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Post Hearing Information Pack of

Rayson HI-TECH(SZ) Co., Ltd.
深圳市晶存科技股份有限公司

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

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Rayson HI-TECH(SZ) Co., Ltd.
深圳市晶存科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

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IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your [**REDACTED**] *decision. There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

We are one of the leading independent embedded memory product enterprises in Chinese Mainland. According to Frost & Sullivan, we ranked sixth in terms of revenue in 2025 among all independent memory product enterprises in the global embedded memory market, and fourth in terms of revenue in the Chinese Mainland embedded memory market. We primarily engaged in the R&D, testing and sales of embedded memory products and other memory products. We procure memory wafers and memory dies from integrated device manufacturers (IDMs). Leveraging our R&D capabilities in flash memory controller chip design, product-level design, R&D testing capabilities, and firmware development, together with our process capabilities, i.e., product-level packaging design and testing, we develop and provide embedded memory products with specifications and features designed to meet the requirements of their intended applications. Our embedded memory portfolio includes DRAM products (DDR and LPDDR), NAND Flash products (eMMC and UFS), as well as MCP embedded memory products (eMCP, uMCP and ePOP). Our other products mainly comprise SSDs and DIMMs.

In particular, we have developed two types of NAND flash controller chips, namely eMMC controllers and UFS controllers, which support different NAND flash products. Our eMMC controllers are used in our eMMC products and, when combined with DRAM, in our eMCP and ePOP products, while our UFS controllers are used in our UFS products. Both types of controllers manage NAND flash memory and translate the host system's read and write requests into instructions that the NAND flash memory can execute, but are designed to support different memory standards, host interfaces and data transfer protocols. Specifically, eMMC controllers support the eMMC protocol, while UFS controllers support the UFS protocol. In terms of product configuration, our eMMC and UFS products integrate NAND flash and the corresponding controller chips, while our eMCP and ePOP products additionally incorporate DRAM.

For the implementation of product-level packaging and testing processes, we develop packaging designs and establish the corresponding specifications, while engaging qualified third-party service providers to carry out the packaging process. Upon completion of packaging, we conduct testing in-house at our two testing facilities, taking into account upstream component characteristics, compatibility with midstream platforms and downstream customer application requirements to ensure product quality, consistency, reliability and compatibility with end applications.

Our core technology team has dedicated approximately two decades to the embedded memory industry, establishing our RAYSON® and ARTMEM® brands with strong customer recognition. Our products serve a diverse range of end applications, including consumer electronics such as smartphones, laptops, tablets, educational devices, smart home systems, wearables, and intelligent robots, as well as industrial applications and intelligent cockpit systems. They provide these end devices with high-performance, reliable, and durable data access capabilities. In response to the transformative shift driven by AI, we deliver competitive memory solutions for next-generation products such as AI-enabled smartphones, AI-enabled PCs, robotics, and AI-enabled wearables.

Our revenue increased by 54.6% from RMB2.4 billion in 2023 to RMB3.7 billion in 2024, and further increased by 59.4% to RMB5.9 billion in 2025. Our revenue increased by 483.2% from RMB2.1 billion in the six months ended June 30, 2025 to RMB12.0 billion for the six months ended June 30, 2026. Our net profit amounted to RMB37.0 million, RMB88.9 million, RMB879.9 million, RMB114.8 million and RMB4,032.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026 respectively.

OUR COMPETITIVE STRENGTHS

We believe the following competitive advantages have contributed to our success and differentiated us from our competitors, and will continue to drive our growth in the future: (i) we possess strong capabilities to provide differentiated memory products through application-specific design; (ii) we possess differentiated technology capabilities across five key technology areas in embedded memory product development; (iii) we have established an efficient and stable supply chain through long-term partnerships and technical collaboration; (iv) we maintain stringent quality standards and provide responsive technical support to our customers; and (v) we have an experienced management team and foster a culture of innovation and craftsmanship. See "Business — Our Competitive Strength" in this document.

OUR BUSINESS STRATEGIES

To achieve our goals and further solidify our market position, we intend to pursue the following strategies: (i) fully embracing on-device AI and advancing memory and controller chip technologies and products; (ii) drive rapid expansion into the industrial-grade and automotive-grade markets while establishing a well-rounded and comprehensive product portfolio; (iii) building a strategic and collaborative industry ecosystem to drive synergistic growth; and (iv) deepening global expansion and building an international memory technology brand. For details, see "Business — Our Strategies" in this document.

OUR PRODUCT OFFERINGS

The following table sets forth a breakdown of our total revenue by our main product categories for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Embedded memory products										
DRAM products (DDR, LPDDR)	1,658,683	69.1	2,474,303	66.6	3,744,369	63.3	1,292,364	62.7	9,003,272	74.9
NAND Flash products (eMMC, UFS)	319,339	13.3	673,647	18.1	1,593,344	26.9	572,954	27.8	2,277,643	19.0
MCP embedded memory products (eMCP, uMCP, ePOP)	305,927	12.7	311,770	8.4	160,953	2.7	48,521	2.4	144,583	1.2
Subtotal	**2,283,949**	**95.1**	**3,459,720**	**93.2**	**5,498,666**	**92.9**	**1,913,839**	**92.9**	**11,425,498**	**95.1**
Others*	**117,939**	**4.9**	**254,084**	**6.8**	**420,817**	**7.1**	**146,630**	**7.1**	**592,124**	**4.9**
Total	**2,401,888**	**100.0**	**3,713,804**	**100.0**	**5,919,483**	**100.0**	**2,060,469**	**100.0**	**12,017,622**	**100.0**

* Others primarily include SSDs, DIMMs, and testing services.

During the Track Record Period, a substantial majority of our product portfolio comprises consumer-grade embedded memory products, with the remainder comprising automotive and industrial-grade embedded memory products.

Our consumer-grade products were integrated into the supply chains of several leading domestic telecommunications and smart device manufacturers and were used in a range of consumer devices, including smartphones, tablets and wearable devices. Our high-performance LPDDR products were also adopted in computing servers and edge acceleration cards developed by leading domestic chip and system solution providers.

Our automotive and industrial-grade products were used in applications such as electric utilities, robotic systems, intelligent cockpits and in-vehicle infotainment systems.

See "Business — Our Product Offering" in this document.

PRODUCTION

Our production model combines our in-house capabilities in flash controller chip design, product design and testing with production processes performed by third parties. We design our flash controller chips and undertake product design and packaging design in-house, while chip tape-out and wafer fabrication of our flash controller chips are performed by third parties. We procure memory wafers, memory dies and other essential components from IDMs and other suppliers, as we do not undertake memory wafer fabrication or memory die production ourselves. We also engage qualified third-party service providers to carry out semiconductor packaging in accordance with our designs and specifications. Following packaging, we conduct testing primarily at our two testing facilities, allowing us to maintain control over testing procedures and product quality.

During the Track Record Period, we operated two testing facilities, one in Shenzhen and the other in Zhongshan. The Shenzhen testing facility was primarily responsible for testing DRAM products, including our major products such as DDR4, LPDDR4/4X, and LPDDR5. The Zhongshan testing facility primarily focused on testing our NAND flash products and integrated memory products, including eMMC, UFS, eMCP, and ePOP.

The production capacity for our Shenzhen testing facility was 260.9 million GB in the six months ended June 30, 2026. The utilization rate for our Shenzhen testing facility was 82.0% in the six months ended June 30, 2026, respectively. Our Zhongshan testing facility commenced operations in the second half of 2024. The production capacity for our Zhongshan testing facility was 1,801.4 million GB in the six months ended June 30, 2026. The utilization rate for our Zhongshan testing facility was 91.4% in the six months ended June 30, 2026.

See "Business — Production" in this document.

SALES, DISTRIBUTION AND MARKETING

We adopt a dual sales model that combines direct sales and distribution. Under the direct sales model, we sell our products directly to enterprise customers. Under the distribution model, we sell products to distributors on a buyer/seller basis, who then resell the products to end users.

The following table sets forth the revenue contribution from direct sales and distributor sales, in absolute amounts and as percentages of our total revenue, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Direct sales	940,664	39.2	1,525,282	41.1	2,775,722	46.9	1,022,135	49.6	4,489,698	37.4
Distributor sales	1,461,224	60.8	2,188,522	58.9	3,143,761	53.1	1,038,334	50.4	7,527,924	62.6
Total	**2,401,888**	**100.0**	**3,713,804**	**100.0**	**5,919,483**	**100.0**	**2,060,469**	**100.0**	**12,017,622**	**100.0**

The following table sets forth our revenue breakdown by geographical location of customers, each expressed in absolute amount and as a percentage of our total revenue, for the year/period indicated. The geographical location of customers is determined based on the place of incorporation of the customers who place order with us. During the Track Record Period, a significant portion of our revenue is generated from Chinese Mainland and Hong Kong.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
– *Chinese Mainland*	999,807	41.6	1,443,986	38.9	2,641,429	44.6	1,009,439	49.0	3,117,207	25.9
– *Hong Kong*	1,275,784	53.1	2,208,785	59.5	2,924,249	49.4	975,336	47.3	7,527,421	62.6
Subtotal	**2,275,591**	**94.7**	**3,652,771**	**98.4**	**5,565,678**	**94.0**	**1,984,775**	**96.3**	**10,644,628**	**88.5**
Korea	54,440	2.3	44,716	1.2	89,611	1.5	22,598	1.1	55,060	0.5
Taiwan	15,398	0.6	16,068	0.4	111,668	1.9	41,199	2.0	570,681	4.7
United Kingdom	–	–	–	–	72,942	1.2	4,307	0.2	485,318	4.0
Others	56,459	2.4	249	0.0	79,584	1.4	7,590	0.4	261,935	2.2
Total	**2,401,888**	**100.0**	**3,713,804**	**100.0**	**5,919,483**	**100.0**	**2,060,469**	**100.0**	**12,017,622**	**100.0**

The significant proportion of our sales to Hong Kong customers was primarily attributable to the procurement preferences and supply chain management considerations of the downstream manufactures in the semiconductor industry, in particular, manufacturers of electronic products. These manufacturers typically require various types of electronic components, including memory products and other semiconductor components, from different suppliers. They may therefore prefer to consolidate their procurement through their Hong Kong subsidiaries or semiconductor traders/distributors in Hong Kong, taking advantage of Hong Kong's established position as an international trading and distribution hub for the semiconductor industry. Such centralized procurement arrangements enable them to source different electronic components through a single trading hub and facilitate the coordination of logistics, customs clearance, import arrangements and payments, thereby improving procurement and supply chain management efficiency. Accordingly, regardless of whether we sell our products directly to manufacturers or through distributors in Hong Kong, such sales ultimately serve the procurement needs of these downstream manufacturers.

A significant portion of our Hong Kong customers are subsidiaries of companies established in the Chinese Mainland, which use their Hong Kong subsidiaries as procurement or trading entities to centralize procurement and coordinate their supply chain operations. According to Frost & Sullivan, such centralized procurement arrangements through Hong Kong are common practice in the semiconductor industry.

OUR CUSTOMERS AND SUPPLIERS

Our major customers primarily consist of enterprises and brand owners in downstream segments of the semiconductor industry, as well as our distributors. In 2023, 2024, 2025, and the six months ended June 30, 2026, our five largest customers in each year/period during the Track Record Period contributed 45.0%, 49.3%, 30.2% and 37.1%, respectively, to our total revenue in the same year/period. In addition, our single largest customer in each year/period during the Track Record Period contributed 21.0%, 14.8%, 9.7% and 17.1%, respectively, to our total revenue in the same year/period. For details, see "Business — Our Customers" in this document. To the best knowledge of our Directors, all of our five largest customers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers during the Track Record Period.

Our major suppliers primarily include providers of raw materials, such as memory wafer and chip die suppliers, as well as packaging service providers. In 2023, 2024, 2025, and the six months ended June 30, 2026, our five largest suppliers in each year/period during the Track Record Period contributed 72.5%, 76.0%, 82.0% and 93.1%, respectively, to our total purchase amount in the same year/period. The increase in the proportion of purchase amounts attributable to our five largest suppliers during the Track Record Period was primarily attributable to the increasing purchase amounts from Supplier A, our largest supplier during the Track Record Period. Supplier A contributed 46.5%, 53.3%, 68.5% and 82.6%, respectively, to our total purchase amount in 2023, 2024, 2025 and the six months ended June 30, 2026. Therefore, we were exposed to a certain degree of supplier concentration risk. As of the Latest Practicable Date, we had entered into partnership agreements with other leading memory wafer suppliers for the purpose of diversifying our supplier bases and mitigating our reliance on Supplier A in the future. For details, see "Business — Our Suppliers" in this document. To the best knowledge of our Directors, all of our five largest suppliers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

During the Track Record Period, one of our major suppliers was also our customer. For details, see "Business — Customers and Suppliers" in this document.

SUMMARY HISTORICAL FINANCIAL INFORMATION

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

Summary of Our Consolidated Statements of Profit or Loss

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	2,401,888	3,713,804	5,919,483	2,060,469	12,017,622
Cost of sales	(2,188,545)	(3,373,460)	(4,586,297)	(1,763,836)	(6,963,814)
– Cost of goods and services	(2,171,457)	(3,331,815)	(4,429,434)	(1,727,431)	(6,639,955)
– Provision for impairment losses on inventory	(17,088)	(41,645)	(156,863)	(36,405)	(323,859)
Gross profit	213,343	340,344	1,333,186	296,633	5,053,808
Other net income/(loss)	995	18,648	1,614	(10,332)	(46,898)
Selling and distribution expenses	(13,319)	(22,495)	(36,980)	(14,854)	(25,218)
Administrative and other operating expenses	(41,702)	(63,743)	(116,604)	(39,935)	(84,190)
Research and development expenses	(56,059)	(77,556)	(97,474)	(40,897)	(64,396)
Reversals/(provisions) of impairment loss on trade and other receivables	1,521	(11,078)	11,751	1,269	(7,806)
Profit from operations	104,779	184,120	1,095,493	191,884	4,825,300
Finance costs	(52,722)	(74,013)	(92,970)	(52,175)	(53,461)
Profit before taxation	52,057	110,107	1,002,523	139,709	4,771,839
Income tax expense	(15,044)	(21,220)	(122,641)	(24,931)	(739,497)
Profit for the year/period	37,013	88,887	879,882	114,778	4,032,342

For details, see "Financial information — Description of Key Components of Our Results of Operations."

Non-IFRS Financial Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as additional financial measure, which are not required by, or presented in accordance with, IFRS. We believe the non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe these measures provide useful information to [**REDACTED**] and others in understanding and evaluating our consolidated our results of operations in the same manner as they help our management. However, such non-IFRS financial measures that we presented may not be directly comparable to similar measures presented by other companies.

We define adjusted net profit (non-IFRS measure) for the period as profit for the year/period adjusted by adding back: changing in carrying amount on redemption liabilities. Changing in carrying amount on redemption liabilities represent the non-cash, interest expense recorded to reflect interest incurred on our obligation to repurchase shares held by previous-round investors, which has been reclassified to equity upon termination of the redemption right. The following table reconciles our adjusted net profit (non-IFRS measure), from our profit for the year/period in accordance with IFRS indicated for 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit for the year/period	37,013	88,887	879,882	114,778	4,032,342
Add:					
Changing in carrying amount on redemption liabilities	37,325	46,951	43,968	31,084	–
Adjusted net profit (non-IFRS measure)	**74,338**	**135,838**	**923,850**	**145,862**	**4,032,342**

The use of these non-IFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies.

Our profit for the year increased from RMB37.0 million in 2023 to RMB88.9 million in 2024, and further to RMB879.9 million in 2025, and our profit for the period increased from RMB114.8 million in the six months ended June 30, 2025 to RMB4,032.3 million in the six months ended June 30, 2026, primarily because the ongoing advancement of AI applications has driven explosive growth in market demand, leading to a supply-demand imbalance within the semiconductor memory product industry, which resulted in increases in both the average selling prices and sales volume, contributed to our revenue growth throughout the Track Record Period. See "Financial information — Description of Key Components of Our Results of Operations" in this document.

Summary of Our Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	103,187	121,033	204,121	332,999
Current assets	1,501,575	2,323,159	5,825,192	14,133,466
Current liabilities	1,215,430	1,974,060	3,637,958	7,254,214
Net current assets	286,145	349,099	2,187,234	6,879,252
Total assets less current liabilities	389,332	470,132	2,391,355	7,212,251
Non-current liabilities	33,450	23,801	168,515	978,745
Net assets	355,882	446,331	2,222,840	6,233,506

Our net current assets increased from RMB286.1 million as of December 31, 2023 to RMB349.1 million as of December 31, 2024, primarily due to (i) an increase in inventories from RMB872.9 million as of December 31, 2023 to RMB1,161.8 million as of December 31, 2024, (ii) an increase in trade and bills receivables from RMB324.5 million as of December 31, 2023 to RMB789.3 million as of December 31, 2024 and (iii) an increase in cash and cash equivalents from RMB119.5 million as of December 31, 2023 to RMB285.7 million as of December 31, 2024. These were partially offset by (i) an increase in bank loans and other borrowings from RMB469.8 million as of December 31, 2023 to RMB917.3 million as of December 31, 2024 and (ii) an increase in redemption liabilities from RMB482.8 million as of December 31, 2023 to RMB840.3 million as of December 31, 2024.

Our net current assets increased from RMB349.1 million as of December 31, 2024 to RMB2,187.2 million as of December 31, 2025, primarily due to (i) an increase in inventories from RMB1,161.8 million as of December 31, 2024 to RMB4,846.7 million as of December 31, 2025 and (ii) an increase in prepayments, deposits and other receivables from RMB86.4 million as of December 31, 2024 to RMB377.9 million as of December 31, 2025 and (iii) an increase in cash and cash equivalents from RMB285.7 million as of December 31, 2024 to RMB462.8 million as of December 31, 2025. These were partially offset by (i) an increase in contract liabilities from RMB3.7 million as of December 31, 2024 to RMB1,307.6 million as of December 31, 2025 and (ii) an increase in bank loans and other borrowings from RMB917.3 million as of December 31, 2024 to RMB1,958.3 million as of December 31, 2025.

Our net current assets further increased from RMB2,187.2 million as of December 31, 2025 to RMB6,879.3 million as of June 30, 2026, primarily due to (i) an increase in inventories from RMB4,846.7 million as of December 31, 2025 to RMB12,160.2 million as of June 30, 2026, (ii) an increase in prepayments, deposits and other receivables from RMB377.9 million as of December 31, 2025 to RMB885.7 million as of June 30, 2026 and (iii) an increase in trade and bills receivables from RMB137.8 million as of December 31, 2025 to RMB545.5 million as of June 30, 2026. These were partially offset by (i) an increase in bank loans and other borrowings from RMB1,958.3 million as of December 31, 2025 to RMB4,160.1 million as of June 30, 2026, and (ii) an increase in trade and bill payables from RMB171.0 million as of December 31, 2025 to RMB1,030.5 million as of June 30, 2026.

For a detailed discussion of our current assets and current liabilities during the Track Record Period, please see "Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position" in this document.

Our net assets increased from RMB355.9 million as of December 31, 2023 to RMB446.3 million as of December 31, 2024, primarily due to (i) a profit for the year of 2024 of RMB88.9 million, (ii) a capital injection from investors before conversion into a joint stock company of RMB141.1 million and (iii) a capital injection from investors after conversion into a joint stock company of RMB148.4 million, partially offset by the recognition of liabilities in relation to financial instruments issued to investors of RMB310.5 million. Our net assets increased to RMB2,222.8 million as of December 31, 2025, primarily due to a profit for the year of RMB879.9 million and the discharge of redemption liabilities upon termination of redemption rights of RMB884.2 million. Our net assets further increased to RMB6,233.5 million as of June 30, 2026, primarily due to a profit for the six months ended June 30, 2026 of RMB4,032.3 million. See the Consolidated Statements of Changes in Equity, Note 25 and Note 31 to the Accountants' Report in Appendix I to this document.

During the Track Record Period, we strategically utilized bank borrowings to support our working capital needs. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our bank loans and other borrowings amounted to RMB469.8 million, RMB917.3 million, RMB2,057.9 million and RMB5,111.2 million, respectively. We rely in part on bank loans and other borrowings to meet our funding needs, and any inability to obtain, renew or refinance such borrowings on acceptable terms may constrain our liquidity and adversely affect our operations and business expansion. To manage the risks associated with our bank borrowings, we closely monitor our indebtedness and liquidity position, regularly assess our working capital and financing needs, and prudently manage the scale and maturity profile of our borrowings based on our business development and cash flow position. We also maintain close relationships with our principal banks and adequate banking facilities to support our working capital needs.

As of October 31, 2026, our unutilized banking facilities amounted to RMB3,429.5 million. The relevant banking facilities have been approved and committed by the relevant banks, and our PRC Legal Advisers have confirmed that the relevant facility agreements are legal, valid, binding and enforceable under applicable PRC laws. Accordingly, our Directors are of the view that the availability of these banking facilities is highly certain and, given our stable relationships with the relevant banks and our historical track record of compliance, successful renewals and drawdowns, the likelihood of continued cooperation with these banks is high. Based on the independent due diligence work performed by the Joint Sponsors, the Joint Sponsors concur with the view of the Company and the PRC Legal Advisers that the relevant banking facility agreements are legal, valid, binding, and enforceable under PRC law, and that given the Company's stable banking relationships, the Company has a high degree of certainty regarding the continued availability of these facilities to fund operations.

For details of our bank and other borrowings, unutilized banking facilities and related risks, see "Risk Factors — Our level of indebtedness and ability to obtain continued financing could materially and adversely affect our business, results of operations, financial condition and liquidity" and "Financial Information — Indebtedness — Bank loans and other borrowings."

