	Revenue losses are due to delivery defaults; additional costs incur from procuring emergency materials or services.	Establish a comprehensive business continuity plan and implement supplier diversification to reduce reliance on outsourced processing in a single region.
	Chronic	Global warming and rising sea levels lead to more frequent extreme heat days, while offices or supply chain sites located in coastal areas face inundation risks.	Long term	Prolonged high temperatures increase cooling loads and electricity costs for suppliers' production lines; sea-level rise may affect the long-term operational stability of key wafer foundries.	Suppliers may pass on increased energy costs to the Company; procurement costs may rise due to reinforcement or relocation of value chain facilities.	When selecting new suppliers, assess the climate resilience and flood protection infrastructure of their locations, and work with existing partners to explore long-term energy conservation and emission reduction solutions.

# Environmental, Social and Governance Report

Climate-related Risks		Description of Risks	Time Range	Current/Expected Impact on Business Model and Value Chain	Potential Financial Impact	Countermeasures
Transformation Risk	Policies and Laws	Regulatory policies on carbon footprint and energy efficiency standards for semiconductor products are becoming increasingly stringent across major markets.	Medium to long term	If existing chips fail to meet energy efficiency requirements, products may face compliance restrictions or additional carbon tariffs when entering international markets.	Increase costs for product compliance certification; higher operating costs are due to carbon taxes or emission charges.	Closely monitor global environmental regulatory developments, require key suppliers to provide carbon emission data, and incorporate environmental performance into supplier evaluation.
	Technological Risk	Accelerating demand for ultra-low power consumption and highly integrated semiconductors poses technological substitution risks to traditional design processes.	Medium to long term	Additional resources are required for the development of next-generation chips to maintain market competitiveness.	Significantly increase in R&D investment; existing legacy product inventories may face impairment risks.	Continue to increase investment in low-power circuit design technologies and optimize chip architecture to mitigate transition risks through technological leadership.
	Market Risk	Downstream customers increasingly prioritize procurement of components with green certifications or low-carbon attributes.	Medium term	Insufficient fulfillment of climate responsibilities or inadequate energy efficiency of products may result in the loss of market share within mainstream value chains.	Decline in brand value may lead to reduced operating revenue and customer loss.	Strengthen green product design and enhance ESG information disclosure transparency to meet customer requirements for low-carbon supply chains.

# Environmental, Social and Governance Report

*Climate-related Opportunities Assessment Table*

<b>Climate-related Opportunities</b>	<b>Description of Opportunities</b>	<b>Time Range</b>	<b>Current/Expected Impact on Business Model and Value Chain</b>	<b>Potential Financial Impact</b>	<b>Countermeasures</b>
Products and Services	Drive growing market demand for high-performance and low-power audio and haptic feedback chips.	Short to medium term	Develop new products aligned with green consumer electronics trends, and meet customer demands for longer battery life and lower energy consumption in terminal devices.	Enhance product premium pricing capability and market share, and increase revenue from new products.	Integrate low-power targets into core product development, and continuously optimize power management efficiency of amplifier chips.
Market Resilience	Build a global system with strong resilience to climate disruptions.	Medium to long term	Maintain supply stability and strengthen customer relationships by leveraging a diversified global supply chain when competitors are affected by climate-related disruptions.	Strengthen market competitiveness, and reduce potential revenue losses caused by supply chain disruptions.	Establish long-term strategic partnerships with wafer foundries and OSAT providers across multiple regions to ensure flexible capacity allocation.
Resource Efficiency	Enhance R&D efficiency through optimized design processes and automation tools.	Medium to long term	Reduce energy consumption from simulation and computation in chip design processes, and implement refined energy management in office operation.	Lower energy consumption and operation costs in R&D processes.	Introduce advanced tools to shorten design and simulation cycles, and implement green office practices and energy-saving lighting systems.

# Environmental, Social and Governance Report

Climate-related Opportunities	Description of Opportunities	Time Range	Current/Expected Impact on Business Model and Value Chain	Potential Financial Impact	Countermeasures
Low-carbon Transition	Support national carbon neutrality goals, and build a green semiconductor corporate image.	Long term	Attract environmentally conscious institutional investors and major brand customers, and enhance corporate reputation and brand loyalty.	Reduce financing costs (e.g., green loans), and improve enterprise valuation in capital markets.	Develop a long-term decarbonization roadmap, actively participate in industry green standard-setting, and strengthen communication with investors on climate-related issues.

The Company knows well the importance of quantifying the financial impacts of climate-related risks and opportunities, and it is committed to enhancing the transparency of environmental information disclosures. However, as this is the Company's first ESG reporting year, there are currently certain limitations in quantifying financial impacts, and quantitative data on the expected financial impacts cannot be provided yet.

- Baseline Data Establishment Stage:** We are currently in the initial stage of building a monitoring system for energy consumption and greenhouse gas emission data. Due to the lack of comprehensive historical data accumulation, we are not yet able to establish a reliable financial model to accurately quantify the linear or non-linear relationship between climate risks and various financial indicators.
- Complexity of the Fabless Model:** As a fabless semiconductor design company, our production processes are highly dependent on third-party wafer foundries and OSAT service providers located in China, Japan, and South Korea. The financial transmission effects of climate risks on these partners are highly uncertain, and quantitative models for supplier cost pass-through mechanisms still require further joint study with upstream and downstream partners.
- High Uncertainty of Climate Scenarios:** Climate change and the resulting policy transitions are characterized by long period and high volatility. Global carbon pricing mechanisms, national carbon tax standards, and evolving energy-efficiency paths in the semiconductor industry remain uncertain. At this stage, quantitative forecasting may lead to significant deviations between projected and actual financial outcomes, and may even mislead the markets.



# Environmental, Social and Governance Report

The Company pays high attention to addressing climate-related risks and seizing opportunities, and strives to improve business resilience through reasonable resource allocation. However, since this is our first ESG report year, we have not yet set up specific statistical frameworks for capital expenditure, financing, or investments related to “climate-related risks and opportunities”. Given that the data collection and classification mechanism is still being developed, we are currently unable to provide specific quantitative data on climate-related capital deployment. However, our daily operations and R&D investments implicitly support low-carbon technologies and supply chain stability. We plan to gradually optimize our financial tracking mechanism in future reporting periods, clearly defining and disclosing the special funds allocated to mitigate climate risks and develop green opportunities, and enhancing the transparency of environmental information disclosure.

### **4.1.3 Climate Scenario Analysis and Resilience Assessment**

We are committed to building a highly resilient business model to ensure business continuity and competitive advantage amid climate volatility and policy transitions. We have referenced standard scenarios from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). Specifically, transition risk scenarios simulate a global shift toward low-carbon economy, including stricter carbon emissions regulations (e.g., net-zero emission scenario). Physical risk scenarios simulate the increased frequency of climate-related disasters such as extreme heat and extreme precipitation (e.g., RCP 8.5 high-emission scenario). The assessment covers short-term (1–3 years), medium-term (3–10 years), and long-term (over 10 years), and the scope includes the Company’s Shanghai Headquarters as well as key wafer supply and packaging/testing nodes within the value chain.

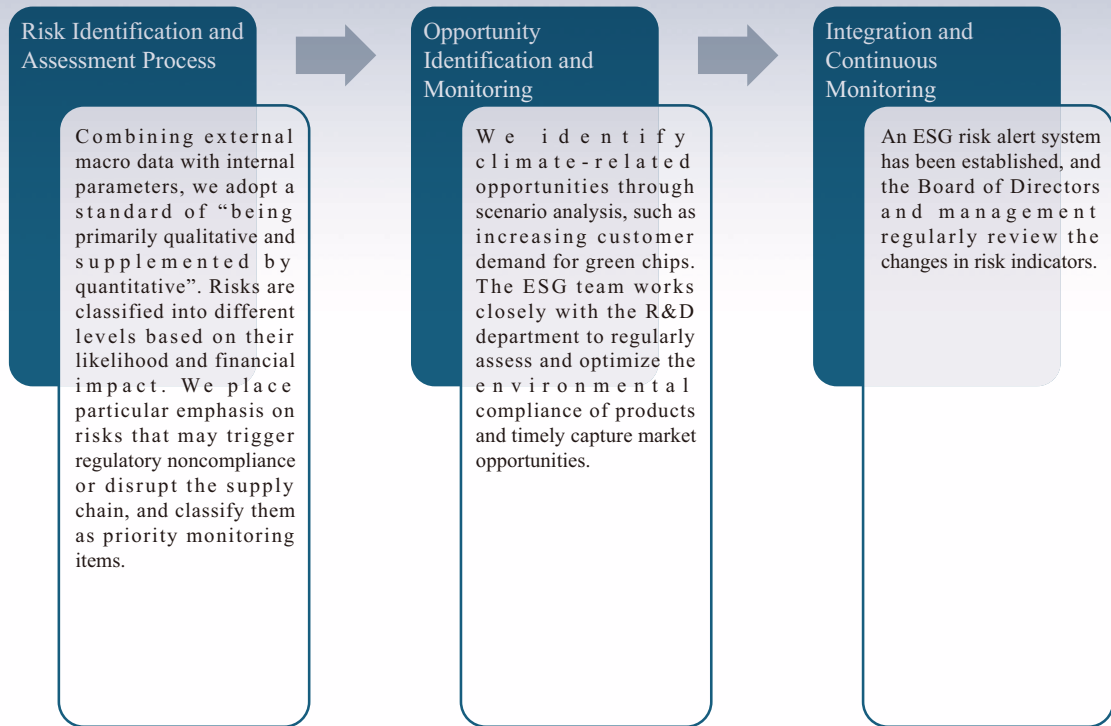
Preliminary analysis for the Reporting Period indicates that the Company’s asset-light business model demonstrates strong resilience. We are not exposed to stranded asset risks associated with large-scale heavy industrial facilities. In addition, we have the flexibility to adjust both short-and long-term strategies in response to climate developments, including locking in compliant supply chains through binding supplier environmental agreements, and prioritizing energy-efficient design as a key R&D focus.

Key uncertainties considered in the assessment include the time and level of carbon tax implementation across major global semiconductor markets, the actual operation resilience of suppliers under extreme weather conditions, and the evolution of third-party regulatory standards for semiconductor material carbon footprint accounting.

# Environmental, Social and Governance Report

## 4.1.4 Climate Risk Management

We have incorporated climate-related risks into our overall enterprise risk management framework, and established a structured process for identifying, assessing, and continuously monitoring climate-related impacts, and ensuring alignment between climate resilience and the Company's long-term strategic objectives.



## 4.1.5 Indicators and Targets

The Company is committed to minimizing the environmental impact of its operation, and firmly believes that responsible environmental management is key to achieving the coexistence of economic performance and ecological sustainability. As our core business involves semiconductor R&D, design, and sales under a fabless model and does not involve direct manufacturing activities, our environmental footprint primarily arises from energy consumption and resource utilization in office operation.

# Environmental, Social and Governance Report

We measure greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: a Corporate Accounting and Reporting Standard (2004). During the Reporting Period, the Company's emissions were as follows:

Greenhouse Gas Emissions Indicators		Unit	2023	2024	2025
Greenhouse Gas Emissions Indicators <sup>[Note 1]</sup>	Tonnes of carbon dioxide equivalent (tCO <sub>2</sub> e)		0	0	<b>0.35</b>
Scope 2 (Energy Indirect Emissions) <sup>[Note 2]</sup>	Tonnes of carbon dioxide equivalent (tCO <sub>2</sub> e)		113	130	<b>141</b>

[Note 1]: Scope 1 (direct greenhouse gas emissions) data in 2025 is calculated based on actual gasoline consumption invoices of the Company's operation vehicles. As the Company had not yet established a comprehensive energy consumption tracking system in previous years, the data for 2023 and 2024 has not been disclosed. The Company has initiated systematic data collection from 2025 to ensure the continuity in future disclosures. The emission factor for Scope 1 emissions is based on the Guidance on Greenhouse Gas Emission Accounting and Reporting for Road Transport Enterprises (Trial) (FGBQH [2015] No. 1782) and the Provincial Greenhouse Gas Inventory Preparation Guidelines, with an emission factor of 2.27 kg CO<sub>2</sub>/L.