Summary of Our Statements of Cash Flows

The following table sets forth a summary of our cash flows information for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net cash used in operating activities	(229,672)	(490,619)	(849,582)	(261,225)	(2,810,233)
Net cash used in investing activities	(18,839)	(35,469)	(60,086)	(20,077)	(92,580)
Net cash generated from financing activities	283,467	690,822	1,094,138	433,893	2,991,423

We recorded net operating cash outflows throughout the Track Record Period, primarily attributable to our growing business with major customers which necessitated earlier and larger amount of inventory procurement to anticipated orders. We adopt a tiered credit system to support our business growth and customer acquiring, with detailed and comprehensive assessment of our customers' credit profile. During the Track Record Period, our credit terms for such customers ranged from month-end to up to three months. See "Financial Information — Cash Flows — Net Cash Used in Operating Activities" in this document.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the years or period/as of the dates indicated:

	As of/Year ended December 31,			As of/Six Months ended June 30,
	2023	2024	2025	2026
Gross profit margin (%)[1]	8.9%	9.2%	22.5%	42.1%
Net profit margin (%)[2]	1.5%	2.4%	14.9%	33.6%
Return on equity (%)[3]	10.9%	22.2%	65.9%	95.4%
Current ratio[4]	1.2	1.2	1.6	1.9

Notes:

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year/period and multiplied by 100%.

(2) Net profit margin was calculated based on net profit after taxes divided by revenue for the respective year/period and multiplied by 100%.

(3) Return on equity was calculated based on net profit of the respective year/period, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Current ratio was calculated based on the total current assets divided by the total current liabilities as of the relevant dates.

COMPETITIVE LANDSCAPE

The global semiconductor memory product industry is a large and rapidly growing market. According to Frost & Sullivan, the global semiconductor memory product market size by shipment reached 14.8 billion units in 2025. With new memory demands driven by breakthroughs in AI technology and the technical product upgrades of memory products, the global semiconductor memory product market size, by shipment, is expected to grow to 19.5 billion units by 2030, with a CAGR of 5.7% from 2025 to 2030.

We primarily participated in the global embedded memory product market within the global semiconductor memory product industry. The global embedded memory product market size, by shipment, reached 9.3 billion units in 2025, and is expected to grow to 12.7 billion units by 2030, with a CAGR of 6.6% from 2025 to 2030.

The global embedded memory product market is highly concentrated and can be broadly divided into the non-independent memory product enterprise market and the independent memory product enterprise market, both of which are also highly concentrated. Among all market players, including non-independent companies and independent companies, the top five players in global embedded memory product market held a combined market share of approximately 70% in terms of revenue in 2025. The Company ranked 16th and had a market share of 0.6% in terms of revenue. The top five players in global embedded memory product market held a combined market share of over 60% in terms of shipment in 2025. Our Company ranked the tenth in the market with shipment of 167 million and a share of 1.8%.

As of the end of 2025, the global embedded memory product market had over 410 participants, comprising over ten participants in the non-independent memory product enterprise market and over 400 participants in the independent memory product enterprise market. In 2025, non-independent companies contributed approximately 81% of revenue and approximately 55% of shipments of the global semiconductor memory product market, while the independent memory product enterprises contributed approximately 19% of revenue and approximately 45% of shipments of the same market. We primarily compete against global and local independent memory product enterprises within this market. In terms of revenue in 2025, the top five independent embedded memory enterprises accounted for 26.0% of the market share among independent memory product enterprises. We ranked sixth in terms of revenue in 2025 among all independent memory product enterprises in the global embedded memory market, and fourth in the Chinese Mainland embedded memory market. In terms of shipment in 2025, the top five independent embedded memory providers accounted for 35.8% of the market share among independent memory product enterprises. We ranked first in terms of shipment in 2025 among all independent memory product enterprises in the global embedded memory market, holding a market share of 8.8% among independent memory product enterprises. See "Industry Overview" in this document.

RISK FACTORS

There are certain risks relating to an [**REDACTED**] in our Shares. A detailed discussion of the risk factors is set forth in the section headed "Risk Factors". A few principal risk factors are illustrated as examples: (i) We face competition and expect to continue facing competition in the future. If we fail to compete effectively, our business, prospects, results of operations and financial condition will be affected; (ii) Our business operation and financial performance may be adversely affected if we fail to timely incorporate new technologies and introduce new products in response to industry trends, downstream demand, and technological advancements; (iii) The industry in which we compete have historically been cyclical and may in the future affect, our business, results of operations and financial condition; (iv) Our products are widely used across various downstream sectors. Any slowdown in the growth of these sectors could adversely affect our business, financial condition and results of operations; and (v) We may from time to time become a party to litigation, arbitration, other legal and contractual disputes, claims and administrative proceedings. You should read the entire section headed "Risk Factors" in this document before you decide to [**REDACTED**] in the [**REDACTED**].

DIVIDEND

No dividend has been declared by our Company, by any of the subsidiaries of our Group during the Track Record Period. After completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important. There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the [**REDACTED**].

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Rayson Management will be entitled to control [**REDACTED**]% of the voting rights of our Company. Rayson Management is owned as to 32.50% by Mr. Wen Jianwei (as the general partner), our executive Director, chairman of our Board and general manager and 50.00% by Chuangjia Yongli which is in turn held as to 65.00% by Mr. Wen Jianwei. Jingmiaocun, one of our ESOP Platforms, will be entitled to control [**REDACTED**]% of the voting rights of our Company and is managed by Mr. Wen Jianwei as its general partner. Rayson Erhao, one of our ESOP Platforms, will be entitled to [**REDACTED**]% of the voting rights of our Company and is managed by Mr. Wen Jianwei as its general partner. As such, Mr. Wen Jianwei, Rayson Management, Chuangjia Yongli, Jingmiaocun and Rayson Erhao are expected to be entitled to exercise an aggregate of approximately [**REDACTED**]% voting rights in our Company and will be our Controlling Shareholders as defined in the Listing Rules upon [**REDACTED**]. For more details, see "Relationship with Our Controlling Shareholders" in this document.

PRE-[REDACTED] INVESTMENTS

Since our establishment, we have received substantial investments and support from our Pre-[**REDACTED**] Investors which are private equity and strategic investors, and have raised funds of over RMB706 million as of the Latest Practicable Date. For more details, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this document.

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are [**REDACTED**] and [**REDACTED**] in the [**REDACTED**]; and (ii) the [**REDACTED**] is not exercised.

	Based on the [REDACTED] of HK$[REDACTED]	Based on the [REDACTED] of HK$[REDACTED]
[**REDACTED**] of our H Shares[(1)]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to equity shareholders of our Company per Share[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of [**REDACTED**] is based on [**REDACTED**] H Shares expected to be in issue immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised.

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible assets of attributable to equity shareholders of our Company per Share is calculated after making the adjustments referred to in "Appendix II — Unaudited [**REDACTED**] Financial Information".

USE OF [REDACTED]

We estimate that the net [**REDACTED**] from the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] stated in this document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] fees, [**REDACTED**], and estimated expenses payable by us in connection with the [**REDACTED**], and assuming the [**REDACTED**] is not exercised. Approximately [**REDACTED**]% or HK$[**REDACTED**] of the net [**REDACTED**] will be used for the R&D and commercialization of our planned high-performance DRAM products for AI applications. Approximately [**REDACTED**]% or HK$[**REDACTED**], will be used for R&D focused on upgrading existing and developing new memory controller chips, as well as for the R&D, testing, and commercialization of memory products equipped with such self-developed controller chips, aimed at strategically expanding our product portfolio and enhancing our market competitiveness. Approximately [**REDACTED**]% or HK$[**REDACTED**], will be used for the construction of new testing facilities, aimed at expanding our production capacity and enhancing our in-house operational capabilities. Approximately [**REDACTED**]% or HK$[**REDACTED**], will be used for the R&D and testing of our new automotive and industrial-grade products to capture market opportunities. Approximately [**REDACTED**]% or HK$[**REDACTED**] will be used for general corporate and working capital purposes.

[REDACTED]

Based on the mid-point of our indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised, the [**REDACTED**] to be borne by us are estimated to be approximately RMB[**REDACTED**] and are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], comprising of (i) [**REDACTED**]-related expenses, including [**REDACTED**] and other expenses, of RMB[**REDACTED**]; and (ii) non-[**REDACTED**]-related expenses of RMB[**REDACTED**] (including (a) fees and expenses of legal advisers and reporting accountants of RMB[**REDACTED**]; and (b) other fees and expenses of RMB[**REDACTED**]). As of June 30, 2026, we incurred a total of RMB[**REDACTED**] in [**REDACTED**].

We expect to incur [**REDACTED**] of RMB[**REDACTED**] (assuming the [**REDACTED**] is not exercised and based on the mid-point of our indicative [**REDACTED**]), of which, (i) approximately RMB[**REDACTED**] has been charged to our consolidated statements of profit or loss, (ii) approximately RMB[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and (iii) approximately RMB[**REDACTED**] of which is expected to be recognized as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

PREVIOUS A SHARE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering on the Shenzhen Stock Exchange in the PRC (the "**A Share Listing Attempt**"). In December 2024, our Company had engaged China Merchants Securities Co., Ltd. as tutoring agency (the "**Tutoring Agency**") to provide tutoring and preliminary compliance advice in regards to the requirements of the CSRC. The engagement of the Tutoring Agency had been terminated in September 2025. Our Directors confirm that the tutoring reports filings did not contain any material information identified by the Tutoring Agency which has to be brought to the attention of the Stock Exchange and potential investors, the Shenzhen Stock Exchange and the Shenzhen office of the CSRC did not raise any comments in respect of the tutoring reports and the A Share Listing Attempt, and there

were no disputes or disagreements between our Company and the Tutoring Agency and other professional parties involved in the A Share Listing Attempt. Having considered that (i) the [**REDACTED**], as a leading player of the international financial markets, could offer us direct access to tap in the international capital markets and broaden our Shareholders base; and (ii) the [**REDACTED**] will further raise our corporate governance, brand awareness and business profile, our Company voluntarily decided not to pursue the A Share Listing Attempt.

TRADE SECRET LEGAL PROCEEDING

During the Track Record Period, we were involved in a trade secret legal proceeding in the PRC initiated by Shenzhen Longsys Electronics Co., Ltd. (the "**Plaintiff**"), against our Company and two employees. The Plaintiff alleged misappropriation of trade secrets relating primarily to a testing method for LPDDR3 products and sought injunctive relief and damages. We had ceased using the relevant testing method since late 2019 as it had been replaced by more advanced automated testing methods.

In November 2023, the first-instance court rendered a judgment partially in favor of the Plaintiff and ordered our Company to pay compensation of approximately RMB14.2 million. Both parties subsequently appealed. The second-instance trial was held in April 2026.

On August 20, 2026, the Plaintiff, our Company and the two employees entered into a settlement agreement to fully resolve the dispute. Pursuant to the settlement agreement, the Plaintiff confirmed that neither our Company nor the relevant employees had infringed its trade secrets, and the parties agreed to waive any further claims in relation to the matter.

On September 1, 2026, the second-instance court vacated the first-instance judgment and granted the Plaintiff's application to withdraw its claims. Accordingly, the proceedings have been finally concluded and all disputes relating to this matter have been resolved.

Our Company bears no compensation obligation arising out of or in connection with the settlement of the aforesaid trade secret legal proceedings with the Plaintiff. In addition, our Company has no obligation to indemnify or compensate any third party in connection with the trade secret legal proceedings or the settlement of the trade secret legal proceedings. The Directors confirmed that the settlement and conclusion of the proceedings have not had, and are not expected to have, any material adverse impact on our business operations, financial position or results of operations. See "Business — Legal Proceedings and Compliance — Trade Secret Legal Proceeding" in this document.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

In the third quarter of 2026, the memory product industry continued to be affected by demand from AI-related applications, with industry supply conditions remaining relatively tight and pricing generally remaining at relatively high levels. Under such market conditions, we achieved growth in the nine months ended September 30, 2026 in both revenue and gross profit margin as compared with the same period in 2025, supported by customer demand and increased market price. Against this backdrop, the average selling price of our products in the nine months ended September 30, 2026 increased as compared with the corresponding period in 2025. Notwithstanding the growth recorded in the first half of 2026, based on our current expectations, our growth momentum is expected to moderate in the second half of 2026. In addition, we launched new DRAM products during the third quarter of 2026, including LPDDR5 products with a data rate of 9,600 Mbps, LPCAMM2 products with a capacity with a data rate of 9,600 Mbps, and GDDR7 products.

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since June 30, 2026 (being the date on which the latest audited consolidated financial information of our Company was prepared) and there is no event since June 30, 2026 which would materially affect the information shown in our historical financial information included in the Accountants' Report in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

"Accountants' Report"	the accountants' report of our Company from KPMG, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person(s), directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person(s)
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"AI"	artificial intelligence
"Articles" or "Articles of Association"	the articles of association of our Company adopted on September 8, 2025 with effect upon the [**REDACTED**] (as amended from time to time), a summary of which is set out in Appendix III to this document
"Artmem HI-TECH"	Artmem HI-TECH LIMITED (珠海妙存技術研發有限公司), a limited liability company established under the laws of the PRC on March 26, 2026 and a wholly-owned subsidiary of our Company as of the Latest Practicable Date
"Artmem Technology"	Artmem Technology Co., Ltd. (珠海妙存科技有限公司), a limited liability company established under the laws of the PRC on November 24, 2017 and a wholly-owned subsidiary of our Company as of the Latest Practicable Date

[**REDACTED**]

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

[**REDACTED**]

"China", "the PRC", "Mainland" or "Chinese Mainland"	the People's Republic of China, which only in the context of describing PRC rules, laws, regulations, regulatory authority, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this document, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People's Republic of China
"Chuangjia Yongli"	Shenzhen Chuangjia Yongli Enterprise Management Consulting Partnership (Limited Partnership) (深圳市創佳永利企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on October 27, 2020 and was owned as to 65% by Mr. Wen Jianwei (文建偉) (as the general partner), our executive Director, chairman of our Board and general manager, 29% by Mr. Wen Jianxiong (文建雄) (as a limited partner), 6% by two sons aged over 18 of Mr. Wen Jianxiong (as limited partners), as of the Latest Practicable Date and a member of the Controlling Shareholders Group
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company" or "the Company" or "we" or "us"	Rayson HI-TECH(SZ) Co., Ltd. (深圳市晶存科技股份有限公司), a company established under the laws of the PRC as a limited liability company on December 22, 2016 and converted into a joint stock company with limited liability in the PRC on July 18, 2024
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders Group" or "Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Mr. Wen Jianwei, Rayson Management, Chuangjia Yongli, Rayson Erhao and Jingmiaocun, collectively the controlling shareholders of our Company; prior to the [**REDACTED**] and as at the Latest Practicable Date, the controlling shareholders controlled approximately [54.98]% of our total share capital, and upon [**REDACTED**], they will remain as our Company's controlling shareholders
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules

"COVID-19"	a newly identified coronavirus known to cause contagious respiratory illness
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
	[**REDACTED**]
"Director(s)"	the director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"ESOP Platform(s)"	Rayson Erhao and Jingmiaocun, or any one of them as the context may require
"Extreme Conditions"	the occurrence of ''extreme conditions'' as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
	[**REDACTED**]
"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"Frost & Sullivan Report"	the industry report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set forth in the section headed "Industry Overview" in this document
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
	[**REDACTED**]
"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange

"H Share(s)"	[**REDACTED**] ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [**REDACTED**] and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**] on the [**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"IFRS"	International Financial Reporting Standards as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	any person(s) or entity(ies) who/which is not a connected person of our Company within the meaning of the Listing Rules

[**REDACTED**]

"International Sanctions Legal Adviser"	King & Wood, the legal adviser to our Company as to international sanctions laws

[**REDACTED**]

"Jingmiaocun"	Shenzhen Jingmiaocun R&D Partnership (Limited Partnership) (深圳市晶妙存研發合夥企業(有限合夥)), one of our ESOP Platforms and a member of our Controlling Shareholders Group

[**REDACTED**]

"Latest Practicable Date"	November 22, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023
	[**REDACTED**]
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	AllBright Law Offices, the legal adviser to our Company as to the PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the Pre-[**REDACTED**] Investors pursuant to the relevant equity transfer agreement(s) and/or share subscription agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document
"Pre-[**REDACTED**] Investor(s)"	the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s) and/or share subscription agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document
	[**REDACTED**]
"R&D"	research and development

"Rayson Erhao"	Xinyu Rayson Erhao Technology Research and Development Partnership (Limited Partnership) (新餘市晶存貳號科技研發合夥企業(有限合夥)), one of our ESOP Platforms and a member of our Controlling Shareholders Group
"Rayson Hong Kong"	RAYSON HI-TECH (HK) LIMITED (晶存科技(香港)有限公司), a limited liability company incorporated in Hong Kong on August 17, 2018 and a subsidiary of our Company as of the Latest Practicable Date
"Rayson Management"	Xinyu Rayson Management Consulting Partnership (Limited Partnership) (新餘市晶存管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC and was owned as to 32.50% by Mr. Wen Jianwei (as the general partner), our executive Director, chairman of our Board and general manager, 17.50% by Mr. Wen Jianxiong (as a limited partner), our previous Director, and 50% by Chuangjia Yongli (as a limited partner) as of the Latest Practicable Date, and a member of our Controlling Shareholders Group. Mr. Wen Jianwei and Mr. Wen Jianxiong are brothers
"Rayson Technology"	Rayson Technology (SZ) Limited (深圳晶存技術有限公司), a limited liability company established under the laws of the PRC on January 19, 2022 and a wholly-owned subsidiary of our Company as of the Latest Practicable Date
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdiction"	the United States, the European Union, the United Kingdom, the United Nations, and Australia
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"Sanctioned Country"	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction
"Sanctioned Guidance"	Chapter 4.4 of the Guide for New Listing Applicant published by HKEX
"Sanctioned Target"	a person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)

"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
	[**REDACTED**]
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the three financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026
	[**REDACTED**]
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

[**REDACTED**]

"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[**REDACTED**]

"Zhongshan Rayson"	Rayson Technology (ZS) Limited (中山晶存技術有限公司), a limited liability established under the laws of the PRC on March 25, 2024 and a wholly owned subsidiary of our Company as of the Latest Practicable Date
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

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

"CAGR"	compound annual growth rate
"cloud-based training"	a training method that utilises the powerful computational resources of cloud computing platforms (such as servers and GPU clusters in data centres) to train artificial intelligence models
"controller chip"	a specialized microprocessor that provides drive and high-speed data transfer for Flash memory media, with specific external interfaces and protocol processing modules responsible for communication with the host, determining the form and category of the memory product
"CGU"	cash-generating unit
"CPU"	central processing unit, an integrated circuit that serves as the computational and control core of an electronic product
"DDR"	double data rate, an industry standard for SDRAM products introduced by JEDEC
"die"	an individual integrated circuit that is cut from a semiconductor wafer
"DIMM"	dual inline memory module, a type of memory module that features a series of DRAM integrated circuits mounted on a printed circuit board, with electrical contacts on both sides to connect to a device's motherboard, providing volatile memory for data processing. Major types of DIMMs include Registered DIMM ("**RDIMM**"), Small Outline DIMM ("**SODIMM**"), and Unbuffered DIMM ("**UDIMM**"), each designed to cater to specific performance and form factor requirements in various computing environments
"DRAM"	dynamic random access memory, a type of volatile memory used in computers and other devices to store data that is actively being used or processed, requiring periodic refreshing to maintain the stored information
"edge computing"	a computing model that places computational and data processing capabilities at devices near the data source (such as mobile phones, sensors, or in-vehicle terminals), rather than relying solely on remote cloud servers
"embedded storage"	memory products that are integrated into the main system of an electronic product, featuring high-capacity embedded NAND Flash solutions or DRAM solutions or compounded NAND and DRAM solutions, and are primarily used in devices such as smartphones and tablets

GLOSSARY OF TECHNICAL TERMS

"eMCP"	embedded multi-chip package, a semiconductor packaging technique where eMMC and LPDDR are enclosed within a single package, allowing for increased functionality and performance while minimizing space and enhancing connectivity between the chips
"eMMC"	embedded multi-media card, an integrated non-volatile memory system consisting of Flash memory and a Flash memory controller, used primarily in portable devices for reliable and efficient data storage and management
"ePoP"	embedded package on package, a semiconductor packaging technique where eMMC and LPDDR are integrated within a package, and stacked directly on top of the CPU surface
"firmware"	a pre-installed program code in memory, running within the Flash memory controller, responsible for core tasks such as protocol processing, data management and hardware driving in the memory
"Flash"	a type of non-volatile semiconductor memory chip, which retains stored information even when powered off, featuring the ability to be repeatedly read, erased and written
"FTL"	flash translation layer, a software layer built on raw flash memory that carries out garbage collection and wear leveling strategies and hides the special characteristics of flash memory from upper file systems by emulating a normal block device like magnetic disks
"HBM"	high bandwidth memory, a type of memory used in high-performance computing and graphics applications
"IDM"	integrated device manufacturer, a company that designs, manufactures and sells its own products, handling the entire production process from design to fabrication and distribution, and in the context of the semiconductor industry, a company that covers the entire business segment, including chip design, wafer production and packaging and testing
"Integrated Circuit" or "IC"	a type of miniature electronic device or component, manufactured using semiconductor techniques, integrating all the necessary transistors, resistors, capacitors, inductors and their connecting wires for a circuit onto a small semiconductor wafer (such as a silicon chip or substrate), which is then soldered and encapsulated within a casing to form an electronic device with the desired circuit functions
"IoT"	internet of things, a network of interconnected devices that communicate and exchange data with each other