[Note 2]: The calculation is based on actual electricity consumption in office premises. To ensure comparability of greenhouse gas data during the historical reporting period, Scope 2 emission factor refers to the 2023 National Average Carbon Dioxide Emission Factor for Electricity jointly released by the Ministry of Ecology and Environment and the National Bureau of Statistics of China on December 31 2025, with a national average electricity emission factor of 0.5306 kg CO<sub>2</sub>e/kWh.

[Note 3]: Scope 3: The Company is continuously improving its value chain data collection system (e.g., business travel, logistics, etc.). At present, priority is given to the disclosure of Scope 1 and Scope 2 emissions directly related to operation.

We know well the importance of setting clear targets in monitoring the progress of climate strategy implementation. The Board of Directors is responsible for formulating and approving the ESG policies and targets, conducting annual performance reviews against these targets, and adjusting ESG strategies when significant deviations are identified. The targets and the method for setting them have not yet been independently assured by a third party. During the Reporting Period, no internal carbon pricing mechanism was applied in decision-making. The Company prioritizes reducing carbon emission intensity through technological innovation and green operation and currently has no plans to use carbon credits to offset the emissions.

<b>Target</b>	
<b>Indicator:</b>	Power consumption per unit of revenue (energy consumption intensity).
<b>Target:</b>	To mitigate greenhouse gas emissions by improving office energy efficiency and implementing energy-saving measures.
<b>Nature of the target:</b>	This is an intensity target.
<b>Scope of application:</b>	It applies to the overall operation of the Company.
<b>Baseline period:</b>	Take 2024 as the base year.
<b>Applicable period:</b>	Until 2027 (inclusive).
<b>Specific target:</b>	By 2027, we plan to reduce power consumption per unit of revenue by 5% compared to the baseline in 2024. We will monitor the progress annually, and set more ambitious medium-term targets when appropriate according to business expansion.

# Environmental, Social and Governance Report

## 4.2 Energy and Resource Management

The Company is committed to minimizing the environmental impact of its operation and the use of natural resources. We continuously optimize office processes to improve resource utilization efficiency and encourage our employees to adopt sustainable working practices, thereby reducing environmental burden at the source. As a fabless semiconductor design company, our main operations involve chip R&D and office administration without large-scale industrial water usage involved during the production. Therefore, our water usage primarily comes from daily sanitation and drinking needs in the offices. The offices included in this report are primarily managed by the property management company. At present, we have not yet established an independent water resource metering and monitoring system, so the precise annual water consumption data cannot be obtained. We have included “the improvement of water resource metering and management” in the administrative management optimization plan next year and will focus on promoting the collection of water resource data and establishing relevant consumption intensity indicators in line with business scale.

### Green Products

We focus on product performance and size optimization, adopting industry-leading processes. While improving product efficiency and delivering superior audio experiences to customers, we reduce product size and material consumption.

### Operation Energy Saving

We implement the principle of “lights off when leaving” in the workplace, regularly review and shut down unused electronic equipment, and scientifically adjust air conditioner temperatures in office areas to improve operation efficiency and reduce energy waste.

### Resource Conservation

We actively promote paperless office operation by adopting electronic workflows to reduce paper consumption, and encourage all employees to prioritize the use of electronic business cards. We also enhance water conservation practices through the purchase of water-saving equipment and the promotion of responsible water usage.

### Green Culture

We focus on product performance and size optimization, adopting industry-leading processes. While improving product efficiency and delivering superior audio experiences to customers, we reduce product size and material consumption.

We regularly monitor energy and resource consumption to evaluate the effectiveness of our green operation measures.

Resource Consumption Indicators	Unit	2023	2024	2025
Total Electricity Consumption	kWh	212,098.6	244,355.7	<b>266,500.6</b>
Energy Consumption Intensity	kWh/million RMB	1,411.2	688.0	<b>728.7</b>
Total Paper Consumption	kg	4,273.2	8,115.5	<b>4,397.8</b>
Paper Consumption Intensity	kg/million RMB	28.4	22.8	<b>12.0</b>

## 4.3 Waste Management

The Company is a non-manufacturing enterprise whose daily operations are limited to office activities, and it does not generate industrial exhaust gas, wastewater, or hazardous waste. We strictly comply with applicable laws and regulations on municipal solid waste classification management in our operation locations, such as the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and various local Domestic Waste Management Regulations. In addition to the classification and recycling of dry and wet waste, we also conduct targeted recycling of printer cartridges, waste batteries, and other items. We continuously monitor regulatory updates across different regions and ensure effective compliance through internal training and awareness initiatives.

# Environmental, Social and Governance Report

## APPENDIX: INDEX TABLE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

Key Performance Indicators	Disclosure Requirements	Section
<b>Part B: Mandatory Disclosure Requirements</b>		
<b>Governance Structure</b>	<p>The statement issued by the Board of Directors contains the following contents:</p> <ul style="list-style-type: none"> <li>(i) Disclosure of the Board’s supervision of environmental, social and governance matters;</li> <li>(ii) The Board’s ESG management policy and strategy, including the processes used to evaluate, prioritize and manage material ESG-related issues (including risks for the issuer’s business); and</li> <li>(iii) How the Board reviews progress against ESG-related targets and explains how they relate to the issuer’s business.</li> </ul>	Board Statement
<b>Reporting Principles</b>	<p>Describe or explain how the following reporting principles are applied in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose (i) the process for identifying material ESG factors and the standards for selecting these factors; (ii) if stakeholder engagement has been conducted, describe the key stakeholders identified and the process and outcomes of stakeholder engagement.</p> <p>Quantification: Disclose standards, methods, assumptions and/or calculation tools used in emissions/energy consumption reporting (if applicable) as well as the sources of conversion factors used.</p> <p>Consistency: The issuer should disclose any changes in statistical methods or KPIs in the ESG report (if any), or any other relevant factors affecting meaningful comparison.</p>	About This Report
<b>Reporting Scope</b>	<p>Explain the reporting scope of the ESG report, and describe the process used to determine which entities or operations are included in the ESG report. If there are changes in reporting scope, the issuer should explain the differences and the reasons for such changes.</p>	About This Report

# Environmental, Social and Governance Report

Key Performance Indicators	Disclosure Requirements	Section
<b>A. Environment</b>		
<b>A1: Emissions</b>		
<b>General Disclosure</b>	Information on air emissions and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Climate Action Waste Management
<b>KPI A1.1</b>	Types of emissions and related emissions data	Climate Action Waste Management
<b>KPI A1.3</b>	Total amount of hazardous waste generated (in tonnes), and intensity (e.g., per unit of production or per facility) if applicable.	Inapplicable. The Company is a non-manufacturing enterprise whose daily operations are limited to office activities, and it does not generate hazardous waste. Therefore, this indicator is not disclosed.
<b>KPI A1.4</b>	Total amount of non-hazardous waste generated (in tonnes), and intensity (e.g., per unit of production or per facility) if applicable.	Climate Action Waste Management
<b>KPI A1.5</b>	Describe the emission reduction targets and the steps taken to achieve them.	Climate Action
<b>KPI A1.6</b>	Describe the waste handling methods for hazardous and non-hazardous waste, and Describe the waste reduction targets and the steps taken to achieve them.	Climate Action Waste Management

# Environmental, Social and Governance Report

Key Performance Indicators	Disclosure Requirements	Section
<b>A2: Resource Utilization</b>		
<b>General Disclosure</b>	Policies on the efficient utilization of resources, including energy, water and other raw materials.	Energy and Resource Management
<b>KPI A2.1</b>	Total direct and/or indirect energy consumption by type (e.g., electricity, gas or oil), expressed in kilowatt-hours, and intensity (e.g., per unit of production or per facility).	Climate Action
<b>KPI A2.2</b>	Total water consumption, and intensity (e.g., per unit of production or per facility).	Energy and Resource Management
<b>KPI A2.3</b>	Describe the energy efficiency targets set and the steps taken to achieve them.	Climate Action
<b>KPI A2.4</b>	Describe any issues in sourcing suitable water as well as the water efficiency targets set and the steps taken to achieve them.	Energy and Resource Management
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes), and intensity per unit of production if applicable/inapplicable.	Inapplicable. The Company's business does not involve packaging materials. Therefore, this indicator is not disclosed.
<b>A3: Environment and Natural Resources</b>		
<b>General Disclosure</b>	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Climate Action Energy and Resource Management
<b>KPI A3.1</b>	Describe the significant impacts of business activities on the environment and natural resources and the actions taken to manage such impacts.	Climate Action Energy and Resource Management

# Environmental, Social and Governance Report

Key Performance Indicators	Disclosure Requirements	Section
<b>B. Social</b>		
<b>Employment and Labor Practices</b>		
<b>B1: Employment</b>		
<b>General Disclosure</b>	Information on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Compliant Employment
<b>KPI B1.1</b>	Total employees by gender, employment type (e.g., full-time or part-time), age group and geographical region.	Compliant Employment
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Compliant Employment
<b>B2: Health and Safety</b>		
<b>General Disclosure</b>	Information on providing a safe working environment and protecting employees from occupational hazards: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Health and Safety
<b>KPI B2.1</b>	Number and rate of work-related fatalities in each of the past three years (including the reporting year).	Health and Safety
<b>KPI B2.2</b>	Lost days due to work-related injuries.	Health and Safety
<b>KPI B2.3</b>	Describe the occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
<b>B3: Development and Training</b>		
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development
<b>KPI B3.1</b>	Percentage of employees receiving training by gender and employee type (e.g., senior management, middle management).	Talent Development
<b>KPI B3.2</b>	Average training hours completed per employee by gender and employee type.	Talent Development

# Environmental, Social and Governance Report

Key Performance Indicators	Disclosure Requirements	Section
<b>B4: Labor Standards</b>		
<b>General Disclosure</b>	Information on preventing child labor or forced labor: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Compliant Employment Responsible Supply Chain
<b>KPI B4.1</b>	Describe the measures to review employment practices to avoid child and forced labor.	Compliant Employment Responsible Supply Chain
<b>KPI B4.2</b>	Describe the steps taken to eliminate such practices when discovered.	Compliant Employment Responsible Supply Chain
<b>Operation Practices</b>		
<b>B5: Supply Chain Management</b>		
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	Responsible Supply Chain
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Responsible Supply Chain
<b>KPI B5.2</b>	Describe the practices relating to engaging suppliers, the number of suppliers where such practices are being implemented, and how they are implemented and monitored.	Responsible Supply Chain
<b>KPI B5.3</b>	Describe the practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Supply Chain
<b>KPI B5.4</b>	Describe the practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Supply Chain

# Environmental, Social and Governance Report

Key Performance Indicators	Disclosure Requirements	Section
<b>B6: Product Responsibility</b>		
<b>General Disclosure</b>	Information on health and safety, advertising, labelling and privacy matters relating to the products and services provided as well as remedial measures: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Quality Management Information and Privacy Protection
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Inapplicable. The Company's business does not involve product shipment and recall. Therefore, this indicator is not disclosed.
<b>KPI B6.2</b>	Number of complaints received regarding products and services and how they are handled.	Quality Services
<b>KPI B6.3</b>	Describe the practices relating to observing and protecting intellectual property rights.	Intellectual Property Management
<b>KPI B6.4</b>	Describe quality assurance processes and product recall procedures.	Quality Management
<b>KPI B6.5</b>	Describe consumer data protection and privacy policies, and how they are implemented and monitored.	Information and Privacy Protection

# Environmental, Social and Governance Report

Key Performance Indicators	Disclosure Requirements	Section
<b>B7: Anti-corruption</b>		
<b>General Disclosure</b>	Information on preventing bribery, extortion, fraud and money laundering: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Business Ethics
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees and the outcomes of the cases.	Business Ethics
<b>KPI B7.2</b>	Describe the preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
<b>KPI B7.3</b>	Describe the anti-corruption training provided to directors and employees.	Business Ethics
<b>Community</b>		
<b>B8: Community Investment</b>		
<b>General Disclosure</b>	Policies on community participation to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the interests of such communities.	Community Investment
<b>KPI B8.1</b>	Areas of focus for contribution (e.g., education, environmental issues, labor needs, health, culture, sports).	Community Investment
<b>KPI B8.2</b>	Resources contributed (e.g., money or time) to the focus areas.	Community Investment

# Environmental, Social and Governance Report

Key Performance Indicators	Disclosure Requirements	Section
<b>Part D: Climate-related Disclosures</b>		
<b>Governance</b>	<p>The governing body responsible for overseeing climate-related risks and opportunities (which may include the board of directors, committees or other equivalent governance bodies), or designated individuals.</p> <p>Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.</p>	Climate Action
<b>Strategy</b>	<p>Climate-related risks and opportunities</p> <p>Business model and value chain</p> <p>Strategy and decision-making</p> <p>Financial position, financial performance and cash flow</p> <p>Climate resilience</p>	Climate Action
<b>Risk Management</b>	<p>Processes used by the issuer to identify and assess climate-related risks, determine their relative importance and maintain ongoing monitoring as well as relevant policies.</p> <p>Processes used by the issuer to identify and assess climate-related opportunities, including whether and how climate-related scenario analysis is applied.</p> <p>How the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into the issuer's overall risk management framework, and the extent of such integration.</p>	Climate Action
<b>Indicators and Targets</b>	<p>Greenhouse gas emissions</p> <p>Climate-related transition risks</p> <p>Climate-related physical risks</p> <p>Climate-related opportunities</p> <p>Capital deployment</p> <p>Internal carbon pricing</p> <p>Remuneration</p> <p>Industry indicators</p> <p>Climate-related targets</p>	Climate Action

# Independent Auditor's Report



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**To the members of Shanghai FourSemi Semiconductor Co., Ltd.**

*(Registered in the People's Republic of China with limited liability)*

## OPINION

We have audited the consolidated financial statements of Shanghai FourSemi Semiconductor Co., Ltd. (the **"Company"**) and its subsidiaries (the **"Group"**) set out on pages 111 to 176, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (**"IASB"**) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (**"HKSA"**) as issued by the Hong Kong Institute of Certified Public Accountants (**"HKICPA"**). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the **"Code"**), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## KEY AUDIT MATTERS *(Continued)*

### Key audit matter

#### **Revenue recognition**

The Group provides low-power audio chips, mid/high-power audio chips and haptic drivers as well as power management chips. During the year ended 31 December 2025, the Group's revenue from sales of products amounted to RMB365,703,000.

Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally on delivery to the specific locations in accordance with the contracts, the risks of obsolescence and loss have been transferred to the customer, and when the customer confirmed the acceptance of the products.

We considered the revenue recognition as a key audit matter due to the significance of the revenue amount, the large volume of revenue transactions from various customers during the year and revenue is one of the key performance indicator of the Group.

Relevant disclosures are included in notes 2.4 and 5 to the consolidated financial statements.

### How our audit addressed the key audit matter

The audit procedures performed in relation to the revenue recognition in our audit mainly included:

- obtaining an understanding of the Group's revenue recognition process, evaluating and testing the design and operating effectiveness of management's key controls over revenue recognition;
- assessing the appropriateness of accounting policies of revenue recognition by reviewing sales contracts and conducting interviews with management to understand the key terms or conditions of contracts;
- performing analytical procedures on revenue and gross profit margins by product and customer, identifying whether there were significant or unexpected fluctuations, and analysing the business reasons;
- reviewing the supporting documents related to revenue recognition on a sample basis;
- performing confirmation procedures on a sample basis for the trade receivables balances as at the balance sheet date, and conducting alternative test on samples without reply;
- performing cut-off test on the revenue recognised before and after the balance sheet date, and checking the supporting documents to evaluate whether the revenue was recognised in the appropriate period; and
- assessing the appropriateness and adequacy of the disclosures related to revenue.

# Independent Auditor's Report

## KEY AUDIT MATTERS *(Continued)*

### Key audit matter *(Continued)*

#### **Provision for inventories**

As at 31 December 2025, the carrying amount of the Group's inventories was RMB101,426,000, with accumulated provision for inventories totaling RMB7,639,000.

Inventories are stated at the lower of cost and net realisable value. Management reviews the net realisable values of inventories quarterly based on the estimated selling prices less the estimated costs of completion and the estimated selling expenses to determine the provision for inventories.

The assessment of the net realisable value of inventories involves significant management judgement and estimation, primarily including product iteration of the inventories, expected future selling price, costs and expenses necessary to complete the sale.

We considered the provision for inventories as a key audit matter due to the magnitude of the balance of inventories and the high degree of management judgement and estimation involved in determining the provision for inventories.

Relevant disclosures are included in notes 2.4, 3 and 15 to the consolidated financial statements.

### How our audit addressed the key audit matter *(Continued)*

Our audit procedures performed in relation to the provision for inventories in our audit mainly included:

- obtaining an understanding of the Group's provision for inventories assessment process, evaluating and testing the design and operating effectiveness of management's key controls over the assessment of the provision for inventories;
- evaluating the reasonableness and appropriateness of the methods and assumptions used to calculate the net realisable values of inventories;
- observing the stocktaking to check whether the damaged, slow-moving and obsolete inventories were identified and considered in determining the provision for inventories;
- testing, on a sample basis, the estimated selling price of inventories, and evaluating the reasonableness of the estimated costs of completion and selling expenses; and
- assessing the appropriateness and adequacy of the disclosures related to provision for inventories.

## **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Wai Ling (practising certificate number: P05274).

*Certified Public Accountants*  
Hong Kong

22 April 2026

# Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	5	<b>365,703</b>	355,195
Cost of sales		<b>(289,740)</b>	(308,639)
<b>Gross profit</b>		<b>75,963</b>	46,556
Other income and gains	5	<b>4,667</b>	9,582
Selling and marketing expenses		<b>(19,640)</b>	(20,847)
Administrative expenses		<b>(42,326)</b>	(19,673)
Research and development costs		<b>(69,014)</b>	(68,060)
Reversal of impairment losses/(impairment losses) on financial assets, net		<b>16</b>	(116)
Other expenses		<b>(3,317)</b>	(226)
Finance costs	7	<b>(2,651)</b>	(1,393)
Changes in the carrying amounts of redemption liabilities	24	<b>(2,865)</b>	(2,667)
<b>LOSS BEFORE TAX</b>	6	<b>(59,167)</b>	(56,844)
Income tax expense	10	—	—
<b>LOSS FOR THE YEAR</b>		<b>(59,167)</b>	(56,844)
Loss attributable to: Owners of the parent		<b>(59,167)</b>	(56,844)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted (RMB)	12	<b>(0.59)</b>	(0.57)

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>LOSS FOR THE YEAR</b>	<b>(59,167)</b>	<b>(56,844)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	169	(580)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b>169</b>	<b>(580)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(58,998)</b>	<b>(57,424)</b>
<b>Attributable to:</b>		
Owners of the parent	(58,998)	(57,424)

# Consolidated Statement of Financial Position

31 December 2025

		<b>31 December 2025</b>	31 December 2024
	<i>Notes</i>	<b>RMB'000</b>	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	<b>9,920</b>	14,768
Right-of-use assets	14	<b>1,077</b>	3,648
Other intangible assets		<b>540</b>	434
Prepayments, deposits and other receivables	17	<b>139</b>	831
Pledged time deposits	18	<b>—</b>	21,197
<b>Total non-current assets</b>		<b>11,676</b>	40,878
<b>CURRENT ASSETS</b>			
Inventories	15	<b>101,426</b>	111,921
Trade receivables	16	<b>40,310</b>	41,901
Prepayments, deposits and other receivables	17	<b>23,582</b>	27,448
Non-pledged time deposits	18	<b>—</b>	33,204
Pledged time deposits	18	<b>21,811</b>	—
Cash and cash equivalents	18	<b>118,069</b>	66,075
<b>Total current assets</b>		<b>305,198</b>	280,549
<b>CURRENT LIABILITIES</b>			
Trade payables	19	<b>23,418</b>	35,462
Other payables and accruals	20	<b>14,750</b>	12,704
Contract liabilities	21	<b>6,537</b>	7,761
Interest-bearing bank borrowings	22	<b>96,472</b>	40,030
Lease liabilities	14	<b>931</b>	2,559
Provision	23	<b>3,720</b>	4,460
Redemption liabilities	24	<b>38,776</b>	35,911
<b>Total current liabilities</b>		<b>184,604</b>	138,887
<b>NET CURRENT ASSETS</b>		<b>120,594</b>	141,662
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>132,270</b>	182,540

# Consolidated Statement of Financial Position

31 December 2025

		<b>31 December 2025</b>	31 December 2024
	<i>Notes</i>	<b>RMB'000</b>	RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	22	<b>19,600</b>	19,696
Lease liabilities	14	<b>40</b>	971
Deferred income	25	<b>2,661</b>	—
<b>Total non-current liabilities</b>		<b>22,301</b>	20,667
<b>Net assets</b>		<b>109,969</b>	161,873
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Paid-in capital/Share capital	27	<b>100,000</b>	26,122
Reserves	29	<b>9,969</b>	135,751
<b>Total equity</b>		<b>109,969</b>	161,873

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**Mr. Xu Xiaolin**

*Director*

\_\_\_\_\_  
**Mr. Liu Baoliang**

*Director*

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

## Attributable to owners of the parent

	Paid-in capital/ Share capital RMB'000 Note 27	Capital reserve* RMB'000 Note 29	Share-based payment reserve* RMB'000 Note 28	Exchange fluctuation reserve* RMB'000 Note 29	Accumulated losses RMB'000	Total equity RMB'000
As at 1 January 2025	26,122	491,557	151,049	(2,712)	(504,143)	161,873
Loss for the year	—	—	—	—	(59,167)	(59,167)
Other comprehensive income for the year:						
Exchange differences related to foreign operations	—	—	—	169	—	169
Total comprehensive loss for the year	—	—	—	169	(59,167)	(58,998)
Share-based payments (note 28)	—	—	7,094	—	—	7,094
Conversion into joint stock company	73,878	(411,418)	(122,247)	—	459,787	—
As at 31 December 2025	100,000	80,139	35,896	(2,543)	(103,523)	109,969

## Attributable to owners of the parent

	Paid-in capital RMB'000 Note 27	Capital reserve* RMB'000 Note 29	Share-based payment reserve* RMB'000 Note 28	Exchange fluctuation reserve* RMB'000 Note 29	Accumulated losses RMB'000	Total equity RMB'000
As at 1 January 2024	26,122	491,557	143,206	(2,132)	(447,299)	211,454
Loss for the year	—	—	—	—	(56,844)	(56,844)
Other comprehensive loss for the year:						
Exchange differences related to foreign operations	—	—	—	(580)	—	(580)
Total comprehensive loss for the year	—	—	—	(580)	(56,844)	(57,424)
Share-based payments (note 28)	—	—	7,843	—	—	7,843
As at 31 December 2024	26,122	491,557	151,049	(2,712)	(504,143)	161,873

\* These reserve accounts comprise the consolidated reserves of RMB9,969,000 (2024: RMB135,751,000) in the consolidated statements of financial position.