GLOSSARY OF TECHNICAL TERMS

"JEDEC"	Joint Electron Device Engineering Council, a standardization institution in the solid-state and semiconductor industry that develops industry standards for solid-state electronics
"LLM"	large language model, an AI model trained on extensive text data to understand and generate human language
"LPDDR"	low power double data rate, an industry standard for low-power SDRAM products introduced by the JEDEC
"MCP"	multi-chip package, a semiconductor packaging technique that encapsulates two or more memory chips within a single package through methods such as stacking
"NAND Flash"	a type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage
"NOR Flash"	a type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage, typically used for code storage
"OEM"	original equipment manufacturer, a company that uses its brand advantages, core technologies and sales channels to have products produced by a manufacturer with production capabilities and then sells them to the market
"On-device AI"	technology that performs artificial intelligence computation and processing directly on end devices rather than relying on remote servers or the cloud
"PCB"	printed circuit board, a board used in electronics to connect electronic components using conductive pathways, tracks, or signal traces etched from copper sheets laminated onto a non-conductive substrate
"PCIe"	peripheral component interconnect express, a high-speed interface standard used to connect various hardware components to a computer's motherboard, providing fast data transfer and improved performance, with different generations such as Gen1 to Gen5
"RAM"	random access memory, a type of computer memory that can be accessed randomly, used to store working data and machine code currently in use, allowing for quick read and write access
"ROM"	read-only memory, a type of non-volatile memory used in computers and other electronic devices to store firmware or software that is not intended to be modified frequently
"SATA"	serial advanced technology attachment, an interface standard that uses serial connection, and is widely used to connect storage devices like hard drives and SSDs to a computer's motherboard, facilitating data transfer

"SRAM"	static random access memory, a type of RAM that uses bi-stable latching circuitry to store each bit, providing faster access times than DRAM and not requiring periodic refreshing
"semiconductor memory product"	a semiconductor component with information memory capabilities, widely used in various electronic products, serving as the hardware medium for data or programs
"SiP"	system-in-package, a type of chip packaging technology that combines multiple electronic components, such as processors, memory and sensors, passive components, and other electronic components into a single package, offering high integration, design flexibility and reduced space for compact electronic devices
"SSD"	solid-state drive, an internal storage component installed within a computer or server, providing enhanced performance and reliability over traditional hard disk drives
"System on Chip (SoC) Platform"	a platform that integrates key components such as CPU, GPU, memory, and communication modules into a single chip. It offers small size, low power use, and high efficiency, and is commonly used in smartphones, IoT devices, automotive systems, and industrial equipment
"TB"	terabyte, a unit of digital information storage equal to approximately one trillion bytes
"UFS"	universal flash storage, a high-performance, scalable flash storage specification designed for use in mobile devices and consumer electronics, offering fast data transfer speeds and improved power efficiency
"uMCP"	UFS-based multi-chip package, a semiconductor packaging technique that integrates UFS and LPDDR within a single package, designed to be versatile and adaptable for various applications by supporting a wide range of functionalities and interconnections
"USB"	universal serial bus, a standardized interface that enables communication and power supply between computers and peripheral devices, facilitating easy connectivity and data transfer across a wide range of electronic equipment
"VR"	virtual reality, a technology that creates a simulated, immersive environment
"wafer supplier"	companies that design, manufacture and supply memory wafers

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, our ability to successfully business strategies and plans to achieve these strategies; future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand; our ability to attract customers and further enhance our brand recognition; our future debt levels and capital needs; changes to the political and regulatory environment in the industry and markets in which we operate; changes in competitive conditions and our ability to compete under these conditions; future developments, trends and conditions in the industry and markets in which we operate; effects of the global financial markets and economic crisis; our financial conditions and performance; our dividend policy, if any; and changes or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim", "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the sections headed "Business" and "Financial Information" in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets. The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements. Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The* [**REDACTED**] *of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your* [**REDACTED**]. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information is given as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

The semiconductor memory product market, in which we operate, is characterized by constant and rapid technological advancements, frequent upgrades to products and technologies, regular introductions of new products, and evolving technical standards. According to Frost & Sullivan, as of the end of 2025, the global embedded memory product market had over 410 participants, with over 100 participants in the Chinese Mainland market, the primary market in which we compete. These market participants comprise both independent embedded memory product companies and non-independent companies. New technologies may emerge that render the current technologies underlying our products less competitive or even obsolete. If we fail to identify and respond to new industry standards, technological advancements, customer preferences, or market trends in a timely and effective manner, our ability to maintain or expand our market share may be adversely affected. Furthermore, faster-than-anticipated technological shifts or unexpected changes in industry standards could lead to the premature obsolescence of our existing technologies and products.

The semiconductor memory product market is highly competitive and characterized by rapid technological advancements, frequent changes in market demand, and intensifying market competition. Our ability to compete effectively is influenced by a number of factors, including the pace of technological development, customer requirements, and the competitive landscape. We may face competition from established international and domestic semiconductor companies with substantial resources and market positions, as well as potential new entrants, whose technological advancements or increased investments could affect the competitiveness of our products. During periods of market downturn or economic uncertainty, competitive pressures may further intensify as customers reduce their purchase orders. Competitors with more established market recognition and superior financial, technical, and marketing resources may be better positioned to withstand adverse market conditions and accept lower pricing, thereby exacerbating challenges for us. Such pricing pressure may require us to lower our selling prices, which could adversely affect our profit margins and results of operations.

Our business operation and financial performance may be adversely affected if we fail to timely incorporate new technologies and introduce new products in response to industry trends, downstream demand, and technological advancements.

To remain competitive, we must successfully design, develop, produce, market, and commercialize new or enhanced products that deliver high performance, reliability, and functionality while meeting market expectations for cost efficiency. However, we may encounter challenges in product design, development, marketing, or certification, which could delay or prevent the introduction and commercialization of new or enhanced products. Additionally, our

R&D investments may not yield the expected results, and our new products may fail to gain market acceptance. If we fail to effectively capture technological trends, accurately predict market demands, or achieve desired outcomes from our R&D initiatives, our products could lose competitiveness, which would negatively impact our financial condition, operating results, and overall business prospects. Moreover, the intensive competition in the semiconductor memory product market, combined with the introduction of new or upgraded products by competitors, the adoption of alternative technologies, and shifting consumer preferences, could further challenge our ability to retain or attract customers. If demand for our products declines due to competing technologies or changes in market conditions, our business operations and financial performance could be materially and adversely affected.

The industry in which we compete have historically been cyclical and may in the future affect, our business, results of operations and financial condition.

According to Frost & Sullivan, the semiconductor memory industry is highly cyclical primarily due to structural mismatches between supply and demand. On the supply side, capacity expansion requires substantial capital investment and a lengthy lead time, typically two to three years from investment decisions to mass production, making supply slow to respond to changes in demand. On the demand side, demand for memory products used in smartphones, PCs and servers fluctuates with macroeconomic conditions and end-market demand. In addition, inventory accumulation and destocking by customers and distributors can amplify supply-demand imbalances. As a result, strong demand amid constrained supply may drive memory product prices upward, whereas weakening demand, elevated inventory levels and continued capacity expansion may lead to oversupply and exert downward pressure on prices. The semiconductor memory product market has historically experienced periods of downturns characterized by reduced product demand, production overcapacity, high inventory levels, and declining selling prices. These industry downturns are often influenced by broader macroeconomic factors, such as economic slowdowns, geopolitical tensions, and inflationary pressures, as well as industry-specific factors, including the timing of new product introductions, the lifecycle of existing products, and the acceptance of emerging technologies. Demand for our products is largely driven by downstream applications. Periodic fluctuations in these markets, often linked to changes in general economic conditions, may result in substantial variations in our operating results. Reduced demand in these end markets could adversely affect the sales of our products. Furthermore, during industry downturns, there is an increased risk of trade and bills receivables becoming delinquent or uncollectible, as well as potential inventory devaluation.

According to Frost & Sullivan, during the Track Record Period, the average selling price ("**ASP**") for DRAM and NAND flash have generally trended upward, with particularly significant increases in 2025 and further sharp increases in the first half of 2026, driven by growing demand and supply constraints. In particular, the rapid development of generative AI, including large language models and multimodal AI capable of processing text, images, audio and video, has accelerated the widespread adoption of AI across data centers, AI computing centers, PCs and smartphones. As AI models grow in size and complexity, their training and inference require increasingly large memory capacities, higher data-transfer speeds and lower latency to store model parameters and process large volumes of data efficiently. Meanwhile, the extensive development of data centers and AI computing centers, together with the growing adoption of AI-enabled smartphones and PCs, is driving demand for memory with higher capacity, faster speeds and lower power consumption. On the supply side, capacity expansion requires infrastructure investment two to three years in advance, limiting near-term growth in overall memory supply. At the same time, the rapid growth in demand from data centers and AI computing centers has driven memory suppliers to allocate more capacity to AI-related applications, constraining supply available for consumer electronics, including PCs and smartphones.

According to Frost & Sullivan, DRAM and NAND flash prices are expected to continue increasing modestly amid fluctuations in the second half of 2026 as AI-related demand continues to grow and supply growth lags. As additional capacity added in 2025 and 2026 ramps up in 2027

and 2028, supply constraints are expected to ease, potentially leading to overall price stabilization or mild declines. By 2029, continued demand from AI devices and infrastructure may support a recovery in average selling prices, particularly for high-performance DRAM and advanced NAND flash memory used in AI workloads. See "Industry Overview — Price Analysis of Semiconductor Memory Wafer & Dram/Nand Products" in this document.

Nevertheless, we cannot predict when the current upcycle will stabilize or transition into a downturn, or the duration or severity of any such downturn. In particular, although the current upcycle is supported by the rapid development and adoption of AI, its duration and characteristics may differ from those of historical cycles, making its future trajectory difficult to predict. Demand for our products is also affected by factors such as the timing of new product developments, the lifecycle of existing electronic products, and the market acceptance and growth of new products. Any downturn in the markets we serve could materially reduce demand for our products. In addition, changes in market conditions may cause our customers to accumulate excess inventory, adversely affecting their demand for our products. During an industry downturn, we may also face an increased risk of delayed or uncollectible trade and bills receivables and inventory write-downs. We cannot predict the timing, duration or severity of industry cycles or the extent to which changes in general economic conditions may affect the memory market and demand for our products.

In particular, during periods of declining ASPs, our gross profit may be adversely impacted if we are unable to offset price reductions through increased sales volumes of existing products or the successful introduction of new products. In addition, given the rapid changes in market conditions, we may not be able to timely pass on price fluctuations to our downstream customers. Efforts to expand sales or launch new products to mitigate the impact of ASP declines may not be successful, which could materially and adversely affect our business, results of operations, and financial condition. Furthermore, pricing pressures imposed by competitors and customers may exacerbate ASP declines, which could also reduce the valuation of our inventory and result in write-downs. Driven in part by increasing demand from AI-related applications, the supply of memory products has experienced periods of tightness and price volatility. If upstream suppliers prioritize supply to large-scale AI computing centers or other customers, our access to sufficient supply as an independent memory product enterprise could be affected, which may in turn influence our operating performance. In addition, if the market price for memory products continues to rise rapidly, our procurement costs may increase. If we are unable to pass on increased costs to customers in a timely manner, the cost of fulfilling such orders may exceed such orders' net realizable value, potentially resulting in inventory write-downs and affecting our results of operations. Sustained elevated prices may also affect downstream customer demand and production plans, which could influence longer-term market demand. Conversely, if the market price for memory products experience a significant decline following a period of increase, we may face risks of inventory value adjustments.

Our products are widely used in consumer electronics. Any slowdown in the growth of this sector could adversely affect our business, financial condition and results of operations.

Our products are used in consumer electronics such as smartphones, laptops, tablets, educational devices, smart home systems, wearables, and intelligent robots. Demand for our products in the consumer electronics markets is influenced by a variety of factors, including macroeconomic conditions, technological advancements, market competition, and changes in consumer preferences. The consumer electronics market, in particular, is highly susceptible to fluctuations in demand driven by changing consumer preferences and the timing of new product launches. Consumer electronics products generally have short product life cycles and are subject to rapid technological obsolescence. Changes in product launches and inventory levels of our downstream customers may therefore lead to sudden fluctuations in their demand for our products. Additionally, the global economic environment, geopolitical tensions, and shifts in international trade policies may result in significant volatility in consumer electronics market demand. Such uncertainties could lead to disruptions in sales and adverse impacts on our business performance. Fluctuations in demand from the consumer electronics industry and the pricing of end products may

also be affected by factors such as cyclicality in the consumer electronics industry, competitive pressures faced by our downstream customers, regulatory restrictions, trade disputes, tariffs, and other barriers that could impact global trade and exports, delays or cancellations of projects by end customers, the negative perception or publicity surrounding consumer electronics products; and disruptive events, such as geopolitical conflicts or natural disasters. If we fail to accurately anticipate and respond to any such event, the demand from the consumer electronics sector may not maintain robust growth and the demand or price for our products may be reduced, which in turn will adversely affect our business, prospects, results of operations and financial condition.

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

We may, from time to time, be involved in various litigation, arbitration, legal or contractual disputes, claims, or administrative proceedings as part of our ordinary business operations. While some disputes may initially appear immaterial, they could escalate and become significant due to factors such as the monetary amount at stake, the likelihood of adverse outcomes, or the reputational impact. Any adverse ruling, judgment, or settlement could result in significant monetary damages, additional liabilities, or increased compliancerequirements. Furthermore, negative publicity arising from such disputes may harm our reputation and materially and adversely affect our business, financial condition, and results of operations. We cannot assure you that we will not face additional legal or contractual disputes in the future, and any such events could adversely impact our operations. In addition to these general risks, we had one specific legal risk related to trade secret litigation with Shenzhen Longsys Electronics Co., Ltd, during the Track Record Period. See "Business — Legal Proceedings and Compliance — Trade Secret Legal Proceeding" in this document. In addition, we face risks associated with the time and resources required to address these legal proceedings, such as the significant time, management attention, and financial resources. These legal risks, whether general or specific, could materially and adversely affect our business operations, financial condition, and results of operations.

We have invested and plan to continue investing in research and development, but these efforts may not produce the anticipated results.

Our future growth and competitiveness depend significantly on our ability to penetrate new markets, adapt our products to new applications and customer requirements, and develop and commercialize new products that achieve market acceptance. As part of our efforts to remain competitive, we have made substantial investments in research and development, and we expect these expenditures to remain significant in the future. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our R&D expenses was RMB56.1 million, RMB77.6 million, RMB97.5 million, RMB40.9 million and RMB64.4 million, respectively. Our R&D activities inherently involve uncertainties, and there is no guarantee that our efforts will consistently result in technological breakthroughs or successful commercialization of new products. Despite significant expenditures on R&D, we may fail to achieve intended outcomes or generate corresponding benefits. In the event that our R&D efforts do not keep pace with technological developments in the semiconductor memory product market, our competitive position and ability to capture market opportunities could be adversely affected. Furthermore, as we continue to invest in R&D, our related expenses may increase, and such investments may not necessarily result in timely or commercially successful outcomes.

We source memory wafers and memory dies externally, and we outsource certain production processes to third-party manufacturers, which exposes us to potential risks.

The primary raw materials required for our production include memory wafers and memory dies, which we source from third-party suppliers. Raw material costs accounted for 92.6%, 92.8%, 90.7%, 91.0% and 92.7% of our cost of sales in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our reliance on third-party suppliers for these key raw materials exposes us to risks associated with supply disruptions, shortages and price fluctuations. If our

suppliers are unable to provide sufficient quantities of memory wafers and memory dies on a timely basis or on commercially acceptable terms, our production and delivery of products could be disrupted, and our business, financial condition and results of operations could be adversely affected. See "— Our purchase of key raw materials and components, concentrates on certain major suppliers. Any disruption in supply or change in our relationships with these suppliers could adversely affect our business, financial condition and results of operations" in this section.

During the Track Record Period, we outsourced certain production processes, primarily chip tape-out and packaging, to specialized third-party service providers. In 2023, 2024, 2025 and the six months ended June 30, 2026, we incurred outsourced service costs in the amount of RMB111.2 million, RMB161.3 million, RMB223.3 million and RMB144.5 million, respectively. While this outsourcing arrangement enables us to focus on product design and development, it also exposes us to various risks inherent in relying on external service providers. Potential risks include supply and capacity constraints, reduced operational control, geopolitical and technology risks, failure to meet production targets, intellectual property misuse, service provider instability or misconduct, and rising outsourcing costs. If any of these risks materialize, our ability to meet customer demand and deliver products on time may be adversely affected. For example, during periods of high demand or tight inventories, third-party providers may prioritize the needs of larger or better-financed customers, reducing their capacity or services available to us. Such situations could delay our production, increase costs, or result in supply shortages that negatively affect our business operations.

Although we have maintained sustainable relationships with our key suppliers, we cannot assure you that we will not face delivery uncertainties arising from supply chain disruptions, or other factors beyond our control, which could affect our production, costs, or timely product delivery. Furthermore, if we experience sudden increases in demand or unexpected order volumes, or if any of our existing providers are unable to fulfill their obligations, we may face challenges in identifying and qualifying alternative suppliers or service providers. Establishing relationships with new providers typically requires significant time and resources, which could result in production delays, higher costs, or lost sales opportunities. In addition, if any of our third-party manufacturers significantly increase the costs of raw materials or service fees, or if our relationships with these third-party manufacturers are disrupted or terminated, our operating results and financial performance may be adversely affected. Such disruptions could damage customer relationships, result in lost revenue, reduce market share, or harm our reputation. As our business expands, we may increase our coordinations with third-party providers, and any challenges in managing or coordinating with them could have an impact on product quality, delivery timelines, or overall operations.

We may be unable to match production with customer demand for a variety of reasons including our inability to accurately forecast customer demand, which could adversely affect our operating results.

Our production planning, procurement, and resource allocation decisions are based on our internal estimates of product demand and customer requirements, which may be subject to significant uncertainties. While our customers may provide demand forecasts, these forecasts are not legally binding, and customers are not contractually obligated to purchase any quantities beyond those specified in individual purchase orders. As a result, unexpected changes in customer demand or market conditions could negatively impact our ability to accurately forecast future requirements. Inaccurate demand forecasting, rapid technological change, or sudden customer order increases may result in excess or obsolete inventory, capacity constraints, lost sales opportunities, higher costs, or reputational damage. Excess or obsolete inventory levels, unexpected expenses, or inventory write-downs could have a material adverse effect on our business operations, results of operations, and financial condition.

Our purchase of key raw materials and components, concentrates on certain major suppliers. Any disruption in supply or change in our relationships with these suppliers could adversely affect our business, financial condition and results of operations.

The primary raw materials required for our production include DRAM and NAND Flash wafers and memory dies. The global market for memory wafers and memory dies is highly concentrated and dominated by a limited number of major suppliers. During the Track Record Period, our purchases from our five largest suppliers accounted for 72.5%, 76.0%, 82.0% and 93.1% of our total purchases in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, while our purchase from the largest supplier, Supplier A, accounted for 46.5%, 53.3%, 68.5% and 82.6% of our total purchases, respectively for the same year/period, reflecting our high supplier concentration. Our reliance on a concentrated supplier base exposes us to risks that could adversely affect our production and operations. Any disruption in the supply of memory wafers could result in shortages of critical raw materials.

In addition, any deterioration in cooperative relationships, termination or suspension of supply arrangements, adjustments to procurement terms, or disputes with suppliers may adversely impact our ability to secure the materials required to maintain stable production. Given the high concentration of suppliers in the memory wafer industry, identifying and securing alternative sources on commercially reasonable terms or within a short timeframe could prove challenging. If we are unable to address supply interruptions or secure sufficient quantities of raw materials at commercially viable prices, our business operations and financial results may be materially and adversely affected. In addition, as demand for memory wafers driven by AI applications continues to increase, supply may become more constrained, and the concentration of our suppliers may persist or further intensify.

According to Frost & Sullivan, the global DRAM and NAND wafer and memory die supply market is highly concentrated, with the leading suppliers, including Supplier A, forming the core of global supply. In practice, it is an established industry norm that most memory product manufacturers procure directly from these major suppliers or through their distributors, resulting in a market structure where procurement is generally dependent on a limited number of upstream suppliers. Such industry structure gives rise to inherent supply concentration risks at the industry level. Any changes in production capacity, supply allocation policies, pricing strategies or commercial terms of these major suppliers may have a broad impact on midstream or downstream market participants, including the Group. In addition, global demand for memory products, including demand driven by emerging applications such as AI and data-intensive computing, may further intensify supply-demand imbalances from time to time. Such dynamics may result in heightened price volatility, extended lead times. If we are unable to secure sufficient quantities of raw materials on commercially acceptable terms or within required time frames, this may adversely affect its production planning, operational efficiency and financial performance.

Our historical performance may not be indicative of, or guarantee, similar results in the future, and any failure to achieve expected future performance could adversely affect our business, financial condition, and results of operations.

Our historical financial results may not provide a reliable basis for evaluating our future prospects, and we may encounter unforeseen challenges in sustaining our growth and profitability. Our future operating performance may be adversely affected by a variety of factors, including changes in industry dynamics, weaker downstream demand, significant shifts in supply and demand relationships, intensified competition, declining product sales prices, or reductions in sales volumes. Any of these factors may lead to a decline in our revenues or profitability, and there is no assurance that we will achieve similar growth rates or maintain our financial performance in future periods. Additionally, our ability to sustain growth depends significantly on our capacity to manage expansion effectively. Risks associated with business growth and expansion include challenges in managing a larger, geographically dispersed organization, scaling supply chains and facilities, controlling costs and investments, executing strategic initiatives, addressing market price

fluctuations, entering new markets, and strengthening operational, financial, compliance, and management systems. Sustaining growth will require significant financial resources and place substantial demands on our management team. Our current staffing, systems, policies, and procedures may not be sufficient to support future operations. Failure to improve operational efficiency, manage expansion effectively, or address competitive challenges in a timely manner could negatively impact our reputation, financial condition, and overall business prospects.

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

Our ability to achieve success and maintain competitiveness depends, in part, on our ability to secure, protect, and enforce our intellectual property rights. The measures we adopt to safeguard our intellectual property rights may not be adequate. There is no assurance that our patents will provide sufficient protection for our products or technologies against competitors. Third parties may challenge the scope, validity, or enforceability of our patents, or independently develop similar or competing technologies that circumvent our intellectual property protections. Additionally, successfully applying for and obtaining new intellectual property rights can be costly and time-consuming, and failure to seek timely protection may preclude us from securing future patents for certain products or technologies. In addition to patents, we rely on contractual protections with customers, suppliers, distributors, employees, and consultants, as well as security measures to safeguard our trade secrets and proprietary know-how. However, these contractual protections and security measures may be breached, and we may face difficulties in enforcing remedies or protecting our rights in such cases.