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Loss before tax		<b>(59,167)</b>	(56,844)
Adjustments for:			
Depreciation of property, plant and equipment	6,13	<b>5,592</b>	5,669
Depreciation of right-of-use assets	6,14	<b>2,571</b>	2,741
Amortisation of other intangible assets	6	<b>73</b>	48
Share-based payment expenses	6,28	<b>7,094</b>	7,843
(Reversal of impairment losses)/impairment losses on financial assets, net	6,16	<b>(16)</b>	116
Impairment losses on inventories	6,15	<b>2,134</b>	2,632
Finance costs	7	<b>2,651</b>	1,393
Bank interest income	5	<b>(1,845)</b>	(4,044)
Investment income from structured deposits	5	<b>—</b>	(2)
Foreign exchange differences, net	6	<b>3,239</b>	(4,813)
Changes in the carrying amounts of redemption liabilities	24	<b>2,865</b>	2,667
		<b>(34,809)</b>	(42,594)
Decrease/(increase) in inventories		<b>8,361</b>	(49,036)
Decrease/(increase) in trade receivables		<b>1,607</b>	(11,560)
Decrease/(increase) in prepayments, deposits and other receivables		<b>6,593</b>	(7,847)
Decrease in restricted cash		<b>—</b>	5
(Decrease)/increase in trade payables		<b>(12,044)</b>	19,393
Increase in other payables and accruals		<b>757</b>	1,744
(Decrease)/increase in contract liabilities		<b>(1,224)</b>	3,014
Increase in deferred income		<b>2,661</b>	—
(Decrease)/increase in provision		<b>(740)</b>	2,247
Cash used in operations		<b>(28,838)</b>	(84,634)
Interest received		<b>1,231</b>	1,896
Net cash flows used in operating activities		<b>(27,607)</b>	(82,738)

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		<b>(744)</b>	(1,955)
Purchases of other intangible assets		<b>(179)</b>	(117)
Withdrawal of non-pledged time deposits		<b>30,000</b>	20,000
Purchase of structured deposits classified as financial assets at fair value through profit or loss		—	(1,000)
Redemption of structured deposits classified as financial assets at fair value through profit or loss		—	1,002
Interest received		<b>3,204</b>	1,964
		<hr/>	<hr/>
Net cash flows from investing activities		<b>32,281</b>	19,894
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans		<b>115,960</b>	69,031
Repayment of bank loans		<b>(59,687)</b>	(46,000)
Payment of listing expense		<b>(1,665)</b>	—
Interest paid		<b>(2,499)</b>	(1,188)
Lease payments	14	<b>(2,638)</b>	(3,167)
		<hr/>	<hr/>
Net cash flows from financing activities		<b>49,471</b>	18,676
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		<b>66,075</b>	105,325
Effect of foreign exchange rate changes, net		<b>(2,151)</b>	4,918
		<hr/>	<hr/>
Cash and cash equivalents at end of year		<b>118,069</b>	66,075
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	18	<b>139,880</b>	120,476
Less: Non-pledged time deposits	18	—	33,204
Pledged time deposits	18	<b>21,811</b>	21,197
		<hr/>	<hr/>
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		<b>118,069</b>	66,075
		<hr/>	<hr/>

# Notes to Financial Statements

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

Shanghai FourSemi Semiconductor Co., Ltd. (the “**Company**”), formerly named as Xiamen FourSemi Semiconductor Co., Ltd., was established in the People’s Republic of China (“**PRC**”) with limited liability on 17 May 2016 and was converted into a joint stock company on 12 June 2025. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 31 March, 2026. The registered office of the Company is located at Room 303, Building 4, Second Street, Port City Plaza, No. 88 Yunjuan Road, Lane 11, Lingang New Area, China (Shanghai) Pilot Free Trade Pilot Zone, PRC.

During the year, the Company and its subsidiaries (collectively, the “**Group**”) were principally engaged in the design, research and development, and sale of perceptual-intelligence chips focusing on power amplifier audio and haptic driver.

### Information about subsidiaries

As at 31 December 2025, the Company had direct interests in its subsidiaries, all of which are private limited liability companies. The particulars of the subsidiaries are set out below:

Name	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital (’000)	Percentage of equity attributable to the Company Direct %	Principal activities
Fourier Technology Limited 傅里葉科技有限公司	Hong Kong/ 18 November 2016	HK\$10	100	Sale of integrated circuit chips
Shanghai FourSemi Electronics Technology Company Limited 上海傅硅電子科技有限公司	PRC/Chinese mainland/17 June 2016	RMB500	100	Research and development, design and sale of integrated circuit chips
Shenzhen FourSemi Electronics Company Limited 深圳市傅里葉電子有限公司	PRC/Chinese mainland/20 July 2022	RMB10,000	100	Sale of integrated circuit chips

The English names of group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) as issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. 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.

# Notes to Financial Statements

31 December 2025

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. They illustrate how entities report the effects of uncertainties in the financial statements by using climate-related scenarios related to impairment testing, credit risk, decommissioning and site restoration provisions, addressing topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation. The Group have considered these examples, and the amendments to Illustrative Examples did not have any impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>1</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency<sup>2</sup></i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 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

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss 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. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares *consolidated financial statements* available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. Based on a preliminary assessment, IFRS 19 and its amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and *financial instruments* with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

# Notes to Financial Statements

31 December 2025

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(Continued)*

Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation’s comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

*Annual Improvements to IFRS Accounting Standards — Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(Continued)*

- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

## 2.4 MATERIAL ACCOUNTING POLICIES

### Fair value measurement

The Group measures its structured deposits 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.

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements 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 reporting period.

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than 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 the statement of 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 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 the statement of profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate 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.

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. 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 the statement of 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:

Machinery	19%
Office equipment and electronic devices	32%
Leasehold improvements	33%
Vehicles	24%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially 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 the statement of 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.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

**2.4 MATERIAL ACCOUNTING POLICIES** *(Continued)***Intangible assets (other than goodwill)**

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 the end of each reporting period.

**Software**

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years, which is mainly determined by reference to the licensed period of the purchased software.

**Research and development costs**

All research costs are charged to the statement of profit or loss as 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	3 to 6 years
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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.

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### Group as a lessee (Continued)

##### (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 plant and properties and electronic devices (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 electronic devices and office equipment 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 IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Investments and other financial assets** *(Continued)*

#### **Initial recognition and measurement** *(Continued)*

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 the statement of profit or loss when the asset is derecognised, modified or impaired.

#### **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 the statement of profit or loss.

#### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily 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.

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Derecognition of financial assets (Continued)

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 the end of each reporting period, 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. However, in certain cases, the Group may also 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.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Impairment of financial assets (Continued)

#### General approach (Continued)

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 receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### Simplified approach

For trade 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 each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### 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.

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Financial liabilities

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, redemption liabilities and interest-bearing bank 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, financial liabilities 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 the statement of 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 the statement of profit or loss.

#### **Redemption liabilities**

A contract that contains an obligation to purchase the Group's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Group's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortised cost with interest expense being included in change in the carrying amounts of redemption liabilities.

The redemption liabilities were classified as current liabilities as certain redemption events could occur anytime. The carrying amount of the redemption liabilities will be reclassified to equity upon a termination of the counterparty's redemption right.

#### **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 the statement of profit or loss.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 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, mainly comprises direct materials and processing expenditures. 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.

### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

### 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 the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Income tax (Continued)

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, 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, 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 the 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.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### 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 the statement of 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 the statement of profit or loss by way of a reduced depreciation charge.

### Revenue recognition

#### *Revenue from contracts with customers*

Revenue from contracts with customers is 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 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.

There are no significant variable consideration and financing component for the Group's revenue from contracts with customers.

#### *Revenue from the sale of power amplifier audio chips and other chip products*

The Group provides low-power audio chips, Mid/high-power audio chips and haptic drivers as well as power management chips. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally on delivery to the specific locations in accordance with the contracts, the risks of obsolescence and loss have been transferred to the customer, and when the customer confirmed the acceptance of the products.

#### *Other income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

### 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. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Share-based payments

The Company operates a restricted stock 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 is measured by reference to the fair value at the date at which they are granted. The fair value of the restricted stock is determined by an external valuer using back-solve method and adopting the equity allocation model taking into the recent capital injection price. Further details of which are given in note 28 to the financial statements.

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 vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is 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 expense not yet recognised for the award is recognised immediately.

### Other employee benefits

#### Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for certain of its employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company and the subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Other employee benefits (Continued)

#### 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 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 are 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.

#### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

#### Foreign currencies

These financial statements 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is 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 currency of the oversea subsidiary is USD rather than RMB. As at the end of the reporting period, the assets and liabilities of such entity are translated into RMB at the exchange rate prevailing at the end of the reporting period and its statement of profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Foreign currencies (Continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated *statement of cash flows*, the cash flows of the overseas subsidiary is translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into RMB the weighted at average exchange rate for the year.

## 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

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### 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 RMB557,083,000 (2024: RMB450,376,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. 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 RMB15,614,000 (2024: RMB15,096,000). Further details on deferred taxes are disclosed in note 26 to the financial statements.

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

#### **Estimation uncertainty** *(Continued)*

##### ***Provision for expected credit losses on trade receivables***

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing of trade receivables for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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, 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 receivables is disclosed in note 16 to the financial statements.

##### ***Impairment of non-financial assets (other than goodwill)***

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. 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.

##### ***Share-based payments***

The Group operates a restricted stock scheme for the purpose of providing incentives to the Group's employees (including directors). The grant date fair value of the restricted stock is determined by an external valuer using back-solve method and adopting the equity allocation model taking into the recent capital injection price. Further details are contained in note 28 to the financial statements.

##### ***Provision of inventories***

The Group's inventories are stated at the lower of cost and net realisable value. The Group's provision for 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 quarterly for provision, if appropriate. Further details of the inventories are set out in note 15 to the financial statements.

# Notes to Financial Statements

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## 4. OPERATING SEGMENT INFORMATION

### Operating segment information

The board of directors reviews the consolidated results of the Group when making decisions about resource allocation and assessing the performance of the Group. The board of directors considers that the Group operates in one business segment and the measurement of segment results is based on the profit from operations as presented in the consolidated statements of profit or loss and the consolidated statements of comprehensive income.

### Geographical information

#### (a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
PRC (including Hong Kong)	<b>365,703</b>	355,195

The revenue information above is based on the locations of the customers.

#### (b) Non-current assets

Almost all of the Group's non-current assets were located in Chinese mainland.

### Information about major customers

External customers from which the revenue individually amounted to over 10% of total revenue of the Group for the years ended 31 December were as follows:

	2025 RMB'000	2024 RMB'000
Customer D	<b>111,129</b>	107,685
Customer E	<b>67,531</b>	67,442
Customer G	*	66,342
Customer H	<b>87,860</b>	*

\* Less than 10% of the Group's revenue.

# Notes to Financial Statements

31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Revenue from contracts with customers	<b>365,703</b>	355,195

### Revenue from contracts with customers

#### (a) Disaggregated revenue information

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Types of goods or services</b>		
Low-power audio chips	<b>329,496</b>	322,908
Mid/high-power audio chips	<b>26,548</b>	26,707
Haptic drivers	<b>8,572</b>	5,332
Others	<b>1,087</b>	248
Total	<b>365,703</b>	355,195

#### Timing of revenue recognition

Transferred at a point in time	<b>365,703</b>	355,195
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The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	<b>7,761</b>	4,747

# Notes to Financial Statements

31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

### Revenue from contracts with customers (Continued)

#### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

##### *Sales of power amplifier audio chips and other chip products*

The Group offers low-power audio chips, mid/high-power audio chips, as well as other chip products, including power management chips. The performance obligation is satisfied upon delivery to the agreed-upon locations in accordance with the contracts, and when the customers confirmed the acceptance of the products. The payment is normally received in advance, except for certain customers with established creditworthiness and a long-standing business relationship, where payment is generally due within 30 to 90 days from the invoice date.

All amounts of transaction prices allocated to the performance obligations of sales of goods or services are expected to be recognised as revenue within one year. The Group has no significant unsatisfied performance obligations arising from revenue contracts that have an original expected duration more than one year, thus management applied practical expedient under IFRS 15 and is not disclosing the aggregate amount of the transaction prices allocated to the performance obligations that are unsatisfied or partially satisfied at the end of each reporting period.

#### (c) Revenue recognized in relation to contract liabilities

The following table included the transaction prices allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at the end of the year and the amounts disclosed below do not include significant variable consideration that is constrained:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	<b>6,537</b>	7,761

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Government grants	<b>2,689</b>	723
Bank interest income	<b>1,845</b>	4,044
Investment income from structured deposits	—	2
Others	<b>133</b>	—
Total other income	<b>4,667</b>	4,769
<b>Gains</b>		
Foreign exchange differences, net	—	4,813
Total other income and gains	<b>4,667</b>	9,582

# Notes to Financial Statements

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## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of goods and services*		287,606	306,007
Depreciation of property, plant and equipment	13	5,592	5,669
Depreciation of right-of-use assets	14	2,571	2,741
Amortisation of other intangible assets		73	48
Research and development costs*		69,014	68,060
Auditor's remuneration		1,800	—
Listing expenses		18,766	—
Foreign exchange differences, net		3,239	(4,813)
Investment income from structured deposits	5	—	(2)
Bank interest income	5	(1,845)	(4,044)
(Reversal of impairment losses)/impairment losses			
on financial assets, net	16	(16)	116
Impairment losses on inventories	15	2,134	2,632
Expenses relating to short-term leases and low-value assets	14	286	149
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages, salaries and other allowances		59,038	58,320
Pension scheme contributions and social welfare		12,062	9,971
Share-based payment expenses	28	7,094	7,843
Total		<b>78,194</b>	76,134

\* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing and research and development for the reporting periods are included in "Depreciation of property, plant and equipment", "Depreciation of right-of-use assets" and "Amortisation of other intangible assets", respectively. The labour costs related to the manufacturing and research and development for the reporting periods are included in "Employee benefit expense". In addition, impairment losses on inventories are not included in the above "cost of goods and services".

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on Interest-bearing bank borrowings	2,572	1,206
Interest on lease liabilities	79	187
Total	<b>2,651</b>	1,393

# Notes to Financial Statements

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## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Fees	—	—
Other emoluments:		
Salaries, allowances and benefits in kind	<b>3,189</b>	2,569
Performance related bonuses*	<b>469</b>	1,638
Share-based payment expenses	<b>1,468</b>	1,468
Pension scheme contributions and social welfare	<b>169</b>	168
Subtotal	<b>5,295</b>	5,843
Total fees and other emoluments	<b>5,295</b>	5,843

\* Certain directors of the Company are entitled to bonus payments which are associated with the operating results of the Group.

In prior years, certain directors were granted restricted shares, in respect of their services to the Group, under the employee stock ownership plan of the Company, further details of which are set out in note 28 to financial statements. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amounts during the reporting period are included in the above directors' and chief executive's remuneration disclosures.

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Mr. Liu Hongchan	—	—
Ms. Liu Liping	—	—
Mr. Dai Xueguang	—	—
Total	—	—

Mr. Liu Hongchan, Ms. Liu Liping and Mr. Dai Xueguang were appointed as independent non-executive directors on 30 May 2025.

**8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION** (Continued)**(b) Executive directors, a non-executive director and the chief executive**

The remuneration of each of the directors of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors of the Company) for the year is set out as follows:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
<b>2025</b>						
<i>Directors:</i>						
Mr. Liu Baoliang	—	726	—	6	45	777
Mr. Qian Shun	—	909	—	702	45	1,656
Mrs. Yu Bingbing	—	788	469	760	34	2,051
Mr. Sang Feng	—	—	—	—	—	—
Mr. Lin Enfeng	—	—	—	—	—	—
Mr. Liu Changjiang	—	—	—	—	—	—
Mr. Yin Yanfeng	—	—	—	—	—	—
Mr. He Shiyong	—	—	—	—	—	—
Mr. Chen Binglin	—	—	—	—	—	—
Mr. Liu Hongcan	—	—	—	—	—	—
Ms. Liu Liping	—	—	—	—	—	—
Mr. Dai Xueguang	—	—	—	—	—	—
Subtotal	—	2,423	469	1,468	124	4,484
<i>Chief executive:</i>						
Mr. Xu Xiaolin	—	766	—	—	45	811
Total	—	3,189	469	1,468	169	5,295

# Notes to Financial Statements

31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

### (b) Executive directors, a non-executive director and the chief executive (Continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
2024						
<i>Directors:</i>						
Mr. Liu Baoliang	—	640	278	6	45	969
Mr. Qian Shun	—	781	219	702	45	1,747
Mrs. Yu Bingbing	—	571	719	760	33	2,083
Mr. Sang Feng	—	—	—	—	—	—
Mr. Lin Enfeng	—	—	—	—	—	—
Mr. Liu Changjiang	—	—	—	—	—	—
Mr. Yin Yanfeng	—	—	—	—	—	—
Mr. He Shiyong	—	—	—	—	—	—
Subtotal	—	1,992	1,216	1,468	123	4,799
<i>Chief executive:</i>						
Mr. Xu Xiaolin	—	577	422	—	45	1,044
Total	—	2,569	1,638	1,468	168	5,843

Mr. Xu Xiaolin (“**Mr. Xu**”) was appointed as the chief executive on 10 May 2016.

Mr. Liu Baoliang was appointed as a director on 11 January 2018.

Mr. Qian Shun was appointed as a director on 10 May 2021.

Mrs. Yu Bingbing was appointed as a director on 29 December 2021.

Mr. He Shiyong was appointed as a director on 10 May 2021 and resigned from the position of a director with effect from 30 May 2025.

Mr. Lin Enfeng was appointed as a director on 11 January 2018.

Mr. Sang Feng was appointed as a director on 29 December 2021 and resigned from the position of a director with effect from 30 May 2025.

Mr. Liu Changjiang was appointed as a director on 11 January 2018 and resigned from the position of a director with effect from 30 May 2025.

Mr. Yin Yanfeng was appointed as a director on 18 January 2021 and resigned from the position of a director with effect from 30 May 2025.

**8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION** (Continued)**(b) Executive directors, a non-executive director and the chief executive** (Continued)

Mr. Chen Binglin was appointed as a director on 30 May 2025.

Mr. Liu Hongcan was appointed as a director on 30 May 2025.

Ms. Liu Liping was appointed as a director on 30 May 2025.

Mr. Dai Xueguang was appointed as a director on 30 May 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the reporting period.

**9. FIVE HIGHEST PAID EMPLOYEES**

The five highest paid employees during the year included two directors (2024: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Salaries, allowances and benefits in kind	<b>2,917</b>	1,991
Performance related bonuses	—	553
Share-based payment expenses	<b>865</b>	1,341
Pension scheme contributions and social welfare	<b>236</b>	258
	<hr/>	<hr/>
Total	<b>4,018</b>	4,143

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	<b>Number of employees</b>	
	<b>2025</b>	2024
HK\$1,000,001 to HK\$1,500,000	<b>2</b>	1
HK\$1,500,001 to HK\$2,000,000	<b>1</b>	2
	<hr/>	<hr/>
Total	<b>3</b>	3

In prior years, restricted shares were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 28 to the financial statements. The fair value of such restricted shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the reporting period are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

# Notes to Financial Statements

31 December 2025

## 10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and/or operate.

### Chinese mainland

The subsidiaries established in Chinese mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for these subject to tax preferential set out below:

Shanghai FourSemi Semiconductor Co., Ltd. obtained its “High and New Technology Enterprise” qualification on 14 December 2022. The Company is currently in the process of renewing its “High and New Technology Enterprise” qualification. The Company’s application for the renewal of “High and New Technology Enterprise” qualification has successfully passed the review and is now in the public announcement phase. Based on management’s assessment, the Company meets the qualifying criteria, so it was entitled to the preferential tax rate of 15% during the reporting periods.

Certain subsidiary met the criteria as small-scaled and minimal profit enterprise with its annual taxable income less than RMB3,000,000, its actual income amount subject to tax was calculated at 25% of its annual taxable income. The aforesaid calculated taxable income of this subsidiary was entitled to a reduced corporate income tax rate of 20% for the period from 1 January 2023 and expiring on 31 December 2027.

### Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the reporting period. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the reporting period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 RMB'000	2024 RMB'000
Current income tax	—	—
Deferred tax expense ( <i>note 26</i> )	—	—
Total tax expense for the year	—	—

**10. INCOME TAX** (Continued)**Hong Kong** (Continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdiction in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Loss before tax	<b>(59,167)</b>	(56,844)
Tax at the statutory tax rates of each entities' jurisdictions	<b>(14,578)</b>	(13,858)
Effect of preferential tax rates	<b>6,358</b>	5,899
Expenses not deductible for tax (a)	<b>1,948</b>	1,935
Additional deductible allowance for qualified research and development costs (b)	<b>(8,926)</b>	(8,617)
Deductible temporary differences not recognised	<b>167</b>	680
Deductible temporary differences utilised from previous years	<b>(416)</b>	(455)
Tax losses not recognised	<b>15,447</b>	14,416
Tax expense at the Group's effective tax rate	<b>—</b>	—

- (a) Tax effect of non-deductible expenses mainly represent the changes in the carrying amounts of redemption liabilities, share-based payments expenses and certain other costs and expenses, which all are not deductible in accordance with relevant tax regulations in the PRC.
- (b) Additional deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the Chinese mainland, enterprises engaging in research and development activities are entitled to claim 200% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for the reporting period.

**11. DIVIDENDS**

No dividends have been paid or declared by the Company during the year (2024: nil).

**12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. The weighted average number of ordinary shares in issue was determined assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:3.83 as upon the Company's transformation into a joint-stock company on 12 June 2025.

# Notes to Financial Statements

31 December 2025

## 12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

	2025 RMB'000	2024 RMB'000
<b>Loss</b>		
Loss for the year attributable to ordinary equity shareholders of the Company	<b>(59,167)</b>	(56,844)
<b>Shares</b>		
Weighted average number of ordinary shares	<b>100,000,000</b>	100,000,000
<b>Loss per share</b>		
Basic and diluted (RMB)	<b>(0.59)</b>	(0.57)

No adjustment has been made to the basic loss per share amounts presented for the year as the impact of the potential ordinary shares had an anti-dilutive effect on the basic loss per share amounts presented.

## 13. PROPERTY, PLANT AND EQUIPMENT

	Machinery RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2025</b>						
At 1 January 2025:						
Cost	27,009	1,126	938	551	90	29,714
Accumulated depreciation	(12,996)	(828)	(709)	(413)	—	(14,946)
Net carrying amount	<b>14,013</b>	<b>298</b>	<b>229</b>	<b>138</b>	<b>90</b>	<b>14,768</b>
At 1 January 2025, net of accumulated depreciation	14,013	298	229	138	90	14,768
Additions	—	137	—	—	607	744
Transfer	577	—	—	—	(577)	—
Depreciation provided during the year	(5,098)	(194)	(190)	(110)	—	(5,592)
At 31 December 2025, net of accumulated depreciation	<b>9,492</b>	<b>241</b>	<b>39</b>	<b>28</b>	<b>120</b>	<b>9,920</b>
At 31 December 2025:						
Cost	27,586	1,263	938	551	120	30,458
Accumulated depreciation	(18,094)	(1,022)	(899)	(523)	—	(20,538)
Net carrying amount	<b>9,492</b>	<b>241</b>	<b>39</b>	<b>28</b>	<b>120</b>	<b>9,920</b>

# Notes to Financial Statements

31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Machinery RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2024</b>						
At 1 January 2024:						
Cost	25,252	1,092	864	551	—	27,759
Accumulated depreciation	(8,017)	(564)	(413)	(283)	—	(9,277)
Net carrying amount	17,235	528	451	268	—	18,482
At 1 January 2024, net of accumulated depreciation	17,235	528	451	268	—	18,482
Additions	—	34	—	—	1,921	1,955
Transfer	1,757	—	74	—	(1,831)	—
Depreciation provided during the year	(4,979)	(264)	(296)	(130)	—	(5,669)
At 31 December 2024, net of accumulated depreciation	14,013	298	229	138	90	14,768
At 31 December 2024:						
Cost	27,009	1,126	938	551	90	29,714
Accumulated depreciation	(12,996)	(828)	(709)	(413)	—	(14,946)
Net carrying amount	14,013	298	229	138	90	14,768

# Notes to Financial Statements

31 December 2025

## 14. LEASES

### The Group as a lessee

The Group has lease contracts for various items of buildings used in its operations. Leases of buildings generally have lease terms between 3 and 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. Other rental agreements generally have lease terms of 12 months or less or are individually of low value.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the reporting period are as follows:

	<b>Buildings</b> RMB'000
As at 1 January 2024	6,201
Additions	188
Depreciation charge	(2,741)
	<hr/>
As at 31 December 2024 and 1 January 2025	<b>3,648</b>
Depreciation charge	<b>(2,571)</b>
	<hr/>
As at 31 December 2025	<b>1,077</b>

#### (b) Lease liabilities

The carrying amounts of lease liabilities (not included those under interest-bearing bank borrowings) and the movements during the reporting period are as follows:

	<b>2025</b> RMB'000	2024 RMB'000
Carrying amount at 1 January	<b>3,530</b>	6,322
New leases	—	188
Accretion of interest recognised during the year	<b>79</b>	187
Payments	<b>(2,638)</b>	(3,167)
	<hr/>	<hr/>
Carrying amount at 31 December	<b>971</b>	3,530
Analysed into:		
Current portion	<b>931</b>	2,559
Non-current portion	<b>40</b>	971
	<hr/>	<hr/>

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

# Notes to Financial Statements

31 December 2025

## 14. LEASES (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	79	187
Depreciation charge of right-of-use assets	2,571	2,741
Expenses relating to short-term leases and low-value assets	286	149
	<hr/>	<hr/>
Total amount recognised in profit or loss	<b>2,936</b>	3,077

## 15. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	35,765	19,726
Work in progress	45,140	65,846
Finished goods	28,160	34,241
	<hr/>	<hr/>
Less: Provision for inventories	<b>109,065</b> <b>(7,639)</b>	119,813 (7,892)
	<hr/>	<hr/>
Total	<b>101,426</b>	111,921

As at 31 December 2025, inventories were stated at the lower of cost and net realisable value.