Moreover, our customers, suppliers, distributors, employees, or consultants may assert claims over intellectual property or damages arising from these agreements. Unauthorized disclosure, misappropriation, or independent discovery of our trade secrets by competitors could harm our competitive position. We may need to initiate legal action against third parties to protect and enforce our intellectual property rights if disputes cannot be resolved through negotiation. Intellectual property litigation can be costly, time-consuming, and distracting for management and may result in adverse outcomes, including the invalidation or limitation of our intellectual property rights. Such outcomes could reduce the value of our technology, restrict our ability to assert our rights, or otherwise negatively impact our business, financial condition, and results of operations. In addition, enforcement of our intellectual property rights may provoke counterclaims or retaliatory legal action from third parties.

Our business is subject to legal, regulatory, political, economic, commercial and other risks associated with our customers from overseas markets.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue derived from our business outside the Chinese mainland and Hong Kong accounted for 5.3%, 1.6%, 6.0%, 3.7% and 11.4% of our total revenue in respective year/period, respectively. Our operations across multiple jurisdictions expose us to various risks, including legal, regulatory, political, economic, and commercial uncertainties. These risks may adversely affect our financial performance and operational stability. Our international operations expose us to legal, regulatory, political, economic, and commercial instability, changes in foreign tax rules and interpretations, shifts in trade policies such as tariffs, sanctions, export controls and import restrictions, conflicts among cross-border laws and import/export controls, evolving foreign regulatory requirements including data privacy standards, compliance challenges relating to anti-bribery, anti-corruption, anti-money laundering and antitrust laws, difficulties in securing and enforcing intellectual property rights, enforcing contracts and collecting receivables through foreign legal systems, heightened geopolitical uncertainty, foreign exchange controls and cash repatriation restrictions, inflation, deflation and interest rate fluctuations, insolvency or misconduct of trade customers, labor disputes or work stoppages involving employees or suppliers, and increased costs of understanding and responding to local market and regulatory requirements. For example, in 2023, there was a media report indicating that Supplier A ceased supplying server chips for data center applications in the PRC, which may have been related to regulatory developments. During the Track Record Period and

up to the Latest Practicable Date, we did not procure any raw materials from Supplier A for products used in data center applications. Should we require raw materials for products used in data center applications in the PRC, we could procure them from other suppliers. Nevertheless, the media report illustrates the potential impact that changes in government policies, regulatory measures and geopolitical developments may have on suppliers operating within the semiconductor industry. In light of the evolving policy landscape and geopolitical environment, the Company cannot assure that its business partners, suppliers, procurement channels or supply chain will not be affected by similar developments in the future, which could in turn adversely affect the Group's business operations and financial performance.

Our cross-border transactions may increase the likelihood of tax audits and expose us to challenges related to tax residence, permanent establishment, transfer pricing, and other tax compliance matters. Any disputes or penalties arising from such audits could materially and adversely impact our financial condition and operational performance. During the Track Record Period, we carried out certain intra-group transactions among our subsidiaries in Chinese Mainland and Hong Kong. To regulate these transactions, we adopted transfer pricing arrangements and determined transfer prices that our Directors believe are comparable to those that would be charged by unrelated third parties on an arm's length basis. See "Business — Intra-Group Transaction" in this document. However, intra-group transactions and cross-border business arrangements may introduce uncertainty over our Group's profit allocation and respective tax positions across different jurisdictions or provinces within the PRC. The tax treatment of these transactions or arrangements may be subject to interpretation by the relevant tax authorities in different countries, regions, or provinces within the PRC. There is no assurance that tax authorities will share the same view, or that applicable laws and regulations will not be modified. If any relevant authority determines that such intra-group transactions were not conducted on an arm's length basis and that taxable income was affected, the authority could require the relevant subsidiaries to re-determine transfer prices and adjust revenue, deduct costs and expenses, or otherwise revise taxable income in order to reflect the proper tax basis. Any such adjustment could result in a higher overall tax liability for us, which may adversely affect our business, financial condition, and results of operations.

We are exposed to risks associated with Outbound Investment Rule that prohibit or require notification by U.S. persons for certain investments.

The Outbound Investment Rule provides that certain investment activities, when engaged by a U.S. person involving a "person of a country of concern," can result in either a "notifiable transaction" or a "prohibited transaction." As advised by our International Sanctions Legal Advisor, our business constitutes "covered activities," and investments by U.S. persons in us constitute "notifiable transactions" under the Outbound Investment Rule, as we conduct the "design" of integrated circuit, specifically the design, R&D, testing, and sales of controller chips. There is no assurance that the Treasury will take the same view as ours.

As such, U.S. persons may bear the obligation to notify the Treasury when acquiring any of our equity interests that are not yet publicly traded, except through valid exceptions or unless such investments were completed prior to the effective date of the Outbound Investment Rule. The Outbound Investment Rule may increase the compliance burden of U.S. investors, cause certain U.S. investors to adopt a more cautious approach in their investments and affect their sentiment towards us, negatively impacting our ability to raise capital. The Outbound Investment Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after this [**REDACTED**] given that relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a covered foreign person in the future due to different views taken by the Treasury, potential amendments to the Outbound Investment Rule or the introduction of similar regulations. If our ability to raise such capital is significantly and negatively affected, it could materially and adversely impact our business, financial condition and prospects.

Our financial results are affected by fluctuations in foreign currency exchange rates.

During the Track Record Period, the revenue generated from our business outside Chinese Mainland amounted to RMB1,402.1 million, RMB2,269.8 million, RMB3,278.1 million, RMB1,051.0 million and RMB8,900.4 million in 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026, respectively, representing approximately 58.4%, 61.1%, 55.4%, 51.0% and 74.1% of our total revenue for the respective year/period. Our overseas sales are primarily settled in U.S. dollars, and fluctuations in the exchange rate between the Renminbi and the U.S. dollar have historically affected our financial performance. Foreign exchange gains and losses resulting from exchange rate fluctuations have had an impact on our profitability during the Track Record Period. Exchange rate fluctuations may arise due to various factors beyond our control. Significant fluctuations in the exchange rate of the Renminbi against the U.S. dollar or other currencies could result in foreign exchange losses, adversely affecting our financial condition, results of operations, and overall profitability. Additionally, any appreciation or depreciation of the Renminbi relative to the U.S. dollar could affect the value of our overseas revenue and expenditures when translating such amounts into Renminbi terms, even without any underlying change in our business operations. Foreign exchange risks may also affect the value of dividends, if any, paid to shareholders in Hong Kong dollars, further impacting our financial results and investor returns.

If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

During the Track Record Period, our inventory amounted to RMB872.9 million, RMB1,161.8 million, RMB4,846.7 million and RMB12,160.2 million as of December 31, 2023, 2024, 2025, and June 30, 2026, respectively, representing approximately 58.1%, 50.0%, 83.2% and 86.0% of our current assets for the respective year/period. In 2023, 2024 and 2025 and the six months ended June 30, 2026, our inventory turnover days were 131 days, 111 days, 248 days and 234 days, respectively. If unfavorable changes occur in the supply-demand dynamics of the memory market, such as declining market prices or reduced gross profit margins, we may face further inventory write-downs or impairment losses, which could adversely impact our financial condition and operating results. Maintaining optimal inventory levels is inherently complex and depends on a variety of factors, including market demand fluctuations, new product launches, pricing changes, customer procurement decisions, and evolving consumer preferences. In particular, given the rapid pace of technological advancements and product upgrades in the semiconductor industry, our existing inventories may become technologically outdated or obsolete, or may no longer meet evolving customer requirements and market demand. This could result in reduced marketability of our inventories, and adversely affect our financial condition and results of operations. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we made provision for impairment losses on inventory of RMB17.1 million, RMB41.6 million, RMB156.9 million, RMB36.4 million and RMB323.9 million, respectively. For details of our inventory management strategies and internal control measures, see "Business — Inventory Management" in this document. While we have implemented supply chain management mechanisms to mitigate risks, demand forecasts remain inherently uncertain due to the dynamic nature of the industry. Any inaccuracies in our forecasts or failure to adjust inventory levels effectively may result in material adverse effects on our business operations, financial performance, and overall market competitiveness. As we continue to expand our business scale and production capacity, challenges related to inventory management may persist or intensify, potentially affecting our ability to maintain stable operations and meet customer expectations.

A fluctuation in prices of raw materials or shortage in supply may disrupt our supply chain, delay deliveries of our products to customers and affect our market price, which would affect our business, financial condition and results of operations.

We are a semiconductor memory products enterprise, and memory wafers represent the most significant component of our raw material costs. As such, changes in the availability and pricing of raw materials, particularly memory wafers, have a material impact on our business operations and financial performance. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, raw material costs accounted for 92.6%, 92.8%, 90.7%, 91.0% and 92.7% of our cost of sales, respectively. During the Track Record Period, we have experienced fluctuations in the prices of these raw materials. The supply and pricing of memory wafers and other key raw materials may fluctuate due to factors beyond our control. Any shortage or delay in the supply of our raw materials could result in increased production costs or disruptions to our production process, potentially causing delays in the delivery of products to our customers. We cannot assure you that we will not experience future price fluctuations or supply shortages of raw materials. If such circumstances occur, we may not be able to secure alternative suppliers in a timely manner, at reasonable prices, or at all. Failure to obtain sufficient raw materials to meet production needs could lead to reduced, delayed, or canceled customer orders, which may have a material adverse effect on our business, financial condition, and results of operations.

Our level of indebtedness and ability to obtain continued financing could materially and adversely affect our business, results of operations, financial condition and liquidity.

During the Track Record Period, our bank loans and other borrowings increased substantially to support our business expansion. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our bank loans and other borrowings amounted to RMB469.8 million, RMB917.3 million, RMB2,057.9 million and RMB5,111.2 million, respectively. Our business operations and planned expansion may require additional borrowings in the future, which may further increase our liquidity risk. The effective interest rates on our bank loans and other borrowings ranged from 0.65% to 10.80% during the Track Record Period. Rising interest rates could increase interest expenses relating to our outstanding floating-rate borrowings, further increasing our debt servicing requirements. As of October 31, 2026, we had unutilized banking facilities of RMB3,429.5 million. See "Financial Information — Indebtedness — Bank loans and other borrowings" in this document.

We rely in part on bank loans and other borrowings to meet our capital needs, and the related debt servicing requirements may place pressure on our cash flows and liquidity. We cannot assure that our existing banking facilities will meet our funding needs, or that we will be able to satisfy the applicable drawdown conditions or obtain credit approval from banks to renew our existing banking facilities or obtain refinancing on acceptable terms. If we are unable to draw down our banking facilities in a timely manner, renew our borrowings or refinance our maturing borrowings, we may need to use our existing cash and cash flows from operations to repay such borrowings, placing pressure on our cash flows and liquidity and limiting funds available for daily operations and business expansion. We may also need to reduce or defer planned expenditures. Any of these circumstances could materially and adversely affect our business, results of operations, financial condition and liquidity.

We have experienced continuous net outflows of operating cash flow during the Track Record Period, which may pose liquidity risks and affect our financial stability.

During the Track Record Period, we experienced net cash outflows from operating activities primarily due to the expansion of our business operations and differences in payment settlement terms with our suppliers and customers, which resulted in higher working capital requirements. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our net cash flows used in operating activities amounted to RMB229.7 million, RMB490.6 million, RMB849.6 million and RMB2,810.2 million, respectively. See "Financial Information — Cash Flows" in this document. As of June 30, 2026, we maintained sufficient available credit facilities from banks, and access to multiple financing channels. However, there can be no assurance that our operating cash flow will improve in the future or that external financing channels will remain available to us. If we are unable to secure additional bank credit lines or face restrictions on accessing existing credit facilities, we may encounter risks related to insufficient liquidity.

We may be exposed to customer credit risk, and delays in collecting trade and bills receivables could adversely affect our financial condition and results of operations.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, our trade and bills receivables amounted to RMB324.5 million, RMB789.3 million, RMB137.8 million and RMB545.5 million, respectively, representing 21.6%, 34.0%, 2.4% and 3.9% of our total current assets as of the same dates. In 2023, 2024 and 2025 and the six months ended June 30, 2026, our trade receivables turnover days were 37 days, 54 days, 28 days and 5 days, respectively. See "Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position — Trade and Bills Receivables" in this document. The increase in accounts receivables exposes us to heightened risks of impairment losses in the event of adverse changes in macroeconomic conditions, industry dynamics, or the creditworthiness of our customers. There is no assurance that we will be able to recover the full amount of our accounts receivables or that our customers will make payments on time. If we are unable to recover accounts receivables from our customers as expected, our liquidity, financial position, and business prospects may be adversely impacted.

We may be exposed to liquidity risk due to a long cash conversion cycle.

We had recorded relatively long inventory turnover days and trade receivables turnover days, which may lead to delays in converting our revenue into cash. During the Track Record Period, our cash conversion cycle, being the number of days which takes to convert our investments in inventory and other resources into cash flows from sales, was 156 days, 151 days, 263 days and 222 days, respectively. The cash conversion cycle is calculated by adding inventory turnover days and trade receivables turnover days, then subtracting trade payable turnover days. A long cash

conversion cycle may increase our reliance on working capital or external financing to support our operations and growth. If we are unable to manage our inventory and receivables efficiently or to secure adequate financing on acceptable terms, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

We may not be able to secure additional bank borrowings to support our business operations and expansion plans.

Our business operations and planned expansion may require additional bank borrowings from time to time. Our ability to obtain new credit facilities or renew existing ones depends on various factors, including our financial performance, credit profile, asset pledges available for collateral, prevailing interest rates, lending policies of banks, and overall market and economic conditions. We cannot assure you that we will be able to secure additional borrowings or maintain our existing banking facilities on terms acceptable to us, or at all. If we fail to obtain the necessary financing, our ability to fund working capital needs, execute expansion plans, manage liquidity, or respond to unforeseen business developments may be adversely affected. Such limitations could, in turn, have a material and adverse impact on our business, financial position and results of operations.

Our business may be adversely affected due to risks relating to the acts of our distributors and their potential breach of distribution agreements.

During the Track Record Period, approximately 60.8%, 58.9%, 53.1% and 62.6% of our revenue for 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, was attributable to distributor sales. As of December 31, 2023, 2024, 2025 and June 30, 2026, we had 79, 72, 84 and 88 distributors, respectively. See "Business — Sales, Distribution and Marketing — Distributor Sales" in this document. While distributors play an important role in marketing, selling, and supporting our products, we have limited control over their operations and actions. There is no assurance that we will be able to effectively manage our distributors or that they will act in compliance with applicable laws, regulations, or the terms of our distributorship agreements. If our distributors fail to market or sell our products effectively, breach our agreements or policies, or engage in non-compliant or improper activities, such as misrepresenting our products or misusing our intellectual property rights, it could harm our reputation, damage our brand image, and undermine customer confidence. Such breaches may also expose us to legal liability, regulatory penalties, or reputational harm.

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

We engage third-party logistics providers to transport materials and products, and some of our suppliers also use third-party logistics services to deliver materials to us. Our materials and products are of relatively high value, and any delays, damage, or other issues in these deliveries could disrupt our production schedules and affect our ability to deliver products to customers on time, which may have an adverse effect on our business, financial condition, and results of operations. In addition, we maintain inventories of raw materials and finished products, which are also of relatively high value. Any accidental loss, damage, or deterioration of inventory during storage, handling, or transportation could result in financial loss, disrupt our operations, and negatively affect our business, financial condition, and results of operations, and our insurance coverage may not fully cover such losses.

Any problem with our product quality or performance may subject us to loss of revenue, potential claims, legal liabilities and reputational damages.

Products as complex as ours may contain errors, defects, or bugs during their initial introduction or as new versions are released. Delivery of products with defects or reliability, quality, or compatibility issues could significantly delay or hinder market acceptance, result in costly recalls, and damage our reputation. Such issues may adversely affect our ability to retain existing customers and attract new customers. Errors, defects, or bugs could impair the functionality of our products, leading to interruptions, delays, or cessation of sales. Resolving these issues may require significant expenditures of capital and resources, diverting technical and other resources from our other development efforts. These problems could result in delays in the development, production, and roll-out of new products; additional development costs; loss of or delays in market acceptance; claims for damages from customers or third parties; and loss of credibility with existing and prospective customers. Any of these occurrences could have a material adverse effect on our business, financial condition, and results of operations.

If we are unable to protect or promote our brands and reputation, our business may be materially adversely affected. Negative publicity or rumors about us, our products, our management, directors, employees, shareholders, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

Maintaining and enhancing our reputation while increasing industry recognition awareness of our business and products is critical to our success. Our ability to promote and protect our reputation depends on achieving acceptance of our products, attracting and retaining customers, maintaining market leadership, and differentiating our offerings from those of competitors. These efforts require investments in marketing, promotion, and thought leadership. However, there can be no assurance that these investments will yield increased revenue, or that any resulting revenue will be sufficient to offset the associated expenses. Our reputation and brand value are also vulnerable to adverse publicity, whether or not justified, related to activities or events attributed to us, our management, directors, employees, shareholders, business partners, affiliates, industry, or products and services similar to ours. Unfounded or adversarial statements and opinions, especially given the sensitive nature of the industry we operate in, could mislead stakeholders and harm our business and reputation. If we fail to address such statements or opinions appropriately, our reputation, financial condition, and results of operations may be adversely affected. If we are unable to successfully protect and enhance our brand identity and reputation, our business operations, financial condition, and results of operations could be materially and adversely affected.

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

Our business operations and financial performance are subject to risks arising from external events such as war, terrorism, geopolitical tensions, public health crises, natural disasters, and other unforeseen disruptions to international commerce and the global economy. These events could materially and adversely affect us, as well as our customers and suppliers. Natural disasters, fires, power outages, industrial accidents, terrorist attacks, labor disputes, demonstrations, strikes, and other events beyond our control, could disrupt our operations and supply chain. Such disruptions may decrease demand for our products, hinder our ability to manufacture and deliver products to customers, or delay the receipt of materials from suppliers, causing inefficiencies in our supply chain. In the event of a major natural disaster or public health crisis, our operations may be disrupted due to potential damage to our technology infrastructure or information technology systems, or adverse impacts on the productivity of our workforce. We require considerable expenditures and recovery time to resume operations. Any such interruptions could materially and adversely affect our business, financial condition, and results of operations.

Changes or shifts in industry-related policy support may adversely impact our business performance and future growth.

Regarding risks related to domestic industrial policy changes, as a strategically important industry supported by national policies, the semiconductor memory product market has historically benefited from fiscal subsidies, tax incentives, and industrial funds. However, as the global landscape evolves and the semiconductor industry progresses through different stages of development, there is a risk that government policy support may weaken or shift. Any reduction or withdrawal of these policy benefits could negatively impact our business performance and future growth prospects. In recent years, the international trade environment has become increasingly complex and volatile, with heightened geopolitical tensions, particularly between major global economies such as China and the United States. The uncertainty surrounding trade policies, including export controls, tariffs, and sanctions, poses risks to our supply chain. For example, adverse changes in trade policies in the countries or regions where our suppliers are located could restrict the supply of raw materials, leading to higher procurement costs, extended delivery cycles, and disruptions in our production. Such developments could materially and adversely affect our business performance and financial condition.

Moreover, shifts in global trade dynamics, including stricter export controls on semiconductors and electronics, may reduce demand for our products or lower the prices that customers are willing or able to pay. Additionally, there is no assurance as to how international trade tensions or political developments may unfold or whether further restrictions will be imposed. Any negative developments in the global economic environment or trade policies could have a material adverse effect on our business, cash flow, results of operations, and financial condition. The regulatory landscape governing international trade and export controls has undergone significant changes in recent years, particularly with respect to U.S. measures targeting China-based entities.

The United States has expanded the scope of its sanctions and export controls under the Export Administration Regulations ("EAR"), which are administered by the Bureau of Industry and Security ("BIS") of the U.S. Department of Commerce. These measures include restrictions on the export, re-export, or transfer of items subject to the EAR. For example, in October 2022, BIS issued an interim final rule (the "BIS October 2022 IFR") requiring a license for the export, re-export, or transfer of items subject to the EAR if there is "knowledge" that the items are intended for use in the development or production of integrated circuits ("ICs") at semiconductor fabrication facilities in China that meet specific criteria. Subsequently, in October 2023, the BIS released another interim final rule (the "BIS October 2023 IFR") that updated and expanded the restrictions from the BIS October 2022 IFR. Later, on December 2, 2024, BIS issued both an interim final rule (the "BIS December 2024 IFR") and a final rule (the "BIS December 2024 FR"), which further expanded EAR controls on items related to advanced computing and semiconductor production. As part of its broader export control framework, BIS maintains lists of entities and individuals subject to heightened export restrictions. One key list, the Entity List, imposes specific trade restrictions on identified foreign persons, which may include businesses, research institutions, government entities, private organizations, and individuals. In recent years, the United States has added an increasing number of entities, including Chinese entities, to the Entity List and other restricted or prohibited party lists. The placement of entities on these lists is often sudden and unpredictable, and we have no ability to influence or anticipate such determinations. These developments introduce significant uncertainty to our business operations. The inclusion of customers, suppliers, or other business partners on the Entity List or similar lists could restrict our ability to conduct business with them, limit access to critical technologies or components, or disrupt our supply chains. Any such developments could materially and adversely affect our business, financial condition, and results of operations.

Our success depends on our ability to attract and retain key employees, and our failure to do so could harm our ability to grow our business and execute our business strategies.

Our business success relies on the continued efforts of our management team, which is responsible for overseeing the execution of our business strategies, identifying growth opportunities, and driving product innovation. Any loss of service from our management team could significantly delay or hinder our ability to achieve strategic objectives, disrupt our operations, and adversely impact our financial condition and operating results. Changes within our management team, such as the hiring or departure of senior executives, may further disrupt our operations and require substantial time and resources to identify, onboard, and integrate suitable replacements into our existing teams. Such disruptions may also affect our corporate culture and overall business performance. Additionally, our future success depends on our ability to attract, recruit, and retain qualified personnel across all levels of the organization. If we lose any key members of our senior management team or technical staff, or fail to attract and retain skilled personnel, we may face challenges in locating suitable replacements with comparable expertise and qualifications. This could lead to increased expenses associated with recruitment, training, and onboarding, and may adversely affect our business operations and growth prospects. Specifically, the departure of key technical personnel with specialized skills and experience, or our inability to recruit and retain qualified professionals, could materially harm our business, financial condition, and operating results.

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

We collect, store, and process business and transactional data generated during the course of our operations, including data related to our interactions with customers, suppliers, and business partners. The secure maintenance of such data is critical to our operations and reputation. We strive to comply with applicable legal and regulatory requirements concerning data security and privacy across the jurisdictions where we operate, including the PRC and other regions. However, the regulatory landscape surrounding data protection is rapidly evolving, and failure to comply with increasingly stringent data privacy laws could expose us to significant risks, including reputational damage, regulatory scrutiny, and adverse impacts on our business performance. There is a risk of unauthorized access, loss, misuse, or breach of data. Such incidents could result in increased security costs, damage to our reputation, regulatory investigations, litigation, fines, remediation efforts, indemnification payments, and disruptions to our business operations. Additionally, any data security or privacy issues may lead to significant costs associated with defending against legal claims or regulatory actions. Even unsubstantiated concerns raised by customers, employees, or third parties regarding our data security practices may negatively impact our reputation and business operations.

Our success depends on our strong and stable relationships with certain customers.

Our growth strategy focuses on strengthening relationships with existing large-scale global customers while expanding our customer base by attracting new leading enterprises across various industries and enhancing our brand recognition. To support this strategy, we have consistently invested in branding, sales, and marketing efforts to acquire and retain customers. However, there is no assurance that newly acquired customers will continue to work with us or that the revenues generated from these customers will offset the costs incurred to acquire them. Our reliance on our existing customer base exposes us to risks associated with significant reductions in sales to any of our top customers. Any such reductions could materially and adversely affect our business, financial condition, and operating results. Additionally, changes in forecasts or the timing of orders from these key customers, which are often beyond our control, may result in fluctuations in our operating results. Our existing customers may reduce their purchases or experience fluctuations in demand due to various factors, including dissatisfaction with the performance, quality, or pricing of our products, negative publicity regarding our brand, or the availability of alternative products offered by competitors. If we are unable to retain our existing customers or acquire new customers in a cost-effective manner, our business, financial condition, and results of operations could be adversely affected. Furthermore, any disruptions in our relationships with key customers or failure to attract new customers could hinder our ability to achieve our growth objectives and negatively impact our overall business performance.

We may be subject to additional social insurance and housing provident fund contributions, late payments fees and fines imposed by relevant governmental authorities.

Under applicable PRC laws and regulations, companies are required to participate in various employee benefit plans, including social insurance, housing provident funds, and other welfare-related contributions. These requirements vary across different regions in the PRC due to differing levels of economic development, and the competent government authorities may examine whether employers have made adequate contributions. Employers who fail to comply with these requirements may be subject to penalties, including late payment fees, fines, or other administrative actions. While we strive to comply with these regulations, there is no assurance that our historical and current practices will always be deemed fully compliant by the relevant authorities. If non-compliance is identified, we may be required to rectify the shortfall in contributions within a prescribed time frame and may face penalties for failing to do so.

During the Track Record Period, we did not fully comply with the requirements for social insurance and housing provident fund contributions for certain employees as stipulated by PRC laws. See "Business — Legal Proceedings and Compliance — Social Insurance and Housing Provident Fund" in this document. According to applicable regulations, the competent authorities may request us to take corrective measures, and failure to do so could result in fines or other penalties. As of the Latest Practicable Date, no administrative actions, fines, or penalties have been imposed on us, nor have the authorities demanded payment of outstanding social insurance or housing provident fund contributions. Although we are actively addressing these compliance issues, we cannot guarantee that we will not be subject to penalties or liabilities related to such non-compliance in the future, which could adversely affect our business, reputation, and financial performance.

Our PRC Legal Adviser is of the view that, provided there are no significant changes in current policies, regulations, enforcement practices, or major employee complaints or lawsuits, the risk of centralized collection of underpaid contributions or significant administrative penalties for the above issues remains remote. However, as the interpretation and implementation of labor-related laws, including the Labor Contract Law and Social Insurance Law, continue to evolve, we cannot guarantee that our employment practices are fully compliant or will remain compliant. Any violations of labor-related laws may expose us to labor disputes, government investigations, or other legal proceedings, which could adversely impact our reputation, business operations, financial condition, and results of operations. Furthermore, addressing such risks may require the diversion of significant resources to manage potential lawsuits, investigations, or complaints.

We may be subject to fines for unregistered lease, and our legal right to use certain properties could be challenged or restricted.

We lease properties primarily for our production, warehouse, business and office purposes. As of June 30, 2026, two of our lease agreements have not been registered and filed with the relevant real estate administration bureaus in the PRC, as required by applicable laws and regulations. While the failure to register does not invalidate the lease agreements, it may expose both the lessors and lessees to potential fines if such non-compliance is not rectified within the prescribed time frame after receiving notice from the relevant PRC authorities. Under PRC law, fines for unregistered leases may range from RMB1,000 to RMB10,000 per lease. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. As of June 30, 2026, the use of one leased property exceeds the scope of permitted use as recorded on the property ownership certificate. As a result, there is a risk that the relevant authorities may require the restoration of the original use of the property, which may result in our inability to continue leasing the property. If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no guarantee that we would be able to find suitable alternative properties on reasonable commercial terms. Any relocation could lead to disruptions to our operations and may have an adverse effect on our business, financial condition and results of operations. See "Business — Properties" in this document.

Failure to effectively utilize our production facilities or successfully execute our equipment maintenance and upgrades or capacity expansion plans may have a material adverse effect on our business, financial condition and results of operations.

Our future growth prospects and profitability depend, among other factors, on our ability to upgrade our production capabilities and expand our production capacity. To achieve this, we must undertake cost-effective and efficient upgrades and expansions, including the construction of new facilities, the purchase and maintenance of packaging, testing and assembly equipment, and the hiring and training of professionals to operate such facilities and equipment. However, the successful implementation of these plans is subject to various risks and uncertainties, including the availability of sufficient working capital for facility construction or equipment purchases, delays in construction progress or in the delivery of required equipment, difficulties or delays in equipment installation and commissioning, and challenges associated with implementing new production processes.

We cannot assure you that our upgrade or expansion plans, if implemented, will be operationally or financially successful or supported by sufficient market demand for our products or adequate profit margins. If we fail to execute our plans in a cost-effective and efficient manner, our business operations and profitability may be adversely affected. In addition, if we do not receive sufficient orders from customers to fully utilize our production facilities, we may experience low utilization rates or over-capacity, which could negatively impact our profitability and operating results. Furthermore, if market demand for our products declines in the future, we may be unable to recover the costs associated with constructing new facilities, expanding existing facilities, or maintaining increased production capacity.

Any disruption to the operation of our production facilities or interruptions in our information technology systems could adversely affect our business.

We conduct production in our testing facilities in Zhongshan and Shenzhen. The operation of these facilities is subject to potential disruptions caused by events beyond our control, including physical damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the underlying land, and regulatory developments. Any power outage, disruption, or shortage in power supply could materially and adversely affect our production processes and employee safety, which may, in turn, negatively impact our business, financial condition, and results of operations. We rely on the efficient and uninterrupted operation of complex information technology systems and networks to support our business activities. These systems and networks are exposed to risks such as disruptions from new system implementations, computer viruses, security breaches, facility issues, natural disasters, terrorism, war, telecommunications failures, and energy blackouts.

Any significant disruption to our IT systems or networks could materially and adversely affect our operations, sales, and financial results. In addition, we may be subject to cyberattacks, security breaches, or attempts to introduce malicious software into our IT systems. If such attacks are successful, we may not immediately detect the incident or fully understand its magnitude and consequences until substantial harm has occurred. Any such attack or disruption could result in significant costs associated with rebuilding internal systems, defending litigation, addressing regulatory actions, or paying damages. These events could materially and adversely impact our business, operations, and financial results. If these service providers fail to properly safeguard the data they hold, it could result in security breaches or loss of data. Any such incident involving third-party service providers could negatively affect our business, operations, and financial results, as well as our relationships with customers.

Our customers require our products to undergo a qualification process. If we are unsuccessful or delayed in qualifying any of our products with a customer, our business and operating results would suffer.

Before purchasing our products, customers typically require that our products undergo extensive qualification processes. These processes involve rigorous testing, including reliability testing, to ensure compatibility with the customers' products. However, even after obtaining the necessary qualifications for a product, there is no assurance that such qualifications will result in sales. After our products are qualified and selected, it can take several months or more before a customer commences mass production of products that incorporate our products. If we are unsuccessful or experience delays in qualifying our products with customers, the anticipated sales of such products may be postponed or fail to materialize altogether. Such outcomes could impede our growth and have an adverse impact on our business, financial condition, and results of operations.

We may fail to successfully make necessary or desirable acquisitions, investments or establish joint ventures, and may not be able to achieve the benefits we expect from past and future transactions.

We have historically grown our business through acquisitions and external investments, and may continue to seek opportunities to acquire or invest in businesses, products, technologies, or enter into strategic cooperation and joint ventures to complement or expand our business, enhance our technical capabilities, or provide growth opportunities. However, these activities involve inherent risks and challenges, including difficulties in integrating acquired or invested companies' personnel, operations, systems, and technologies, particularly in large-scale or unfamiliar markets, failure to realize anticipated synergies or expected revenue, profitability, productivity, or other benefits, management distraction and diversion of resources from existing operations, potential loss of key employees or customers, unanticipated costs or liabilities such as litigation or unknown obligations, acquisition-related expenses, asset write-offs and restructuring costs, increased interest expenses, leverage and debt service if additional debt is incurred, dilution of existing shareholders' ownership if new shares are issued, significant use of available cash that may constrain other strategic initiatives, regulatory restrictions including anti-monopoly requirements, and exposure to currency fluctuations as well as economic, political, and regulatory risks in cross-border transactions.

A significant portion of the purchase price for acquired businesses may be attributed to goodwill, which must be assessed for impairment at least annually. We face valuation risks in acquisitions, where inaccurate estimates of fair value for acquired assets and liabilities could materially reduce our future reported earnings. Inaccurate fair value assessments may lead to overstated asset values, resulting in higher-than-anticipated amortization expenses or future goodwill impairment charges. Furthermore, if acquisitions, investments or joint ventures fail to deliver expected returns, we may be required to recognize impairment losses on goodwill, which could adversely affect our results of operations. There is no assurance that we will be able to complete these transactions on commercially reasonable terms, or at all, or that such strategic activities will be successful or will not adversely impact our business, financial condition, or results of operations. If these efforts fail to meet our expectations, they could have a material and adverse effect on our overall performance.

Expiration of, or changes to, certain government grants and preferential tax treatments which we are entitled to could adversely affect our financial condition and results of operations.

During the Track Record Period, certain entities within our Group benefited from preferential income tax rates under applicable PRC tax regulations. For example, certain entities within our Group were eligible for a preferential Enterprise Income Tax (EIT) rate of 15% due to their designation as High and New Technology Enterprises (HNTE). For further details, please refer to Note 7 to the Accountants' Report in Appendix I to this document. The preferential tax treatments and other incentives granted to certain entities within Our Group are subject to periodic review and renewal by the relevant governmental authorities and may be adjusted or revoked in the future. We cannot assure you that these preferential tax treatments will remain valid or be successfully renewed upon expiration. Furthermore, there is no guarantee that the local tax authorities will not change their position and discontinue the preferential tax treatments currently available to Our Group. Any revocation or discontinuation of preferential tax treatments could result in a significant increase in our tax obligations and adversely affect our net income, financial condition, and results of operations. Additionally, during the Track Record Period, we recognized government grants amounting to RMB8.2 million, RMB19.4 million, RMB34.2 million, RMB3.1 million in our profit or loss in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. These grants consisted of non-recurring financial support or subsidies provided by government authorities as incentives for research and development projects. However, we cannot guarantee that we will continue to receive such government grants or benefit from similar financial support in the future. Any reduction or discontinuation of government grants may adversely affect our financial performance and ability to fund research and development initiatives.

Any decrease or discontinuation of tax rebate for our exported products may have a negative effect on our profitability.

Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on the Value-Added Tax and Consumption Tax Policies for Export Business (財政部税務總局公告2026年第11號) effective from January 1, 2026, which superseded the Notice of the Ministry of Finance and the State Administration of Taxation on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (財税[2012] 39號), export goods and cross-border sales of services and intangible assets (collectively, "**export business**") are generally subject to VAT exemption and refund, or VAT exemption, policies unless otherwise stipulated by law, in accordance with the Value-Added Tax Law of the People's Republic of China and its Implementation Regulations. Under these policies and relevant PRC laws, we are entitled to VAT rebates in connection with the export sales of our products. These rebates represent refunds of VAT incurred on the raw materials used in the production of our products in the PRC that are subsequently exported to overseas markets. However, we cannot guarantee that the current PRC government policies on VAT rebates will remain unchanged or that the rebates we currently enjoy will not be reduced or cancelled in the future. Any reduction, suspension, or cancellation of VAT rebate policies could adversely impact our ability to recover VAT amounts and negatively affect our business, financial condition, and profitability.

Our insurance coverage may not fully protect us against all potential business risks.

We consider our insurance coverage is adequate as we have obtained all mandatory insurance policies required under PRC laws and regulations and in accordance with general market practice. See "Business — Insurance" in this document. However, the availability of business insurance products in the PRC and other jurisdictions where we operate may be limited. As a result, we may not be able to obtain insurance to cover all types of risks associated with our operations, both in the PRC and overseas. Furthermore, the coverage provided by our existing insurance policies may not be sufficient to fully compensate for all losses, particularly losses related to business disruptions or operational interruptions. This potentially limited or insufficient insurance coverage could expose us to claims and financial losses. Events such as business disruptions, litigation, regulatory actions, outbreaks of epidemic diseases, adverse weather conditions, or natural disasters could result in substantial costs and divert our resources. There is no assurance that our insurance coverage will be adequate to cover such losses or that we will be able to recover losses under our insurance policies in a timely manner, or at all. If we experience a loss that is not covered by our insurance policies, or if the compensation we receive is significantly less than the actual loss incurred, our business, financial condition, and results of operations could be materially and adversely affected.

We are subject to various risks relating to certain payment arrangements

During the Track Record Period, certain of our customers settled payments with our Company and our subsidiaries through accounts held by parties other than the contractual counterparties under the relevant sales and purchase agreements, which can be divided into payment though customers' supply chain service providers and payment through other third-parties. See "Business — Our Customers" in this document. Generally, arrangements involving third-party payors may give rise to certain concerns, including potential repayment matters or compliance considerations. During the Track Record Period, we encountered similar concerns in dealing with the above payment arrangements, and addressing them required additional time and resources, which in turn posed certain risks to our operations. In the event that claims from third-party payors or their liquidators are made against us, or legal proceedings (whether civil or criminal) are initiated to demand the return of payments or allege violations of laws and regulations, we may need to allocate financial and managerial resources to defend against such claims or proceedings. If a court rules against us, we may be required to return payments received for products sold or services rendered, which could adversely affect our financial condition, results of operations, and business prospects.

If we are not able to fully comply with present or future environmental laws and regulations, our business, financial condition and results of operations may be adversely affected.

To identify, manage, and mitigate environmental, social, and governance (ESG) risks, we may incur additional costs and expenses. While our business does not involve significant emissions, waste generation, or heavy pollution, we actively monitor environmental and climate-related risks that may affect our operations, strategy, and financial performance. These risks are assessed across short-, medium-, and long-term horizons.

We track various environmental indicators, including power consumption, greenhouse gas emissions, water usage, and waste generation, to manage risks arising from our operations. Additionally, we are committed to fostering a supportive and inspirational corporate culture for our employees, which may require substantial investments. See "Business — Environmental, Social and Governance" in this document. Our business is subject to certain laws and regulations relating to environmental matters. Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. Moreover, the regulatory landscape around ESG matters continues to evolve, with increasing ESG-related disclosure mandates in the jurisdictions where we operate. Failure to adapt to new regulatory requirements or meet industry expectations and standards could negatively impact customer perception of our business and lead to consumers choosing products from other companies.

RISKS RELATING TO THE JURISDICTION IN WHICH WE OPERATE

Changes in the economic, political or social conditions or government policies in the regions where we operate could affect our business, financial condition and results of operations.

We operate our business primarily in Chinese Mainland, Hong Kong, and derived revenue from both domestic and international markets. As a result, our business, financial condition, and results of operations are significantly influenced by political, economic, and social conditions in these markets. Geopolitical, economic, and market factors have impacted and will continue to impact the markets in which we operate. In certain markets, governments play a significant role in regulating industry development by implementing industrial policies, which may affect our operations. Furthermore, as we are headquartered in China with the majority of our assets located in China, our financial condition, results of operations, and growth prospects are closely linked to economic, political, and legal developments in China. Any adverse changes in the global or local economies of the markets in which we operate could materially and adversely affect our business, financial condition, and results of operations.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas listings issued by PRC government authorities.

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

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

Non-Chinese Mainland resident individual holders of H Shares whose names appear on the register of members of H Shares are subject to PRC individual income tax on dividends received from us. Under the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國税函[2011]348號), dated June 28, 2011, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5% to 20%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-Chinese Mainland resident individual holders of H Shares are subject to PRC individual income tax at a rate of 20.0% on gains realized from the sale or other disposal of H Shares, pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation regulations. However, under the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》), issued by the MOF and the SAT on March 30, 1998, gains derived by individuals from the transfer of listed shares in enterprises are exempt from individual income tax. As of the Latest Practicable Date, no specific provisions have clarified whether such exemptions apply to non-Chinese Mainland resident individual holders transferring shares of Chinese Mainland enterprises listed on overseas stock exchanges. To our knowledge, PRC tax authorities have not collected individual income tax on such gains in practice. If such tax is collected in the future, the value of non-Chinese Mainland resident individual holders' investments in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) ("EIT Law") and its implementation regulations, non-Chinese Mainland resident enterprises are generally subject to PRC enterprise income tax at a rate of 10.0% on Chinese Mainland-sourced income, including dividends received from Chinese Mainland companies and gains derived from the disposal of equity interests in Chinese Mainland companies. Applicable treaties or special arrangements between Chinese Mainland and the jurisdiction where the enterprise resides may reduce this tax rate. The interpretation and implementation of the EIT Law and its regulations, including whether and how enterprise income tax on gains from the sale or disposal of H Shares will be collected from non-Chinese Mainland resident enterprise holders, remain subject to the relevant laws and regulations in effect at the time. If such tax is collected in the future, the value of non-Chinese Mainland resident enterprise holders' investments in H Shares may be materially and adversely affected. Any changes in PRC tax policies, or uncertainties in the interpretation or implementation of applicable tax laws and regulations, could impose additional compliance requirements on us and our investors and adversely affect our financial condition and results of operations.

Policies and regulations regarding foreign currency conversion may affect our ability to pay dividends and other obligations.

The conversion of Renminbi into foreign currencies and the remittance of foreign currencies out of the PRC are subject to PRC laws and regulations governing foreign exchange. Under the current PRC foreign exchange regulatory regime, certain current account transactions, such as profit distributions, interest payments, and trade-related expenses, may be conducted in foreign currencies without prior approval from the State Administration of Foreign Exchange ("SAFE"), provided that applicable procedural requirements are met. However, capital account transactions, including capital transfers, direct investments, securities investments, and the repayment of borrowings, are subject to foreign exchange policies and require prior approval from SAFE or registration with SAFE or designated banks. These regulatory requirements may limit our ability to access sufficient foreign currency to meet our needs, which could impact our ability to pay expenses as they become due.

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

On February 17, 2023, the China Securities Regulatory Commission (the "CSRC") issued the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines, which became effective on March 31, 2023 (collectively, the "Overseas Listing Regulations"). The Overseas Listing Regulations apply to overseas securities offerings and listings conducted by (i) companies incorporated in the PRC ("PRC domestic companies") and (ii) companies incorporated overseas with substantial operations in the PRC. These regulations set forth filing requirements for both direct and indirect overseas offerings and clarify the determination criteria for indirect offerings in overseas markets. Under the Overseas Listing Regulations, PRC domestic companies seeking to offer and list securities in overseas markets are required to complete the filing procedures with the CSRC within three working days after submitting application documents to the overseas regulatory authorities. We plan to fulfill the required filing procedures. See "Regulatory Overview — Overview of the Laws and Regulations in the PRC — Laws and Regulations Relating to Overseas Offering and Listing" in this document. Failure to complete the filing procedures, or concealing material facts or falsifying major content in filing documents, may result in administrative penalties, including orders to rectify, warnings, and fines. Additionally, controlling shareholders, actual controllers, responsible officers, and other directly liable persons may be subject to administrative penalties such as warnings and fines. We cannot assure you that we will always be able to meet these requirements. Any failure to comply with the Overseas Listing Regulations may restrict our ability to complete the proposed listing or engage in future capital-raising activities, which could materially and adversely affect our business, financial condition, and prospects.

Furthermore, we cannot guarantee that new rules or regulations promulgated in the future will not impose additional requirements or restrictions on our operations or financing activities. If additional approvals, filings, or procedures are required in the future, we may fail to obtain such approvals, complete such filings, or meet such requirements in a timely manner or at all. Failure to comply may result in sanctions from the CSRC or other PRC regulatory authorities, including fines, penalties, restrictions on our operational activities in the PRC, limitations on our ability to pay dividends outside the PRC, delays or restrictions on the repatriation of net [**REDACTED**] from the [**REDACTED**] into the PRC, or other measures that could restrict our financing activities. Such actions could have a material adverse effect on our business, financial condition, and results of operations.