### The movements in provision

	2025 RMB'000	2024 RMB'000
Carrying amount at the beginning of the year	7,892	9,977
Impairment losses recognised, net	2,134	2,632
Amounts written off	<b>(2,387)</b>	(4,717)
	<hr/>	<hr/>
Carrying amount at the end of the year	<b>7,639</b>	7,892

# Notes to Financial Statements

31 December 2025

## 16. TRADE RECEIVABLES

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Trade receivables	<b>40,718</b>	42,325
Less: Impairment losses	<b>(408)</b>	(424)
	<hr/>	<hr/>
Net carrying amount	<b>40,310</b>	41,901
	<hr/>	<hr/>

The Group provides credit terms to certain customers with satisfied creditworthiness and long-term relationship. The credit period is generally around 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at 31 December 2025, the Group had certain concentrations of credit risk as 57% (2024: 52%) and 98% (2024:100%) of the Group's trade receivables were due from the Group's largest debtor and five largest debtors, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. As with other customers, the Group normally demands payment in advance.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the past due information and net of loss allowance, is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within 3 months	<b>39,557</b>	41,901
3 to 6 months	<b>753</b>	—
	<hr/>	<hr/>
Total	<b>40,310</b>	41,901
	<hr/>	<hr/>

The movements in the impairment of trade receivables are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
At beginning of year	<b>424</b>	308
(Reversal of impairment losses)/impairment losses on financial assets, net	<b>(16)</b>	116
	<hr/>	<hr/>
At end of year	<b>408</b>	424
	<hr/>	<hr/>

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade 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 ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balances, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

# Notes to Financial Statements

31 December 2025

## 16. TRADE RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

### As at 31 December 2025

	Within 3 months	3 to 6 months	Total
On collective basis:			
Expected credit loss rate	1%	1%	1%
Gross carrying amount (RMB'000)	39,957	761	40,718
Expected credit losses (RMB'000)	400	8	408

### As at 31 December 2024

	Within 3 months	3 to 6 months	Total
On collective basis:			
Expected credit loss rate	1%	—	1%
Gross carrying amount (RMB'000)	42,325	—	42,325
Expected credit losses (RMB'000)	424	—	424

## 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Current:		
Prepayments to suppliers	11,945	7,205
Other tax recoverable	7,528	19,798
Deposits and other receivables	1,155	445
Listing fee	2,954	—
Subtotal	23,582	27,448
Non-current:		
Rent deposits and property management fee deposits	139	831
Subtotal	139	831
Total	23,721	28,279

# Notes to Financial Statements

31 December 2025

## 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

As there was no 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). As at 31 December 2025 and 2024, the credit rating of other receivables was performing. The Group assessed that the expected credit losses for these receivables were not material under the 12-month expected loss method. In view of the history of cooperation with debtors and the sound collection history of receivables, management believes that the credit risk inherent in the outstanding other receivable balances of the Group is not significant

## 18. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	139,880	120,476
Less: Non-pledged time deposits with original maturity of over one year and will mature within one year*	—	(33,204)
Pledged time deposits with original maturity of more than one year and will mature within one year**	(21,811)	—
Pledged time deposits with original maturity of more than one year**	—	(21,197)
	<hr/>	<hr/>
Cash and cash equivalents	<b>118,069</b>	66,075

\* Short-term bank deposits were deposits with original maturity over one year and will mature within one year.

\*\* As at 31 December 2025, the Group's and the Company's time deposits were pledged for interest-bearing bank borrowings amounting to RMB21,811,000 (2024: RMB21,197,000) (note 22).

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents		
Denominated in RMB	31,673	27,616
Denominated in USD	86,396	38,458
Denominated in HKD	—	1
	<hr/>	<hr/>
Total	<b>118,069</b>	66,075
	<hr/>	<hr/>
Non-pledged time deposits, pledged deposits and restricted cash Denominated in RMB	<b>21,811</b>	54,401

# Notes to Financial Statements

31 December 2025

## 19. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>23,226</b>	34,748
1 to 2 years	<b>112</b>	641
2 to 3 years	<b>80</b>	73
Total	<b>23,418</b>	35,462

The trade payables are non-interest-bearing and are normally settled within 30 to 60 days upon receipt of the VAT invoice.

## 20. OTHER PAYABLES AND ACCRUALS

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Accrued listing expenses	<b>7,443</b>	—
Payroll and welfare payable	<b>5,786</b>	11,202
Accrued expenses	<b>43</b>	276
Other tax payables	<b>1,166</b>	850
Others	<b>312</b>	376
Total	<b>14,750</b>	12,704

Other payables are non-interest-bearing, unsecured and repayable on demand.

## 21. CONTRACT LIABILITIES

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Contract liabilities	<b>6,537</b>	7,761

Contract liabilities include advances received from customers for delivery of power amplifier audio chips and other chip products. The decrease in contract liabilities during the reporting period was mainly due to the decrease in short-term advances received from customers in relation to the provision of products.

The analysis of the revenue which was included in the contract liabilities balances at the beginning of the period, recognised during the reporting period, relates to carried-forward contract liabilities, refer to note 5 to the financial statements.

# Notes to Financial Statements

31 December 2025

## 22. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans – unsecured	2.20–2.85	2026	66,045	2.60	2025	20,014
Bank loans – secured	2.60–2.85	2026	19,974	2.85	2025	20,016
Current portion of long-term bank loans – unsecured	2.45–2.70	2026	10,453	–	–	–
Total current			<u>96,472</u>			<u>40,030</u>
<b>Non-current</b>						
Bank loans-unsecured	2.70	2027	19,600	3.45	2026	19,696
<b>Total</b>			<u>116,072</u>			<u>59,726</u>

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	96,472	40,030
In the second year	19,600	19,696
Total	<u>116,072</u>	<u>59,726</u>

Certain of the Group's interest-bearing bank borrowings are secured by the pledges of the Group's time deposits with carrying values at the end of the reporting period of approximately RMB21,811,000 (2024: RMB21,197,000).

## 23. PROVISION

	2025 RMB'000	2024 RMB'000
As at 1 January	4,460	2,213
Additional provision	2,058	2,925
Amounts utilised during the year	(1,606)	(166)
Reversal of unutilised amounts during the year	(1,192)	(512)
As at 31 December	<u>3,720</u>	<u>4,460</u>

Under the terms of the Group's sales agreements, the Group offers warranties for its products. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of each reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

**24. REDEMPTION LIABILITIES**

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Redemption liabilities	<b>38,776</b>	35,911

The movements of the redemption liabilities during the reporting period are set out below:

	<b>Redemption liabilities on equity shares</b>
	RMB'000
As at 1 January 2024	33,244
Changes in the carrying amounts of redemption liabilities	2,667
As at 31 December 2024 and 1 January 2025	<b>35,911</b>
Changes in the carrying amounts of redemption liabilities	<b>2,865</b>
As at 31 December 2025	<b>38,776</b>

A contract that contains an obligation to purchase the equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the obligation to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and is subsequently measured at amortised cost, with interest expense included in the changes in the carrying amounts of financial instruments issued to the investor. The carrying amount of the redemption liabilities is reclassified to equity upon the termination of the counterparty's redemption right.

In 2022, the Company conducted financing by issuing registered capital to an investor and the investor was granted a right to put back to the Company the registered capital acquired upon occurrence of any of the following events which cannot be controlled by the Company:

- (i) The Company failing to achieve a qualified Initial Public Offering (the "Qualified IPO") before 31 December 2025;
- (ii) The Company, the controlling shareholder, core shareholders or the employee shareholding platform committing material breaches of contract, violating the representations or warranties, or breaching the covenants and obligations, resulting in material adverse impacts on the Group or the investor, and failing to effectively remedy such situations (if such violations are remediable) within 30 working days after receiving a notice from the investor;
- (iii) The controlling shareholder violating the non-competition obligation stipulated in the supplementary agreement; or
- (iv) Within three years from 2022, the controlling shareholder and core shareholders prior to the investment having seriously breached the principle of good faith, or that the information disclosed by the Group regarding the Group's assets, business operations, or intellectual property status being materially inconsistent with the facts, thereby significantly impairing the investment interests of the investor.

# Notes to Financial Statements

31 December 2025

## 24. REDEMPTION LIABILITIES (Continued)

The redemption price is calculated as the higher of (i) the sum of the actual investment amount paid by the investor and the compound annual interest calculated at a rate of 8% on the investment amount from the date of investment payment until the date of full redemption payment; and (ii) the net assets of the Group, as audited by an accounting firm, at the latest accounting period end corresponding to the equity of the Group held by the investor.

According to the investment agreement and the opinion of Company's PRC legal counsel, such redemption rights will be suspended upon the Company's listing application to the Stock Exchange and will automatically revive under the following circumstances: (1) if the initial public offering ("IPO") application is withdrawn, becomes invalid, or is rejected; or (2) if the IPO has not been completed within 12 months after the suspension of such special rights.

The redemption rights will automatically terminate upon the successful Qualified IPO. For the details of pre-IPO investments, please refer to note 27 to the financial statements.

## 25. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	2,661	—

The movements in deferred income during the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	—	—
Received during the year	3,501	—
Credited to profit or loss during the year	(840)	—
At end of year	2,661	—

Government grants received related to assets invested in servers and computer equipment were credited to deferred income and are recognised as income over the expected useful lives of the relevant assets.

## 26. DEFERRED TAX

The movements in deferred tax liabilities and assets during the reporting periods are as follows:

### Deferred tax liabilities

	2025 Right-of-use assets RMB'000
At 31 December 2024	512
Deferred tax credited to profit or loss during the year	(355)
Gross deferred tax liabilities at 31 December 2025	157

# Notes to Financial Statements

31 December 2025

## 26. DEFERRED TAX (Continued)

### Deferred tax liabilities (Continued)

	2024 Right-of-use assets RMB'000
At 31 December 2023	935
Deferred tax credited to profit or loss during the year	(423)
Gross deferred tax liabilities at 31 December 2024	<u>512</u>

### Deferred tax assets

	2025		
	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 31 December 2024	29	483	512
Deferred tax charged to profit or loss during the year	(11)	(344)	(355)
Gross deferred tax assets at 31 December 2025	<u>18</u>	<u>139</u>	<u>157</u>

	2024		
	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 December 2023	—	935	935
Deferred tax credited/(charged) to profit or loss during the year	29	(452)	(423)
Gross deferred tax assets at 31 December 2024	<u>29</u>	<u>483</u>	<u>512</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2025 RMB'000	2024 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	<u>—</u>	<u>—</u>

# Notes to Financial Statements

31 December 2025

## 26. DEFERRED TAX (Continued)

### Deferred tax assets (Continued)

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	557,083	450,376
Deductible temporary differences	16,141	17,843
Total	<b>573,224</b>	468,219

The Group had accumulated tax losses arising in Chinese mainland of RMB523,186,000 (2024: RMB418,221,000), that would expire in one to ten years for offsetting against future taxable profits. The Group had accumulated tax losses in Hong Kong of RMB33,897,000 (2024: RMB32,155,000) in aggregate, which can be carried forward indefinitely to offset against future taxable profits of the entity in which the losses were incurred. Deferred tax assets have not been recognised with respect to tax losses and deductible temporary differences for the Company and certain subsidiaries as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

## 27. PAID-IN CAPITAL/SHARE CAPITAL

### Shares

	2025 RMB'000	2024 RMB'000
Issued and fully paid: Paid-in capital/Share capital	<b>100,000</b>	26,122

A summary of movements in the Company's paid-in capital/share capital is as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	26,122	26,122
Conversion into a joint stock company	73,878	—
At the end of the year	<b>100,000</b>	26,122

On 12 June 2025, the Company was converted into a joint stock limited company with limited liability under the Company Law of the PRC. The net assets of the Company as at the conversion date were converted into 100,000,000 shares at RMB1 each. The excess of net assets converted over nominal value of the ordinary shares of RMB was credited to the Company's capital reserves.

**27. PAID-IN CAPITAL/SHARE CAPITAL** *(Continued)***Shares** *(Continued)*

Prior to the reporting period and until August 18, 2022, the Company entered into respective investment agreements for the subscription of Shares with various pre-IPO Investors for total net cash proceeds of approximately RMB526,500,000. Of these, as of August 18, 2022, 16,907,470 Shares issued for total net cash proceeds of approximately RMB526,400,000 (collectively the “**Pre-IPO Investments**”), carried special rights (“**Special Rights**”) granted by the Company.

Pursuant to the aforementioned agreements, including the investment agreement entered among the Company, Mr. Xu and the Pre-IPO Investors (including Huzhou Zhuosheng) (the “**Pre-IPO Investors**”) on August 18, 2022 (the “**Investment Agreement**”) and the supplemental agreement to the Investment Agreement entered among the Company, Mr. Xu and the Pre-IPO Investors (including Huzhou Zhuosheng) on August 18, 2022 (the “**First Supplemental Agreement**”), the Pre-IPO Investors were granted Special Rights which included redemption rights, anti-dilution rights, information rights, co-sale rights, right of first refusal and liquidation preferences granted by the Company, as well as redemption rights granted by Mr. Xu.

Prior to their termination, only certain information rights and director nomination rights among the Special Rights granted by the Company had been exercised in the ordinary course for governance and information purposes. There was no exercise of any redemption or other financial Special Rights granted by the Company throughout the reporting period.

On 30 April 2025, the Company and the Pre-IPO Investors except for “Huzhou Zhuosheng Equity Investment Partnership (Limited Partnership) (“**Huzhou Zhuosheng**”) subsequently entered into a supplemental agreement (the “**Second Supplemental Agreement**”), pursuant to which the redemption rights granted by the Company to such Pre-IPO Investors (excluding Huzhou Zhuosheng) were irrevocably terminated and became void ab initio. Subsequently, on June 27, 2025, the Company, Mr. Xu and the Pre-IPO Investors (excluding Huzhou Zhuosheng) entered into a further supplemental agreement (the “**Third Supplemental Agreement**”), pursuant to which (i) all other remaining Special Rights granted by the Company to such Pre-IPO Investors (including pre-emptive rights, anti-dilution rights, liquidation preferences and other rights as listed above) were terminated, effective on the date immediately preceding the Listing, and (ii) the redemption rights granted by Mr. Xu to such Pre-IPO Investors were terminated, effective on the date preceding the first submission of the listing application. 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 except for Huzhou Zhuosheng as equity.

For the details of redemption liabilities recognised related to Huzhou Zhuosheng, please refer to note 24 to the financial statements.

# Notes to Financial Statements

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## 28. SHARE-BASED PAYMENTS

In recognition of the contributions of the Group's key employees and to incentivize them to further promote the Group's development, the Group awards the partnership interest in the employee shareholding platforms to the employees and adopts the employee stock ownership plan.

On 10 January 2022 and 28 February 2022, pursuant to the employee stock ownership plan, 19,032 shares and 5,947 shares of the Company were granted to eligible participants through the employee shareholding platforms, respectively, in the form of restricted shares. The grant date fair values of these shares were determined by an external valuer taking into the recent capital injection price from series C+ investors in August 2021 using the back-solve method and adopting the equity allocation model. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

Shares granted during the reporting period needs to meet service requirements from the date of grant to the later of (1) four years or five years since the grant date (the "Service Period") and (2) the date of successful IPO of the Company (the "Lock-up Period"). After taking into consideration of the best estimation of the IPO, the management determined the vesting period of the relevant shares based on the above service requirements. As such, the share-based payment expenses are amortised during the vesting period.

Movements in the number of equity interest shares granted and the respective weighted average grant date fair values were as follows:

	<b>2025</b>		2024	
	<b>Weighted</b>		Weighted	
	<b>average grant</b>	<b>Number</b>	average grant	Number
	<b>date fair value</b>	<b>of shares</b>	date fair value	of shares
	<b>RMB</b>		RMB	
	<b>per share</b>		per share	
At the beginning of the year	<b>23.39</b>	<b>5,656,652</b>	23.53	5,738,727
Granted	—	—	—	—
Forfeited	<b>28.34</b>	<b>(33,305)</b>	33.61	(82,075)
At the end of the year	<b>23.36</b>	<b>5,623,347</b>	23.39	5,656,652

Share-based payment expenses relating to employees recognised for the reporting period are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Administrative expenses	<b>1,551</b>	1,974
Research and development costs	<b>4,417</b>	4,321
Selling and marketing expenses	<b>1,126</b>	1,548
Total	<b>7,094</b>	7,843

**29. RESERVES**

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity of the financial statements.

**(i) Capital reserve**

The capital reserve consists of premiums in issuing capitals and the amounts in relation to the recognition of the redemption liabilities as set out in note 24 to the financial statements.

**(ii) Exchange fluctuation reserve**

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

**(iii) Share-based payment reserve**

The share-based payment reserve represents the equity-settled share awards as set out in note 28 to the financial statements.

**30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS****(a) Major non-cash transactions**

For the year ended 31 December 2025, the Group had no (2024: RMB188,000) non-cash additions to right-of-use assets and lease liabilities in respect of lease arrangements for buildings.

**(b) Changes in liabilities arising from financing activities**

	2025				Total
	Interest-bearing bank borrowings	Lease liabilities	Redemption liabilities	Trade and other payables – listing expense	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	59,726	3,530	35,911	—	99,167
Changes from financing cash flows	53,774	(2,638)	—	(1,665)	49,471
Interest expense	2,572	79	—	—	2,651
Changes in the carrying amounts of redemption liabilities	—	—	2,865	—	2,865
Addition in listing expenses	—	—	—	9,108	9,108
At 31 December 2025	116,072	971	38,776	7,443	163,262

# Notes to Financial Statements

31 December 2025

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (b) Changes in liabilities arising from financing activities (Continued)

	2024				
	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Redemption liabilities RMB'000	Trade and other payables — listing expense RMB'000	Total RMB'000
At 1 January 2024	36,677	6,322	33,244	—	76,243
Changes from financing cash flows	21,843	(3,167)	—	—	18,676
New leases	—	188	—	—	188
Interest expense	1,206	187	—	—	1,393
Changes in the carrying amounts of redemption liabilities	—	—	2,667	—	2,667
At 31 December 2024	59,726	3,530	35,911	—	99,167

### (c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	286	149
Within financing activities	2,638	3,167
Total	2,924	3,316

## 31. CONTINGENT LIABILITIES

Since August 2023, the Company had been a defendant in a patent dispute lawsuit filed by a party alleging that the Company infringed its invention patent in Chinese mainland. The Company had obtained an appraisal report issued by an authoritative judicial appraisal center. The report concludes that the technical features of implicated products are neither identical nor equivalent to those covered by the plaintiff's patent. The Company's PRC litigation advisor is of the view that there are reasonable grounds to believe the court would dismiss the claims on the basis that the said chip products should not fall under the protection of such invention patent. The directors, based on the advice from Company's PRC litigation advisor, believe that the Company has a valid defense against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs. The court has scheduled the first hearing of the new case on 27 April 2026.

**32. COMMITMENTS**

The Group had the following capital commitments at the end of the reporting period:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Contracted, but not provided for:		
Properties, plant and equipment	—	—

**33. RELATED PARTY TRANSACTIONS****Redemption rights of the Pre-IPO Investors granted by Mr. Xu**

Pursuant to the investment agreement entered into on 18 August 2022, the Pre-IPO Investors had been granted the redemption rights by the Company and/or Mr. Xu. According to the supplemental agreements entered into on 27 June 2025 by the Company and the Pre-IPO Investors (excluding “**Huzhou Zhuosheng**”). Mr. Xu has been designated as the sole obligor for the redemption rights, and the Company is no longer a party to the redemption rights. The relevant redemption liabilities shall automatically terminate one day prior to the Company’s submission of its initial public offering application to the Hong Kong Stock Exchange (the “**Listing Application**”). However, the provisions relating to the redemption liabilities shall automatically resume effectiveness, and shall have retroactive effect from the earliest of the following events:

- (1) the Company voluntarily withdraws the Listing Application;
- (2) the Listing Application is rejected or returned by the Hong Kong Stock Exchange;
- (3) the Listing Application fails to be approved at the hearing by the Hong Kong Stock Exchange; or
- (4) the earlier of the 18-month of the date of signing this agreement and the completion of the Listing Application.

There were no side agreements or arrangements between the Company and Mr. Xu regarding the redemption rights of the Pre-IPO Investors, nor had the Company provided any form of guarantee in connection with any potential default or failure by Mr. Xu to fulfill his obligations relating to such redemption rights. Although the Company was a signing party to the agreements entered into between the Pre-IPO Investors and Mr. Xu, the Company had no connection or involvement in the arrangements concerning redemption rights between the Pre-IPO Investors (excluding “**Huzhou Zhuosheng**”) and Mr. Xu, nor did it bear any obligation to repurchase any Shares under such terms. Accordingly, no financial liability pertaining to redemption rights, other than for “Huzhou Zhuosheng”, was recognized as at 31 December 2025 and 2024.

# Notes to Financial Statements

31 December 2025

## 33. RELATED PARTY TRANSACTIONS *(Continued)*

### Redemption rights of the Pre-IPO Investors granted by Mr. Xu *(Continued)*

Compensation of key management personnel of the Group

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Salaries, bonuses, allowances and benefits in kind	<b>5,030</b>	3,529
Performance related bonuses	<b>469</b>	1,911
Share-based payments	<b>1,468</b>	1,468
Pension scheme contributions and social welfare	<b>361</b>	287
	<hr/>	<hr/>
Total compensation paid to key management personnel	<b>7,328</b>	7,195

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

## 34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### 2025

#### Financial assets

	<b>Financial assets at amortised cost RMB'000</b>
Financial assets included in prepayments, deposits and other receivables	<b>1,294</b>
Pledged time deposits	<b>21,811</b>
Trade receivables	<b>40,310</b>
Cash and cash equivalents	<b>118,069</b>
	<hr/>
Total	<b>181,484</b>

#### Financial liabilities

	<b>Financial liabilities at amortised cost RMB'000</b>
Trade payables	<b>23,418</b>
Financial liabilities included in other payables and accruals	<b>7,798</b>
Interest-bearing bank borrowings	<b>116,072</b>
Redemption liabilities	<b>38,776</b>
	<hr/>
Total	<b>186,064</b>

**34. FINANCIAL INSTRUMENTS BY CATEGORY** (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

**2024****Financial assets**

	Financial assets at amortised cost RMB'000
Financial assets included in prepayments, deposits and other receivables	1,276
Non-pledged time deposits	33,204
Pledged time deposits	21,197
Trade receivables	41,901
Cash and cash equivalents	66,075
	<hr/>
Total	163,653

**Financial liabilities**

	Financial liabilities at amortised cost RMB'000
Trade payables	35,462
Financial liabilities included in other payables and accruals	652
Interest-bearing bank borrowings	59,726
Redemption liabilities	35,911
	<hr/>
Total	131,751

# Notes to Financial Statements

31 December 2025

## 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair Value	
	As at 31 December		As at 31 December	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial liability</b>				
Interest-bearing bank borrowings — non-current	<b>19,600</b>	19,696	<b>19,617</b>	19,784

Management has assessed that the fair values of cash and cash equivalents, current portion of time deposits, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, short-term interest-bearing bank borrowings, financial liabilities included in other payables and accruals and redemption liabilities 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. The finance manager reports directly to the chief financial officer. At each reporting date, 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 non-current portion of time deposits, pledged deposits, interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2025 and 2024 was assessed to be insignificant.