It may be difficult to serve legal process on us or our Directors and executive officers residing in the PRC, or to enforce judgments obtained from non-Chinese courts against them within the PRC.

We are incorporated under the laws of the PRC, and the majority of our assets are located in the PRC. In addition, most of our Directors, Supervisors, and senior management reside in the PRC, and their assets are substantially located in the PRC. As a result, it may be difficult, complicated, and time-consuming for investors to effect service of process or enforce judgments against these individuals in the PRC. Furthermore, China does not have treaties with certain jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards.

On July 14, 2006, the Supreme People's Court of China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "2006 Arrangement"), which became effective on August 1, 2008. Under the 2006 Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil or commercial matter pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Chinese Mainland, and vice versa. A choice of court agreement in

writing refers to an agreement entered into between the parties after the effective date of the 2006 Arrangement, expressly designating either a Hong Kong or PRC court as having exclusive jurisdiction over the dispute. On January 18, 2019, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "2019 Arrangement"), which superseded the 2006 Arrangement upon its effective date of January 29, 2024. Compared to the 2006 Arrangement, the 2019 Arrangement establishes a more comprehensive and bilateral legal mechanism for reciprocal recognition and enforcement of judgments in civil and commercial matters under Hong Kong and PRC law. However, the 2006 Arrangement remains applicable to "jurisdiction agreements in writing" entered into before the 2019 Arrangement took effect. Since the 2019 Arrangement is newly enacted, there remains uncertainty regarding the outcome of applications to recognize and enforce judgments in the PRC under this arrangement. Additionally, uncertainties exist regarding the enforcement of arbitral awards in the PRC, which could limit investors' ability to enforce rights or claims against us. Although we will be subject to the Listing Rules and the Takeovers Code upon our [**REDACTED**], holders of H Shares will not be able to bring direct actions for violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Furthermore, the Takeovers Code does not carry the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong. As such, enforcement of these rules and codes may be limited, which could affect the rights of H Shareholders.

RISKS RELATING TO THE [REDACTED]

No [REDACTED] currently exists for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there has been no [**REDACTED**] for our Shares, and following the completion of the [**REDACTED**], the [**REDACTED**] will be the only market where our Shares are [**REDACTED**]. We cannot guarantee that an active [**REDACTED**] will develop or be maintained nor that the [**REDACTED**] of our Shares will not fall below the [**REDACTED**] after the [**REDACTED**]. The [**REDACTED**] will be determined under the [**REDACTED**] and may not reflect the actual [**REDACTED**] once [**REDACTED**] begins. If an active [**REDACTED**] is not sustained, the [**REDACTED**] and [**REDACTED**] of our Shares may be adversely affected, impacting the value of your [**REDACTED**].

The [REDACTED] and [REDACTED] volume of our H Shares may fluctuate, and such volatility may lead to substantial losses for [REDACTED].

The [**REDACTED**] and [**REDACTED**] of our H Shares may be highly volatile and could fluctuate significantly due to factors beyond our control. These factors may include, but are not limited to, actual or anticipated fluctuations in our revenue, earnings, or cash flow; changes in our pricing strategies due to competitive pressure; the addition or departure of key personnel; potential strategic alliances or acquisitions; changes in ratings or outlooks issued by financial analysts or credit rating agencies; fluctuations in the selling prices or demand for our products; public perception or negative publicity concerning our products; unexpected business disruptions caused by natural disasters, power shortages, or other unforeseen events; our inability to obtain or maintain regulatory approvals for our operations; or litigation, government investigations, or other legal or regulatory proceedings. Additionally, political, economic, financial, and social developments in Chinese Mainland, Hong Kong, or other regions globally may also impact the [**REDACTED**] and [**REDACTED**] volume of our H Shares. Moreover, the Stock Exchange and other securities markets have, from time to time, experienced significant [**REDACTED**] and [**REDACTED**] volume fluctuations unrelated to the performance of specific companies. Such market-wide volatility could adversely affect the [**REDACTED**] of our H Shares regardless of our actual operating performance, which may materially and negatively impact the value of your [**REDACTED**].

Potential [REDACTED] will experience immediate and considerable dilution upon the completion of the [REDACTED] and may be subject to further dilution in the event that we issue additional Shares in the future.

We may need to raise additional funds in the future due to changes in business conditions or to finance our future plans. [**REDACTED**] or [**REDACTED**] on a non-pro-rata basis could dilute our existing Shareholders' holdings. Moreover, such fundraising activities could result in a decrease in [**REDACTED**] and net tangible asset value per Share. The [**REDACTED**] may also carry rights, preferences, and privileges that are superior to those of the Shares held by our existing Shareholders, which could further affect the value of their [**REDACTED**].

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

Any declaration and distribution of dividends will be at the sole discretion of our Directors, based on various factors, including our future operations and earnings, capital requirements, financial condition, and contractual restrictions. Any dividends declared and distributed and the amount thereof, will also be subject to our Articles of Association and applicable PRC laws. There is no assurance that dividends of any amount will be declared or distributed in any given year.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The H Shares beneficially owned by our Controlling Shareholders are subject to lock-up periods under the Listing Rules and additional undertakings in favor of us. However, there can be no assurance they will not dispose of their Shares after these lock-up periods expire. Any future [**REDACTED**], or market perception thereof, of a substantial amount of our Shares by our Controlling Shareholders or other Shareholders in the [**REDACTED**] could materially and adversely affect the [**REDACTED**] of our H Shares. Furthermore, such disposals could hinder our [**REDACTED**] in the future, limiting our ability to raise additional capital. We are unable to predict the impact on the [**REDACTED**] of our H Shares, which could result in volatility or a decline in the value of your [**REDACTED**].

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interest of our other shareholders.

Our Controlling Shareholders exercise significant influence over our operations and business strategies due to their substantial shareholding. This influence may enable them to direct corporate actions in line with their own preferences. Their interests may not always align with those of our other Shareholders. If any conflict arises between their interests, or if our Controlling Shareholders pursue strategic objectives that diverge from the interests of other Shareholders, it could adversely affect our Group or the interests of other Shareholders. Furthermore, there is no assurance that our Controlling Shareholders will retain their Shares after lock-up periods expire. Sales of a substantial number of their Shares, or market perception thereof, could materially and adversely affect the [**REDACTED**] of our Shares.

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

This document contains forward-looking statements regarding our strategies, operational efficiencies, competitive positions, growth opportunities, plans and objectives of management, [**REDACTED**] information, and other matters. These statements are inherently subject to risks and uncertainties. They can be identified by the use of words such as "anticipate," "believe," "estimate," "predict," "will," and similar expressions. They are based on assumptions that may prove inaccurate. The inclusion of such statements should not be construed as a guarantee, representation, or warranty that our plans or objectives will be achieved. These statements should be considered in

light of various important factors, including those outlined in this section of the document. Subject to the requirements of the Listing Rules, we do not undertake any obligation to publicly update or revise such statements You are cautioned not to place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by this cautionary statement.

Certain facts, forecasts and statistics contained in this document are derived from publicly available official government sources.

Certain facts, forecasts, and statistics relating to China, its economic conditions, and the industry in which we operate, as set forth in this document, have been derived from official government sources. This information has not been independently verified by our Company, our Directors, the Joint Sponsors, [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], or any of their respective affiliates or advisers, nor by any other party involved in the [**REDACTED**]. Such information published by government authorities may not be compiled on the same basis as information from other sources or in other jurisdictions and may not be consistent with or comparable to such information. Prospective [**REDACTED**] should not place undue reliance on such information when evaluating an [**REDACTED**] in our Company.

You should read this document carefully and should not rely on any information contained in press articles or other media relating to us, our H Shares or the [REDACTED].

Prior to the publication of this document, there may have been authorized press and media coverage concerning our Company and the [**REDACTED**]. We have not authorized nor endorsed the disclosure of any such information in the press or other media, nor do we make any representation as to its appropriateness, accuracy, completeness, or reliability. In case of any inconsistency or conflicts with the information contained in this document, we disclaim any responsibility for such information. We urge prospective [**REDACTED**] to base their [**REDACTED**] decisions regarding our H Shares solely on the information contained in this document. By applying to [**REDACTED**] our H Shares in the [**REDACTED**], you will be deemed to have agreed to rely exclusively on the information provided in this document and not on any other information.

In preparation for the [**REDACTED**], our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules and certificates of exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

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

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

(a) we have appointed Mr. Wen Jianwei (文建偉) and Mr. Li Jiaxi (李佳熙) as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile (if applicable) and email to promptly deal with enquiries from the Stock Exchange. The Authorized Representatives possess valid travel documents and are able to renew such travel documents when they expire in order to visit Hong Kong, and accordingly, they can readily travel to Hong Kong to meet with the Stock Exchange to discuss any matter on short notice, when required;

(b) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are travelling. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives in accordance with the Listing Rules. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the Authorized Representatives and the Stock Exchange;

(c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(d) we have appointed Altus Capital Limited as our compliance adviser upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. Our compliance adviser will serve as the

additional channel of communication with the Stock Exchange when the Authorized Representatives are not available and will have access at all times to the Authorized Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

(e) meetings between the Stock Exchange and our Directors can be arranged through the Authorized Representatives or our compliance adviser, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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

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

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

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

(d) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Mr. Li Jiaxi (李佳熙) ("**Mr. Li**"), our chief financial officer and Board secretary, as one of our joint company secretaries. He has considerable experience in matters relating to financial and administrative management but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Ha Ching Ching (夏正靜) ("**Ms. Ha**"), a fellow member of Hong Kong Institute of Certified Public Accountants and a member of the Certified Public Accountants of Australia, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Li for an initial period of three years from the [**REDACTED**] to enable Mr. Li to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Ms. Ha's professional qualification and experience, she will be able to explain to both Mr. Li and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Ha will also assist Mr. Li in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Ha is expected to work closely with Mr. Li and will maintain regular contact with Mr. Li, our Directors and the senior management of our Company. In addition, Mr. Li will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. He will also be assisted by our compliance adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Li does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Li may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [**REDACTED**] on the conditions that (a) Mr. Li must be assisted by Ms. Ha, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver shall be valid for a period of three years from the [**REDACTED**] and will be revoked immediately if and when Ms. Ha ceases to provide such assistance to Mr. Li as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Mr. Li will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange before the expiration of the three-year period to enable it to assess whether Mr. Li, having benefited from the assistance of Ms. Ha for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wen Jianwei (文建偉)	Flat 10A Block B North Section of Taigu City Zhongxin Road Nanshan District Shenzhen, Guangdong Province PRC	Chinese
Mr. Gong Hui (龔暉)	Flat 2502 Block 3 Shuimo Lanting Xiangzhou District Zhuhai, Guangdong Province PRC	Chinese
Mr. Cheng Yimin (程義敏)	Flat CD, 8/F Block 7 Phase 2, Shuixie Spring Garden Mingzhi Street Longhua District Shenzhen, Guangdong Province PRC	Chinese
Mr. Lai Nai (賴鼐)	Flat 2501 Block B1 Vanke City Four Seasons No. 90 Meilan Road Xiangzhou District Zhuhai, Guangdong Province PRC	Chinese
Non-executive Director		
Mr. Wang Zanzhang (王贊章)	Flat 2902 Block 2 Vanke Dongxin Jade Dongguan, Guangdong Province PRC	Chinese
Independent Non-executive Directors		
Mr. Xie Chunhua (謝春華)	Flat 804 Block 1 Yiwan Garden No. 15 Renai Road Cuiheng New Area Zhongshan Guangdong Province PRC	Chinese

Name	Address	Nationality
Ms. Wu Bihong (吳碧虹)	Flat 502 Block A Building 1 Xinghe Legend No. 511 Mingtang Road Longhua District Shenzhen, PRC	Chinese
Ms. Han Yan (韓雁)	Flat 102 Unit 2 Block A No. 51 Zhijiang Road Xihu District Hangzhou PRC	Chinese
Mr. Yuan Chenjie (袁陳杰)	Flat D, 1/F Block 2 Affluence Garden Tuen Mun New Territories Hong Kong	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Cui Cheng (崔成)	Flat 103 Block 37 Yitian Village Futian District Shenzhen, Guangdong Province PRC	Chinese
Ms. Liao Yating (廖雅婷)	Room 4D, Building 3B Donghai Fuhui Palace 99 Panshan Road Luohu District Shenzhen, Guangdong Province PRC	Chinese
Mr. Xie Denghuang (謝登煌)	Flat 1102 Block 5 Phase II, Longyueju Minzhi Street Longhua District Shenzhen, Guangdong Province PRC	Chinese

For details with respect to our Directors, see "Directors, Supervisors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China Merchants Securities (HK) Co., Limited
32/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

[**REDACTED**]

[**REDACTED**]

Legal Advisers to our Company

As to Hong Kong laws:

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC laws:

AllBright Law Offices
21-23/F, Tower 1
Excellence Century Centre
FuHua 3 Road
Futian District
Shenzhen
PRC

As to Hong Kong laws in respect of matters relating to the business operations of our Company in Hong Kong:

Howse Williams
Solicitors, Hong Kong
27th Floor, Alexandra House
18 Chater Road Central
Hong Kong

As to PRC intellectual property litigation matters:

Tiantong Law Firm
Room 3701 & 3704
Tower 3
Kerry Construction Plaza
No. 1 Futian Center Fourth Road
Shenzhen
PRC

As to international sanctions laws:

King & Wood
10/F, Building B4, Xinchen Lin-gang Center
Lane 9, North Yunjuan Road
Shengang Street
Pudong New District
Shanghai
PRC

Legal Advisers to the Joint Sponsors and [REDACTED]	*As to Hong Kong laws:* **Zhong Lun Law Firm LLP** 4/F, Jardine House 1 Connaught Place Central Hong Kong *As to PRC laws:* **JunZeJun Law Offices** 28 & 29 Floor Landmark No. 4028 Jintian Road Futian District Shenzhen PRC
Auditors and Reporting Accountants	**KPMG** *Certified Public Accountants* *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 8th Floor, Prince's Building 10 Chater Road, Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC
Compliance Adviser	**Altus Capital Limited** 21 Wing Wo Street Central Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	3/F Chuanglingtong Technology Building Shihua Road Fubao Community Fubao Street Futian District Shenzhen, Guangdong Province PRC
Principal Place of Business in Hong Kong	Room 1106, 11/F Tai Sang Bank Building 130-132 Des Voeux Road Central Central, Hong Kong
Company's Website	**https://www.szrayson.com/** *(Information contained on this website does not form part of this document)*
Joint Company Secretaries	**Mr. Li Jiaxi (李佳熙)** Flat 18D Unit 1 of Building 3 Huilongwan Garden Mintang Road Longhua District Shenzhen, Guangdong Province PRC **Ms. Ha Ching Ching (夏正靜)** *(Fellow member of Hong Kong Institute of Certified Public Accountants and member of the CPA Australia)* Room 1106, 11/F Tai Sang Bank Building 130-132 Des Voeux Road Central Central, Hong Kong
Authorized Representatives	**Mr. Wen Jianwei (文建偉)** Flat 10A Block B North Section of Taigu City Zhongxin Road Nanshan District Shenzhen, Guangdong Province PRC

	Mr. Li Jiaxi (李佳熙) Flat 18D Unit 1 of Building 3 Huilongwan Garden Mintang Road Longhua District Shenzhen, Guangdong Province PRC
Audit Committee	Mr. Xie Chunhua (謝春華) *(Chairperson)* Ms. Wu Bihong (吳碧虹) Mr. Wang Zangzhang (王贊章)
Remuneration and Appraisal Committee	Mr. Xie Chunhua (謝春華) *(Chairperson)* Mr. Wen Jianwei (文建偉) Ms. Wu Bihong (吳碧虹)
Nomination Committee	Ms. Wu Bihong (吳碧虹) *(Chairperson)* Mr. Wen Jianwei (文建偉) Mr. Xie Chunhua (謝春華)
Strategy Committee	Mr. Wen Jianwei (文建偉) *(Chairperson)* Ms. Han Yan (韓雁) Mr. Lai Nai (賴鼐)

[**REDACTED**]

Principal Banks	**China Merchants Bank Shenzhen Branch** China Merchants Bank Shenzhen Branch Building No. 2016 Shennan Boulevard Lianhua Street Futian District Shenzhen, Guangdong Province PRC **The Hongkong and Shanghai Banking Corporation Limited** 1 Queen's Road Central Hong Kong

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Joint Sponsors, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, any of their respective directors and advisors, or any other persons or parties involved in the* [**REDACTED**]*, and no representation is given as to its accuracy.*

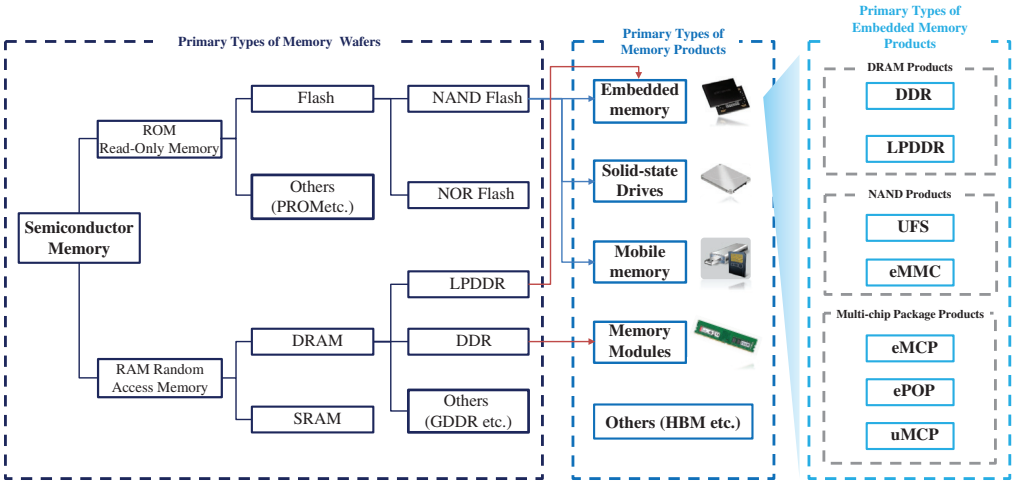
OVERVIEW OF GLOBAL SEMICONDUCTOR MEMORY MARKET

Introduction to Semiconductor Memory

With the deepening of global digital transformation, the rapid growth of the digital economy is driving explosive growth in global data volume. As the core of the digital economy era, semiconductor memory has become an indispensable key digital infrastructure. The global data volume has increased from 79 ZB in 2021 to 214 ZB in 2025 with a compound annual growth rate (CAGR) of 28.2%, and is expected to reach 765 ZB by 2030 with a CAGR of 29.1%. Consequently, the global semiconductor memory product market grows continuously. The market capacity for the two main memory products, NAND and DRAM, have increased from 570 billion gigabytes and 187 billion gigabits in 2021 to 933 billion gigabytes and 288 billion gigabits in 2025, with a CAGR of 13.1% and 11.4%, respectively. And they are expected to reach 2,005 billion gigabytes and 588 billion gigabits in 2030, with a CAGR of 16.5% and 15.4% from 2025 to 2030, respectively. Meanwhile, advances in AI, including generative models, are accelerating adoption across smartphones, PCs and IoT devices, driving demand for localized, high-performance, low-power memory and reinforcing its role as critical AI infrastructure. Semiconductor memory products integrate one or more memory wafers with supporting components, such as controllers and interface circuits, to form complete solutions for direct use by end users or devices. With standardized interfaces that facilitate system integration, these products are widely used in consumer electronics, data centers, automotive and industrial applications.

Classification of Semiconductor Memory

Memory wafers are core component of semiconductor memory products and can be categorized by volatility into ROM (Read-Only Memory) and RAM (Random Access Memory). ROM is a type of non-volatile memory that retains data after power is off, with common examples being Flash memory, including NAND Flash and NOR Flash. RAM is a type of volatile memory that loses data when power is off, including DRAM (Dynamic Random Access Memory) and SRAM (Static Random Access Memory). After cutting, packaging, and testing, these memory wafers form various memory products oriented to end users, such as embedded memory, solid-state drives, mobile memory, and memory modules, which are widely used in smartphones, tablets, PCs, servers, and other devices.

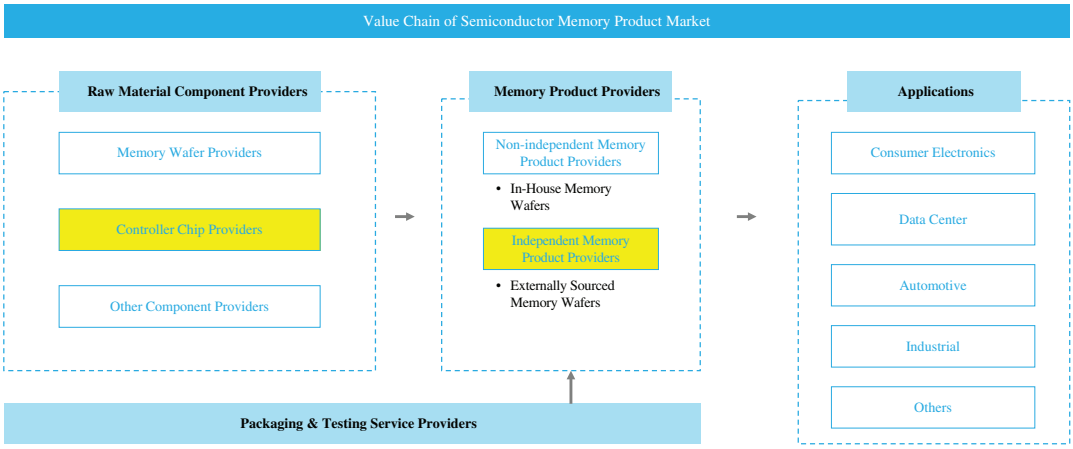


Major semiconductor memory products include: (a) Embedded Memory Products, which are memory products embedded within electronic devices. Designed for device-specific space and functional constraints, they store operating systems, applications, user data and firmware. Products include embedded DRAM (DDR, LPDDR), embedded NAND (eMMC, UFS) and multi-chip packages (eMCP, uMCP, ePOP), serving smartphones, tablets, smart TVs, IoT devices and in-vehicle systems that require reliability and low power consumption. Embedded NAND uses controllers for read/write management, error correction and wear-leveling, while multi-chip packaging integrates chips with different functions to save space; (b) Solid-State Drives (SSD), which are memory devices that use arrays of solid-state electronic memory chips to store data. Without spinning disks, SSDs offer faster data access and greater durability. SATA and PCIe SSDs are widely used in PCs, game consoles, workstations and data centers to improve system responsiveness; (c) Mobile Memory Products, which are portable electronic products enabling cross-terminal data memory. Using standardized interfaces, they include USB flash drives, portable SSDs and memory cards for cameras and smartphones, emphasizing portability and ease of use; (d) Memory Modules, which are circuit boards equipped with memory chips that provide DRAM solutions for temporary data processing and program execution. Data in memory modules is lost when powered off. Serving as a buffer between the SoC platform and permanent memory, their capacity and speed directly affect multitasking capabilities and program execution efficiency in computers. They are widely used in computing and industrial applications. Dual In-line Memory Modules (DIMMs) is a major form of packaging for memory modules; and (e) others such as High Bandwidth Memory (HBM) and GDDR (Graphics DDR).

Among embedded memory products, DRAM and NAND flash are the two principal memory technologies and serve different functions within electronic devices due to their distinct architectures and operating characteristics. In particular, (i) DRAM is designed for high-speed data access and high bandwidth and is typically used as main memory for the temporary storage of data processed by a host CPU or SoC. The read and write operations of DRAM are generally managed by a memory controller integrated into the host CPU or SoC, while the DRAM device itself primarily performs data storage functions and does not require extensive media management capabilities; and (ii) NAND flash memory is designed for high-capacity data storage and requires more complex media management. As NAND flash data is programmed in pages and erased in blocks, and each memory block can sustain only a finite number of program/erase cycles, NAND flash systems typically require functions such as logical-to-physical address translation, bad block management, wear leveling and error correction. Accordingly, NAND flash storage solutions are commonly equipped with dedicated controllers to perform these functions, thereby abstracting the underlying memory management processes and enabling host systems to access stored data more efficiently without directly managing the operation of the NAND flash memory. As a result, DRAM products generally rely on memory controllers integrated within the host processor rather than incorporating a dedicated controller within the memory package, whereas NAND flash products typically integrate a dedicated memory controller within the memory package to manage storage operations and maintain data reliability.

Value Chain of Semiconductor Memory Product Market

The upstream of semiconductor memory product market primarily includes raw material and packaging/testing service providers. Raw material providers mainly include memory wafer providers, controller chip providers, and other component providers (such as interface circuits, PCBs, etc.). Controller chip is critical for embedded NAND products, as these require controller chips to manage NAND flash read/write operations. The midstream consists of memory product providers, which can be divided into non-independent memory product providers and independent memory product providers. Providers with their in-house memory integrated circuit (IC) design capabilities are referred to as non-independent memory product providers, while those procuring wafers externally are independent memory product providers. Independent memory product providers typically procure memory wafers or memory dies that have completed IC design and fabrication processes from external suppliers, and focus their in-house expertise on product-level design, assembling and final testing and system-level integration to provide diversified memory products. They possess unique advantages in product innovation and market flexibility, enabling rapid responses to market changes and customer needs. The downstream consists of the major end-use application fields of memory products, covering consumer electronics, data center, automotive, industrial, and other sectors.



**Note: The areas highlighted in yellow indicate the segments of the value chain where the Company participates.*

Independent memory product enterprises are semiconductor memory providers that procure memory wafers or memory dies that have completed IC design and fabrication processes from external suppliers rather than designing their own memory integrated circuits (ICs). In contrast, non-independent memory product enterprises refer to companies with in-house memory integrated circuit (IC) design capabilities, primarily including fabless companies and integrated device IDMs. The positioning and value proposition of independent memory product enterprises within the memory product industry are fundamentally distinct from those of a fabless company. Fabless companies and independent memory product enterprises operate under different business models and assume different roles within the semiconductor memory value chain, as illustrated below with the IDM model.

Functions	Fabless model	Independent memory product enterprises model	IDM model
Memory IC design	Fabless companies: memory IC design	Memory wafer and memory die suppliers (generally provided by IDMs)	IDMs has the ability to conduct the entire process in-house
Memory IC fabrication	Outsourced memory wafer fabrication service suppliers (i.e. foundries)		
Assembling and final testing (FT) . .	Outsourced assembling and FT testing service providers	Independent memory product enterprises	
Memory chips→ memory modules . .	Applicable in certain cases, but not a primary source of value creation for fabless companies		

Fabless companies' in-house technological capabilities are primarily concentrated at memory IC design, while processes from IC fabrication to assembling and final testing processes are outsourced to foundries and other service providers. By contrast, independent memory product enterprises typically procure wafers or memory dies that have already completed IC design and fabrication processes, and focus their in-house expertise on assembling and final testing processing and further integration. In practice, both the "fabless model" and the "independent memory product enterprise model" are capable of producing similar categories of end products, which may compete in certain market segments. Nevertheless, fabless companies and independent memory product enterprises differ fundamentally in terms of their operational focus, core technical capabilities, cost structure, and target customers.

Key capabilities	Fabless companies	Independent memory product enterprise	IDMs
Memory IC design	√	×	√
Memory IC fabrication	×	×	√
Memory product design	√	√	√
Firmware development	√	√	√
Assembling and final testing	×	√	√

Global and Chinese Mainland Semiconductor Memory Product Market Size

The global semiconductor memory product market size, by shipment, grew from 14.5 billion units in 2021 to 14.8 billion units in 2025, driven by the surge in demand for increasing memory capacity resulting from the rapid penetration of AI in smart devices. The market size experienced a temporary decline between 2022 and 2023 due to the supply-demand relationship. The CAGR from 2021 to 2025 was 0.4%. With new memory demands driven by breakthroughs in AI technology and the technical product upgrades of memory products, the global semiconductor memory product market size, by shipment, is expected to grow to 19.5 billion units by 2030, with a CAGR of 5.7% from 2025 to 2030. By revenue, the global semiconductor memory product followed the similar trend, increasing from USD212.5 billion in 2021 to USD289.0 billion in 2025 at a CAGR of 8.0% despite experiencing consecutive contractions during 2022 and 2023. It is expected to reach USD723.8 billion in 2030 with a CAGR of 20.2% from 2025 to 2030.

Between 2021 and 2023, the global shipments of semiconductor memory products experienced a notable decline, primarily due to cyclical demand adjustments following the pandemic-driven surge of consumer electronics in 2020 and 2021. During the early phase of the COVID-19 pandemic, global lockdowns and remote work trends led to a sharp, short-term increase in demand for consumer electronics such as PCs, smartphones, and data center equipment. This surge drove memory consumption, temporarily inflating shipment volumes of semiconductor memory products. However, with the diminishing effects of COVID-19 pandemic since 2022, the earlier demand acceleration gave way to a sharp correction. The saturation of consumer device markets, combined with weakening macroeconomic conditions and inflationary pressures, led to inventory buildup throughout the semiconductor supply chain. Consequently, semiconductor memory product providers faced reduced order volumes from key downstream sectors. In 2023, this downward trend persisted, driven by ongoing inventory reduction and subdued end-market demand, particularly in PCs and smartphones.

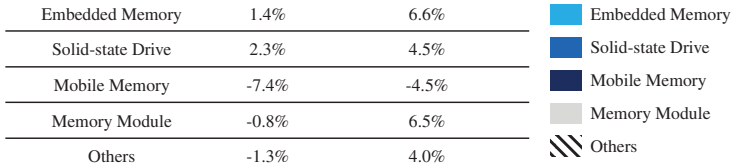
From 2021 to 2025, the global memory module shipments declined slightly driven by post-pandemic demand normalization. As these short-term needs were fulfilled, shipments dropped in 2022 and 2023 amid inventory corrections, weaker consumer spending, and slowdown of investments on servers. Although 2024 showed a mild rebound supported by the stabilizing of inventories and emerging AI-related server demand, overall growth for the period remained negative, highlighting a cyclical adjustment following the pandemic-induced demand surge.

From 2025 to 2030, the shipments of embedded memory, mobile memory, and memory modules are expected to surpass the levels seen from 2021 to 2025, supported by multiple growth drivers, including (i) end product innovation across downstream electronics, such as AI-enabled smartphones, automotive electronics, and smart IoT devices, is expanding the total demand of memory products; (ii) the rapid adoption of AI is driving a new upgrade cycle across PCs, servers, and edge devices, all of which require higher-capacity and higher-bandwidth memory solutions, with strong AI-driven demand expected to sustain the current memory market upcycle over the next few years; (iii) the proliferation of connected and intelligent devices in automotive, industrial, and consumer ecosystems is creating sustained embedded memory demand; and (iv) as global IT investment recovers and cloud infrastructure scales to support AI workloads, data center demand for high-performance DRAM and advanced modules will provide additional growth momentum. Therefore, these trends jointly point to a broad-based expansion in memory shipments through 2030, underpinned by technological innovation and rising memory intensity across end markets.

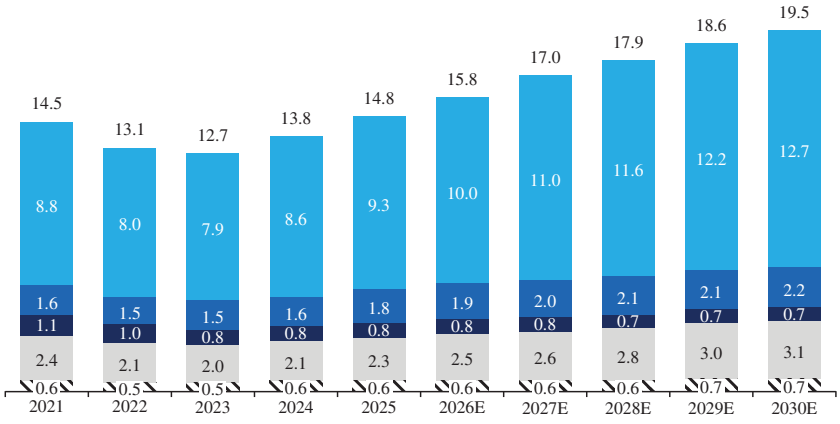
Global Semiconductor Memory Product Market, by shipment

Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**0.4%**	**5.7%**
Embedded Memory	1.4%	6.6%
Solid-state Drive	2.3%	4.5%
Mobile Memory	-7.4%	-4.5%
Memory Module	-0.8%	6.5%
Others	-1.3%	4.0%



Note: Others includes HBM, GDDR, and etc.



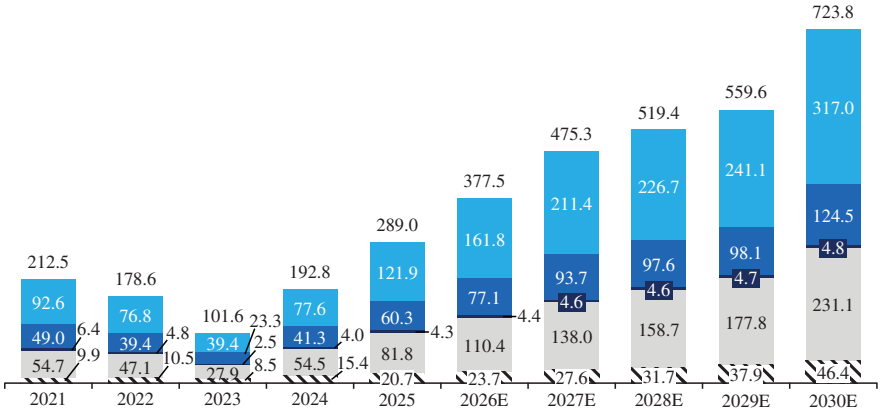
Source: Expert Interview; Frost & Sullivan

Global Semiconductor Memory Product Market, by Revenue

USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**8.0%**	**20.2%**
Embedded Memory	7.1%	21.1%
Solid-state Drive	5.3%	15.6%
Mobile Memory	-9.6%	2.3%
Memory Module	10.6%	23.1%
Others	20.4%	17.5%

Note: Others includes HBM, GDDR, and etc.



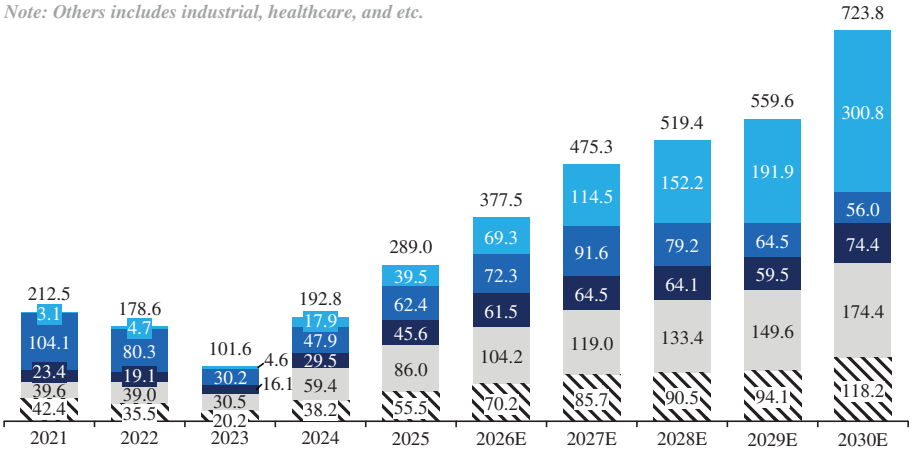
**Numbers may not be added up to the totals due to rounding; Source: Expert Interview; Frost & Sullivan*

From the perspective of downstream applications, global semiconductor memory product market mainly used in on-device AI, traditional consumer electronics, traditional vehicles, and server. The on-device AI sector is growing significantly faster than other sectors, becoming the key driver of expansion in the global semiconductor memory product market. With the rapid emergence of new scenarios such as AI-enabled smartphones, AI-enabled PCs, AI-enabled glasses and intelligent driving, demand for semiconductor memory products in on-device AI applications is experiencing explosive growth. From 2021 to 2025, the on-device AI semiconductor memory market recorded a CAGR of 89.1%, with the market size reaching USD39.5 billion in 2025. For the period from 2025 to 2030, its CAGR is expected to remain high at 50.1%, continuing to lead all downstream sub-sectors. In the server field, driven by the surge in demand for AI servers resulting from the boom of large-scale models, the market size grew from USD39.6 billion in 2021 to USD86.0 billion in 2025, representing a CAGR of 21.4%. It is projected to reach USD174.4 billion by 2030 with a CAGR of 15.2% from 2025 to 2030.

Global Semiconductor Memory Product Market, by Downstream Application, in Revenue
USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**8.0%**	**20.2%**
On-device AI	89.1%	50.1%
Traditional Consumer Electronics	-12.0%	-2.1%
Traditional Vehicle	18.2%	10.3%
Server	21.4%	15.2%
Others	7.0%	16.3%

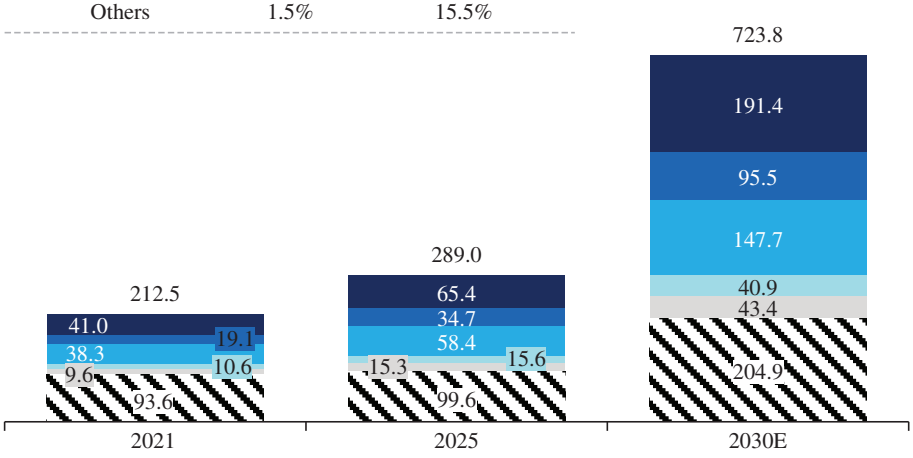
Note: Others includes industrial, healthcare, and etc.



**Numbers may not be added up to the totals due to rounding; Source: Expert Interview; Frost & Sullivan*

Global Semiconductor Memory Product Market, by Region, in Revenue
USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**8.0%**	**20.2%**
Chinese mainland	12.4%	24.0%
Hong Kong	16.0%	22.5%
Taiwan	11.2%	20.4%
United Kingdom	10.1%	21.2%
South Korea	12.5%	23.2%
Others	1.5%	15.5%



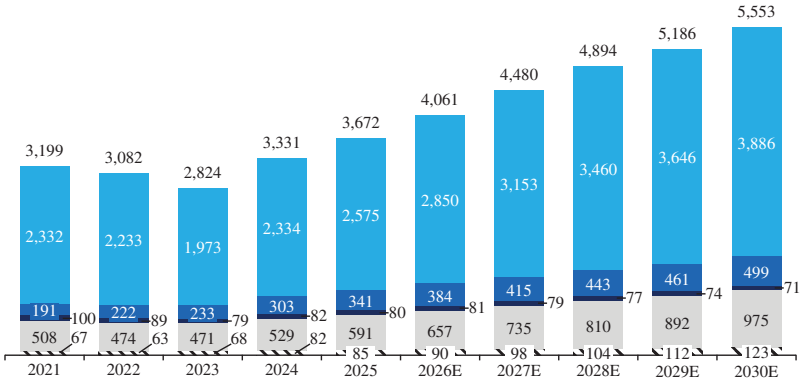
**Note: numbers may not be added up to the totals due to rounding*

Chinese Mainland semiconductor memory product market size, in shipment, increased from 3,199 million in 2021 to 3,672 million in 2025 at a CAGR of 3.5%. It is expected to reach 5,553 million in 2030 with a CAGR of 8.6% from 2025 to 2030. In terms of revenue, the market increased from USD41.0 billion in 2021 to USD65.4 billion in 2025 at a CAGR of 12.4%, and is expected to reach USD191.4 billion in 2030 with a CAGR of 24.0% from 2025 to 2030.

Chinese Mainland Semiconductor Memory Product Market, by shipment
Million, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**3.5%**	**8.6%**
Embedded Memory	2.5%	8.6%
Solid-state Drive	15.5%	7.9%
Mobile Memory	-5.3%	-2.4%
Memory Module	3.9%	10.5%
Others	6.3%	7.6%

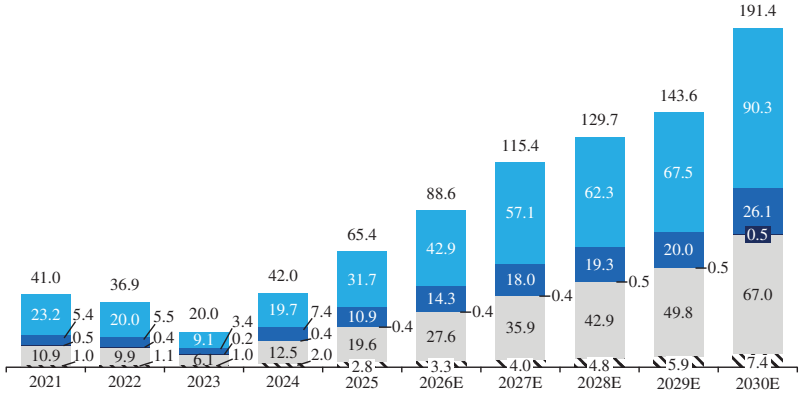
Note: Others includes HBM, GDDR, and etc.



Chinese Mainland Semiconductor Memory Product Market, by Revenue
USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**12.4%**	**24.0%**
Embedded Memory	8.2%	23.3%
Solid-state Drive	19.0%	19.2%
Mobile Memory	-7.6%	4.4%
Memory Module	15.7%	27.8%
Others	29.8%	21.5%

Note: Others includes HBM, GDDR, and etc.

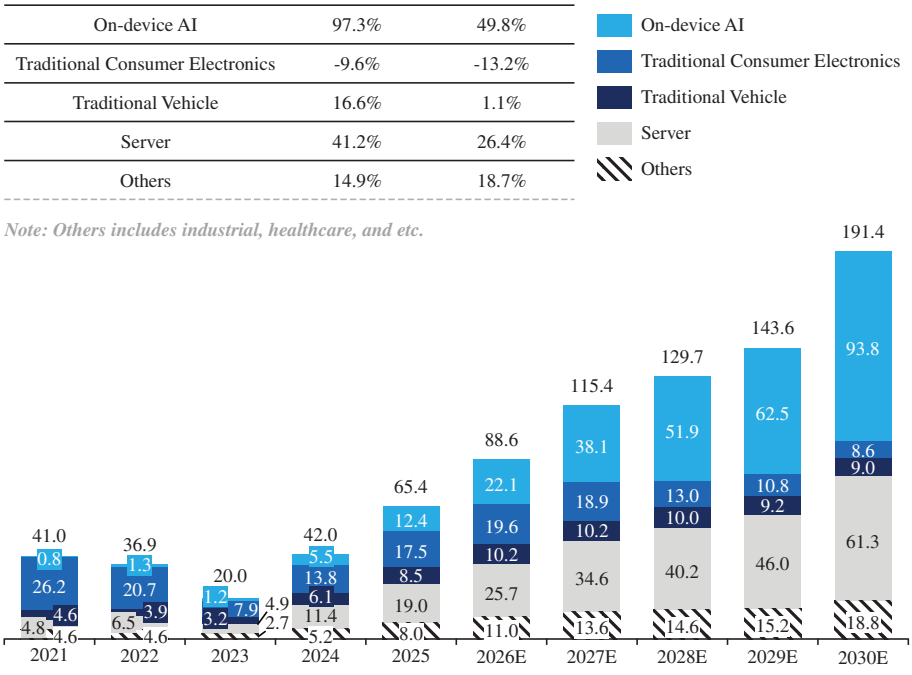


**Numbers may not be added up to the totals due to rounding; Source: Expert Interview; Frost & Sullivan*

Segmented by downstream applications, the on-device AI sector is expected to experience the highest growth, with a CAGR of 97.3% from 2021 to 2025 and 49.8% from 2025 to 2030. Followed by is the server sector, with a CAGR of 41.2% and 26.4% during the same periods correspondingly.