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade 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. The board of directors reviews and agrees policies for managing each of these risks and they are recognised 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.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at 31 December 2025 and 2024, none of the Group's interest-bearing borrowings bore interest at floating rates. Accordingly, as at the end of the reporting period, the Group did not have any significant exposure to the interest rate risk in the cash flows.

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)**Foreign currency risk**

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group principally conducted business in RMB, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. In addition, the functional currency of the Company's subsidiary incorporated in Hong Kong is USD, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in currencies that are not the functional currencies of the relevant group entities.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD/RMB exchange rate, with all other variables held constant, of the Group's loss before tax (arising from USD/RMB denominated financial instruments) and the Group's equity (due to changes in the fair value of foreign currency contracts).

	<b>Increase/ (decrease) in RMB/USD rate %</b>	<b>Increase/ (decrease) in loss before tax RMB'000</b>	<b>Increase/ (decrease) in equity RMB'000</b>
<b>2025</b>			
If RMB weakens against USD	<b>(1)</b>	<b>655</b>	<b>655</b>
If RMB strengthens against USD	<b>1</b>	<b>(655)</b>	<b>(655)</b>
<b>2024</b>			
If RMB weakens against USD	(1)	404	404
If RMB strengthens against USD	1	(404)	(404)

**Credit risk**

The Group only offers credit terms to recognised and creditworthy customers. 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. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific verification procedures.

# Notes to Financial Statements

31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

#### 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 the reporting period.

#### As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	—	40,718	40,718
Financial assets included in prepayments, deposits and other receivables						
— Normal**	1,294	—	—	—	—	1,294
Pledged time deposits						
— Not yet past due	21,811	—	—	—	—	21,811
Cash and cash equivalents						
— Not yet past due	118,069	—	—	—	—	118,069
<b>Total</b>	<b>141,174</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>40,718</b>	<b>181,892</b>

#### As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	—	42,325	42,325
Financial assets included in prepayments, other receivables and other assets						
— Normal**	1,276	—	—	—	—	1,276
Non-pledged time deposits						
— Not yet past due	33,204	—	—	—	—	33,204
Pledged time deposits						
— Not yet past due	21,197	—	—	—	—	21,197
Cash and cash equivalents						
— Not yet past due	66,075	—	—	—	—	66,075
<b>Total</b>	<b>121,752</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>42,325</b>	<b>164,077</b>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 16 to the financial statements.

\*\* The credit quality of the financial assets included in prepayments, deposits and other 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".

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)**Liquidity risk**

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025			
	Within 1 year or on demand	1 to 2 years	2 to 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	98,096	19,943	—	118,039
Trade payables	23,418	—	—	23,418
Financial liabilities included in other payables and accruals	7,798	—	—	7,798
Lease liabilities	942	41	—	983
Redemption liabilities	38,776	—	—	38,776
<b>Total</b>	<b>169,030</b>	<b>19,984</b>	<b>—</b>	<b>189,014</b>
	2024			
	Within 1 year or on demand	1 to 2 years	2 to 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	40,963	19,923	—	60,886
Trade payables	35,462	—	—	35,462
Financial liabilities included in other payables and accruals	652	—	—	652
Lease liabilities	2,637	942	41	3,620
Redemption liabilities	35,911	—	—	35,911
<b>Total</b>	<b>115,625</b>	<b>20,865</b>	<b>41</b>	<b>136,531</b>

# Notes to Financial Statements

31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may 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 reporting period.

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. As at 31 December, the Group's debt-to-asset ratios were 65% (2024: 50%).

## 37. EVENTS AFTER THE REPORTING PERIOD

On 31 March 2026, the Company was successfully listed on the Stock Exchange following the completion of the issue of 12,000,000 shares at the price of HKD40.00 per share.

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	9,882	14,620
Right-of-use assets	864	2,998
Other intangible assets	540	434
Investments in subsidiaries	12,480	5,176
Prepayments, deposits and other receivables	10	623
Pledged time deposits	—	21,197
<b>Total non-current assets</b>	<b>23,776</b>	<b>45,048</b>
<b>CURRENT ASSETS</b>		
Inventories	96,735	95,966
Trade receivables	21,622	23,254
Prepayments, deposits and other receivables	21,226	26,631
Due from subsidiaries	200,421	152,462
Non-pledged time deposits	—	33,204
Pledged time deposits	21,811	—
Cash and cash equivalents	54,552	28,851
<b>Total current assets</b>	<b>416,367</b>	<b>360,368</b>

# Notes to Financial Statements

31 December 2025

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2025 RMB'000	2024 RMB'000
<b>CURRENT LIABILITIES</b>		
Trade payables	22,924	34,824
Other payables and accruals	14,371	11,591
Contract liabilities	5,871	1,081
Due to subsidiaries	69,317	47,589
Interest-bearing bank borrowings	96,472	40,030
Lease liabilities	722	2,094
Provision	580	537
Redemption liabilities	38,776	35,911
<b>Total current liabilities</b>	<b>249,033</b>	173,657
<b>NET CURRENT ASSETS</b>	<b>167,334</b>	186,711
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>191,110</b>	231,759
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	19,600	19,696
Lease liabilities	—	722
Deferred income	2,661	—
<b>Total non-current liabilities</b>	<b>22,261</b>	20,418
<b>Net assets</b>	<b>168,849</b>	211,341
<b>EQUITY</b>		
Paid-in capital/Share capital	100,000	26,122
Reserves	68,849	185,219
<b>Total equity</b>	<b>168,849</b>	211,341

# Notes to Financial Statements

31 December 2025

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Paid-in capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2024	26,122	491,557	143,206	(410,690)	250,195
Loss for the year	—	—	—	(46,697)	(46,697)
Share-based payments	—	—	7,843	—	7,843
As at 31 December 2024 and 1 January 2025	<b>26,122</b>	<b>491,557</b>	<b>151,049</b>	<b>(457,387)</b>	<b>211,341</b>
Loss for the year	—	—	—	(49,685)	(49,685)
Share-based payments	—	—	7,094	—	7,094
Conversion into joint stock company	<b>73,878</b>	<b>(411,418)</b>	<b>(122,247)</b>	<b>459,787</b>	—
As at 31 December 2025	<b>100,000</b>	<b>80,139</b>	<b>35,896</b>	<b>(47,186)</b>	<b>168,849</b>

## 39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 April 2026.

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

“adaptive power control audio chip”	a type of low-power audio chip that uses adaptive power control algorithm technology to dynamically adjust power output
“AEC-Q100”	automotive electronics qualification standard for integrated circuits published by the Automotive Electronics Council
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which became effective on the Listing Date
“ASIC”	application specific integrated circuit, a type of integrated circuit designed for a specific application
“ASP”	Average selling price
“associate”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of our Company
“CAGR”	compound annual growth rate
“Caizhi Chuangying”	Shenzhen Caizhi Chuangying Private Equity Investment Enterprise (Limited Partnership), a Pathfinder SII
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“China” or “PRC” or “Chinese Mainland”	the People’s Republic of China, and for the purposes of this annual report only, excluding Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company” or “the Company”	Shanghai FourSemi Semiconductor Co., Ltd. (上海傅里葉半導體股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC and H Shares of which are listed on the Stock Exchange (stock code: 3625)
“Concert Party Agreement”	the acting-in-concert agreement dated June 25, 2019 entered into by, among others, Mr. Xu and Mr. Liu, pursuant to which Mr. Liu has irrevocably agreed to act in concert with Mr. Xu
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules, and in the context of our Company, refers to Mr. Xu, Mr. Liu, Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)

## Definitions

“Director(s)”	the director(s) of our Company
“Domestic Share(s)”	ordinary Share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares
“EDA”	electronic design automation, a category of software tools for designing electronic systems such as integrated circuits
“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法)
“ESG”	environmental, social and governance
“ESOP Platform(s)”	Shanghai FourSemi Management, Xiamen FourSemi Management and Xiamen FourSemi Chuangke, each being a limited partnership established in the PRC and controlled by Mr. Xu as the general partner
“fabless”	a business model in which a company designs and sells semiconductor chips but outsources the fabrication to specialized manufacturers
“Fortune Chuanghong”	Shenzhen Fortune Chuanghong Private Equity Investment Enterprise (Limited Partnership), a Pathfinder SII
“Gansheng Investment”	Shaoxing Gansheng Equity Investment Partnership (Limited Partnership) (紹興淦盛股權投資合夥企業(有限合夥)), a Pathfinder SII
“Global Offering”	the global offering of 12,000,000 H Shares as described in the Prospectus
“Group”, “our 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)
“H Share(s)”	shares in the share capital of our Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“haptic driver”	an integrated circuit that provides haptic (touch) feedback in electronic devices by driving linear resonant actuators or other haptic actuators
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huzhou Zhuosheng”	Huzhou Zhuosheng Equity Investment Partnership (Limited Partnership) (湖州卓昇股權投資合夥企業(有限合夥))
“IC”	integrated circuit
“IDM”	integrated device manufacturer, a semiconductor company that designs, manufactures and sells its own chips

## Definitions

“Latest Practicable Date”	April 22, 2026, the latest practicable date prior to the publication of this annual report for the purpose of ascertaining certain information contained herein
“Listing” or “Listing Date”	the listing of the H Shares on the Main Board of the Stock Exchange on March 31, 2026
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Moqin Intelligent”	Shanghai Moqin Intelligent Technology Co., Ltd. (上海摩勤智能技術有限公司), a Pathfinder SII
“Mr. Liu” or “Mr. Liu Baoliang”	Mr. Liu Baoliang (劉保良), our co-founder, executive Director, vice president and director of algorithm applications
“Mr. Xu” or “Mr. Xu Xiaolin”	Mr. Xu Xiaolin (徐小林), our founder, chairman of the Board, executive Director and president
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per H Share of HK\$40.00
“Over-allotment Option”	the option granted by our Company to the International Underwriters to allot and issue up to 1,800,000 additional H Shares at the Offer Price
“PA” or “power amplifier”	an electronic amplifier that converts a low-power audio signal into a signal with higher power output to drive speakers
“Pathfinder SII(s)”	the Sophisticated Independent Investor(s) who invested in our Company prior to the Listing and met the requirements under Chapter 18C of the Listing Rules
“power amplifier audio chip”	an integrated circuit module based on mixed-signal design that incorporates audio algorithms, digital input interfaces and integrated sound processing modules
“PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“Pre-IPO Investor(s)”	investor(s) who subscribed for shares of our Company prior to the Listing
“Prospectus”	the prospectus of the Company dated March 23, 2026 in connection with the Global Offering
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board

## Definitions

“Reporting Period”	the year ended December 31, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“R&D”	research and development
“SAR sensor”	specific absorption rate sensor, a sensor that regulates radiation emitted by mobile devices and enables touchscreen interaction sensing
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai FourSemi Management”	Shanghai FourSemi Management Consulting Partnership (Limited Partnership) (上海傅里葉管理諮詢合夥企業(有限合夥)), an ESOP Platform
“Share(s)”	the Domestic Shares and H Shares in the share capital of our Company
“Shareholder(s)”	holder(s) of Share(s)
“Specialist Technology Company”	has the meaning ascribed thereto under Chapter 18C of the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Track Record Period”	the three years ended December 31, 2024 and ten months ended October 31, 2025
“Vinno Intelligent and Health”	Shenzhen City Vinno Intelligent and Health Venture Investment Fund (Limited Partnership) (深圳市合創智能及健康創業投資基金(有限合夥)), a Pathfinder SII
“Xiamen FourSemi Chuangke”	Xiamen FourSemi Chuangke Enterprise Management Consulting Partnership (Limited Partnership) (廈門傅里葉創科企業管理諮詢合夥企業(有限合夥)), an ESOP Platform
“Xiamen FourSemi Management”	Xiamen FourSemi Enterprise Management Consulting Partnership (Limited Partnership) (廈門傅里葉企業管理諮詢合夥企業(有限合夥)), an ESOP Platform
“%”	per cent