Chinese Mainland Semiconductor Memory Product Market, by Downstream Application, in Revenue
USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**12.4%**	**24.0%**
On-device AI	97.3%	49.8%
Traditional Consumer Electronics	-9.6%	-13.2%
Traditional Vehicle	16.6%	1.1%
Server	41.2%	26.4%
Others	14.9%	18.7%



Note: Others includes industrial, healthcare, and etc.

**Numbers may not be added up to the totals due to rounding; Source: Expert Interview; Frost & Sullivan*

Drivers of Global Semiconductor Memory Product Market

Continuous upgrades of consumer electronics and rising user experience expectations drive demand for higher-capacity and higher-performance memory products. Consumer electronics, particularly 3C products such as smartphones, PCs, smart TVs, and wearable devices, are major application areas for embedded memory products, including eMMC, UFS and eMCP. As these devices continue to incorporate higher-resolution displays, richer multimedia functions, multi-application operating systems and stronger data processing capabilities, demand for higher-capacity, higher-speed and lower-latency embedded memory solutions continues to increase. At the same time, end-users increasingly expect faster application loading, smoother multitasking, higher-resolution photo and video storage, more stable system operation and improved responsiveness. To meet these evolving product and user requirements, consumer product providers are incentivized to adopt upgraded memory configurations, including larger storage capacity, faster data access, lower latency and more stable performance, thereby driving demand for semiconductor memory products used in consumer applications.

AI models transitioning from single-modality to multi-modality, are revolutionizing the demand for data memory. As large models evolve from a single text modality to multi-modalities such as text, images, audio, and video, the size of their training datasets is growing exponentially. AI model training not only requires a high-speed memory layer to quickly feed massive datasets to the computing units, but the sheer size of the model parameters also places extremely high demands on memory, requiring memory with low latency and high throughput to support real-time responses. These factors together accelerate the demand for memory products in terms of both capacity and performance.

The upgrade in the form and applications of electronic products accelerate the demand for high-performance, low-power memory. These devices not only need sufficient memory capacity to accommodate operating systems, applications, and massive user data (such as high-definition images, audio files, and various sensor-collected information) but also need to meet the requirements of specific application scenarios in terms of read/write speeds and power consumption control. On the other hand, the "AI+" wave is injecting new vitality. In 2025, the penetration rates of global AI-enabled smartphones and AI-enabled PCs reached approximately 21.1% and 33.0%, respectively, and are expected to reach 78.3% and 75.4% by 2030, respectively, showing huge potential for development. Correspondingly, AI-enabled smartphones require larger capacity and lower power memory to run complex AI models and store the enhanced content generated. AI-enabled PCs emphasize local AI computing power and require larger capacity LPDDR, UFS, and SSD to support AI accelerators and AI applications.

The intelligent development of the automotive and industrial sectors. In the automotive sector, global sales of new energy vehicles grew from 6.5 million in 2021 to 23.5 million in 2025, with a CAGR of 38.0%. The corresponding penetration rate in global vehicles sales increased from 8.0% in 2021 to 25.9% in 2025. For vehicles, functions in the smart cockpit place higher demands on the capacity and read/write speeds of embedded memory like eMMC and UFS. In the future, vehicle-to-everything (V2X) and intelligent transportation systems will generate more multi-modal data, further increasing the demand for large-capacity, high-reliability memory. Additionally, in industrial sector, factories and production processes are becoming more automated and intelligent, which requires a large number of sensors, robots, and control systems to collect, process, and analyze data in real time. These devices have significantly increased demand for memory to support data memory, edge computing, and the operation of AI and machine learning algorithms.

Development Trends of Global Semiconductor Memory Product Market

The evolution of memory product technology brings performance optimization. In terms of memory density, NAND Flash technology increases the number of 3D stacking layers, providing high-capacity, TB-level memory for mainstream embedded and mobile devices and reducing the cost per bit. LPDDR technology is accelerating its evolution from LPDDR4 to LPDDR5 and even higher generations, significantly improving data transfer rates and optimizing energy consumption to meet the stringent demands in AI devices. Meanwhile, the packaging and testing technology is also advancing. It achieves small-sized, highly integrated memory solutions by co-packaging high-density NAND Flash and high-performance LPDDR chips. This trend promotes the development of new combination methods, opening up new growth space for small-sized AI edge markets like smart wearables and AIoT devices.

The rapid iteration and development of emerging smart devices brings more opportunities for memory products. AI significantly promoting the rise of the emerging smart devices. Specifically, global shipments of AI glasses are undergoing explosive growth, increasing from 0.2 million sets in 2021 to 10 million sets in 2025, with a CAGR of 165.9%. At the same time, the global embodied AI robot market size increased from RMB43.1 billion in 2021 to RMB94.9 billion in 2025, with a CAGR of 21.8%. These AI-driven devices place higher demands on embedded memory, as they need to efficiently store and run increasingly complex AI models for edge inference within limited volume and power budgets, while processing high-bandwidth multimedia data. To meet these stringent demands, small-sized, highly integrated, high-performance, and low-power memory modules are gradually becoming the core configuration for these devices.

Competitive Landscape of Global and Chinese Mainland Semiconductor Memory Product Market

In 2025, non-independent companies contributed approximately 81% of revenue and approximately 55% of shipments of the global semiconductor memory product market, while the independent companies contributed approximately 19% of revenue and approximately 45% of shipments of the same market. Among all market players, including non-independent and independent companies, the top five players in global semiconductor memory product market held a combined market share of over 65% and over 40% in terms of revenue and shipment in 2025, respectively. The Company ranked 21th with a market share of 0.3% in terms of revenue, and ranked 12th with a market share of 1.3% in terms of shipment in 2025.

Among independent companies, the top five players in global semiconductor memory product market held a combined market share of nearly 35% in terms of revenue in 2025. The Company ranked the tenth and had a market share of 1.5% in terms of revenue in 2025. The Company ranked the third in terms of shipment in 2025 in the market.

Ranking of Global Semiconductor Memory Product Market Among Independent Memory Product Providers, 2025, by Revenue

Ranking	Provider	Revenue	Market Share
		(USD Billion)	*(%)*
1	Company H	10.9	20.0%
2	Company A	3.2	5.9%
3	Company S	1.7	3.1%
4	Company C	1.7	3.1%
5	Company D	1.5	2.8%
.....			
10	The Company	0.8	1.5%

Ranking of Global Semiconductor Memory Product Market Among Independent Memory Product Providers, 2025, by Shipment

Ranking	Provider	Shipment	Market Share
		(Million units)	*(%)*
1	Company A	483	7.3%
2	Company I	305	4.6%
3	The Company	186	2.8%
4	Company D	150	2.3%
5	Company B	124	1.9%

Notes:

- Company A is a public company listed in Shenzhen Stock Exchange. It is founded in 1999 and headquartered in Chinese Mainland. Its main business is memory chips and memory solutions.
- Company B, founded in 2018, is headquartered in Chinese Mainland. It is not listed. Its main business is providing flash memory chips and solid-state drive solutions.
- Company C, founded in 2000, is headquartered in Taiwan, China. It is listed on the Taiwan Stock Exchange. The company is a leading designer, manufacturer, and seller of flash memory controllers and related products.
- Company D, founded in 2010, is headquartered in Chinese Mainland. It is listed on the Shanghai Stock Exchange. The company focuses on the design, development, and production of advanced semiconductor memory products and solutions.
- Company H, founded in 1987, is headquartered in the United States. It is not listed. Its main business is designing, production, and selling various memory products.
- Company I is a public company listed on Shenzhen Stock Exchange. It is founded in 2008 and headquartered in Chinese Mainland. Its product line covers four major series: SSD, embedded storage, memory modules, and mobile storage.
- Company S is a public company founded in 2001, and headquartered in Taiwan, China. It is listed on the Taipei Exchange. The company is a leading manufacturer and supplier of memory and storage products.

Among all market players, including non-independent and independent companies, the top five players in Chinese Mainland semiconductor memory product market held a combined market share of over 60% and approximately 50% in terms of revenue and shipment in 2025, respectively. The Company ranked 18th with a market share of 0.6% in terms of revenue, and ranked ninth with a market share of 2.2% in terms of shipment in 2025.

Among independent companies in Chinese Mainland semiconductor memory product market the Company ranked the ninth in the market in terms of revenue and ranked the third in terms of shipment in 2025.

Ranking of Chinese Mainland Semiconductor Memory Product Market Among Independent Memory Product Providers, 2025, by Revenue

Ranking	Provider	Revenue	Market Share
		(USD Billion)	*(%)*
1	Company H	3.3	21.1%
2	Company A	1.1	6.9%
3	Company D	0.7	4.7%
4	Company C	0.7	4.3%
5	Company B	0.6	4.0%
.....			
9	The Company	0.4	2.4%

Ranking of Chinese Mainland Semiconductor Memory Product Market Among Independent Memory Product Providers, 2025, by Shipment

Ranking	Provider	Shipment	Market Share
		(Million units)	*(%)*
1	Company A	179	11.8%
2	Company I	110	7.2%
3	The Company	81	5.3%
4	Company D	72	4.8%
5	Company F	65	4.3%

Notes:

- Company F, founded in 1995, is headquartered in Taiwan, China. It is listed on NASDAQ. The company specializes in the design, development, and marketing of NAND Flash controllers and SSD solutions.

OVERVIEW OF GLOBAL EMBEDDED MEMORY PRODUCT MARKET

Introduction and Classification to Embedded Memory Product

An embedded memory product is a memory product that consists a semiconductor memory chip, a controller where applicable, and other necessary components into a single, fully functional, highly optimized module, which is then integrated into the main system of an electronic device. As a core memory medium integrated on the motherboard of an electronic device, it adopts embedded NAND Flash solutions, DRAM solutions, or NAND and DRAM composite solutions designed to meet the stringent requirements of smartphones, IoT devices, and automotive electronics for space, power consumption, and performance.

Major embedded memory products include eMMC (embedded Multi Media Card), UFS (Universal Flash Storage), eMCP (embedded Multiple Chip Package), LPDDR (Low Power Double Data Rate), DDR (Double Data Rate Synchronous Dynamic Random Access Memory), uMCP (Ultra Multi-Chip Package) and ePOP (Embedded Package-on-Package). eMMC is a flash memory solution for embedded terminal devices, with advantages in size and cost. It is widely used in smartphones, tablets, automotive electronics, smart wearables, set-top boxes, etc. UFS is an iterative product of eMMC, with higher memory capacity and transmission rates. It has become the mainstream choice for mid-to-high-end smartphones. Other application fields include automotive electronics, the Internet of Things, smart wearables, and set-top boxes. eMCP consists of eMMC and LPDDR packaged together to minimize space and enhance connectivity between chips, while providing both large-capacity solid-state memory and dynamic random memory. It is suitable for space-constrained mobile devices. LPDDR is a special type of random access memory (RAM) designed to improve energy efficiency and performance. It provides a solution for systems that require fast data access without consuming too much power, and is known for its low power consumption and small size. It is widely used in mobile devices such as smartphones, tablets, ultra-thin laptops, and smart wearables. LPDDR4/4X shows significant performance improvement over LPDDR3/3X, providing higher data transfer rates and lower power consumption, and is currently advancing towards LPDDR5/5X and higher versions to meet the demand for higher bandwidth and lower power consumption. DDR is a widely used memory technology with a high data transfer rate, suitable for devices such as computers and servers. uMCP is a packaging technology that integrates high-capacity flash memory and high-speed RAM into a single chip, offering higher performance density, larger storage, and lower power consumption. It is primarily used in smart phones, tablets, and other mobile devices. ePOP is a packaging technology that combines high-performance eMMC and LPDDR into a single product. It uses a Package-on-Package (PoP) method to s stack the memory vertically on top of the CPU, resulting in a more compact design that saves space. This makes ePOP ideal for ultra-thin devices with strict size limitations, such as smart watches, smart bands, VR glasses, and other wearable devices. It is also used in some flagship smart phones.

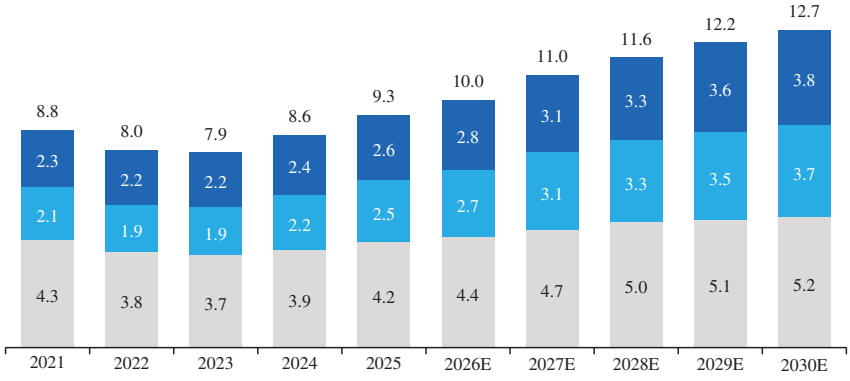
Global and Chinese Mainland Embedded Memory Product Market Size

The global embedded memory product market size, by shipment, grew from 8.8 billion units in 2021 to 9.3 billion units in 2025, with a CAGR of 1.4%. The growth in this period was mainly driven by factors such as the development of AI, smart devices, industrial automation, and the Internet of Things. From 2025 to 2030, the market is expected to grow to 12.7 billion units, with a CAGR of 6.6%. The global embedded memory product market size, by revenue, increased from USD92.6 billion in 2021 to USD121.9 billion in 2025 with a CAGR of 7.1%. It is expected to reach USD317.0 billion in 2030 with a CAGR of 21.1% from 2025 to 2030.

Global Embedded Memory Product Market, by shipment
Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**1.4%**	**6.6%**
eMMC	3.0%	7.4%
LPDDR	4.3%	8.7%
Others	-1.0%	4.6%

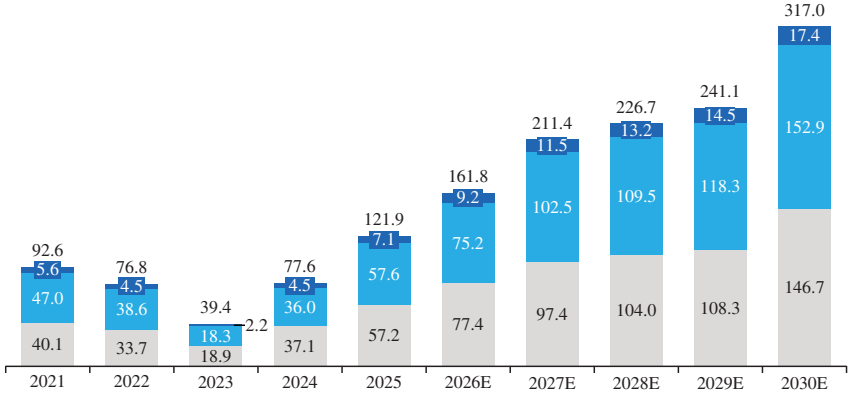
Note: Others includes embedded products such as UFS, DDR, eMCP, and ePOP.



Global Embedded Memory Product Market, by Revenue
USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**7.1%**	**21.1%**
eMMC	6.2%	19.8%
LPDDR	5.2%	21.6%
Others	9.3%	20.7%

Note: Others includes embedded products such as UFS, DDR, eMCP, and ePOP.



**Numbers may not be added up to the totals due to rounding; Source: Expert Interview; Frost & Sullivan*

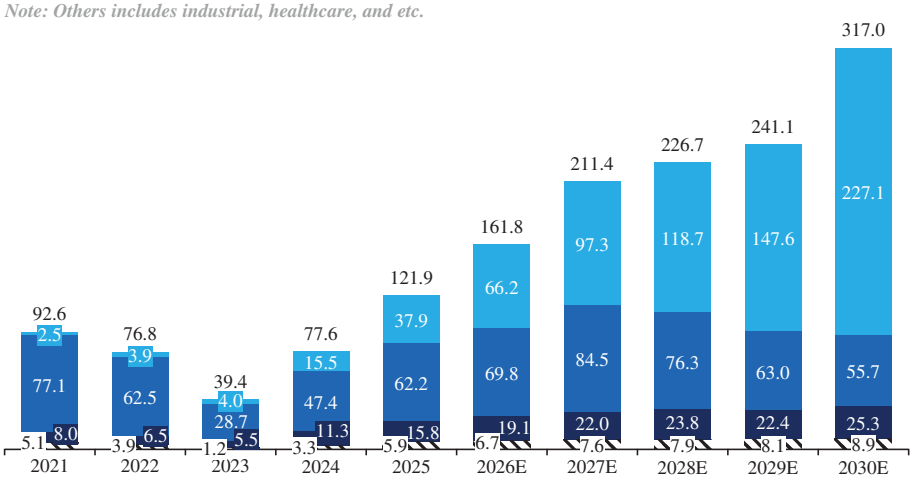
Segmented by the downstream application, different from the global semiconductor memory product market, the global embedded memory product market focused on on-device AI, traditional consumer electronics, traditional vehicles and others only. Among it, in the early stages, traditional consumer electronics held the largest market share. However, as traditional consumer electronics and vehicles gradually integrate AI technology, on-device AI has become the dominant application, and is expected to continuously drive the growth of the market, reaching USD227.1 billion in 2030 with a CAGR of 43.1% from 2025 to 2030.

Global Embedded Memory Product Market, by Downstream Application, in Revenue

USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**7.1%**	**21.1%**
On-device AI	98.0%	43.1%
Traditional Consumer Electronics	-5.2%	-2.2%
Traditional Vehicle	18.7%	9.8%
Others	3.9%	8.5%

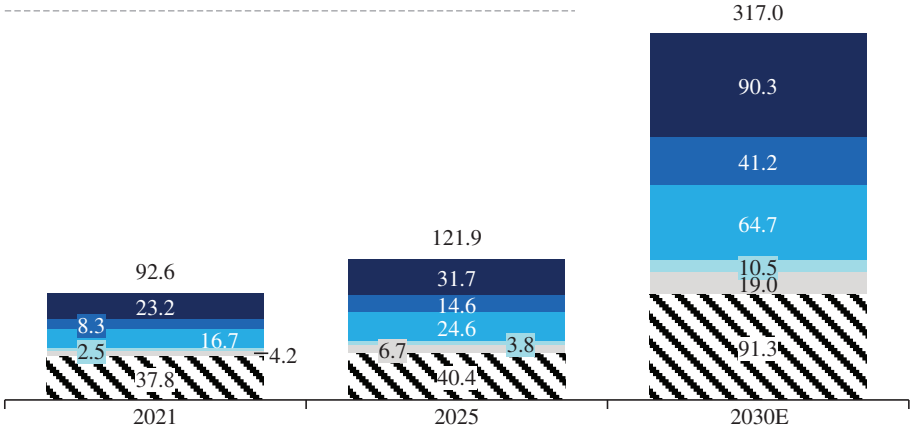
Note: Others includes industrial, healthcare, and etc.



**numbers may not be added up to the totals due to rounding; Source: Expert Interview; Frost & Sullivan*

Global Embedded Semiconductor Memory Product Market, by Region, in Revenue
USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**7.1%**	**21.1%**
Chinese mainland	8.2%	23.3%
Hong Kong	15.1%	23.0%
Taiwan	10.3%	21.3%
United Kingdom	10.9%	22.6%
South Korea	12.6%	23.2%
Others	1.7%	17.7%



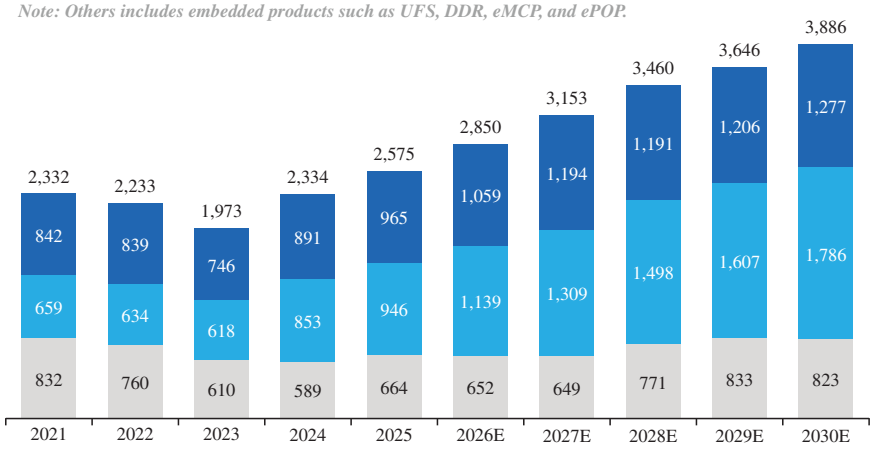
**Note:* numbers may not be added up to the totals due to rounding

Chinese Mainland embedded memory product market size, by shipment, increased from 2,575 million in 2025 and is expected to reach 3,886 million in 2030 with a CAGR of 8.6%. By revenue, it increased from USD31.7 billion in 2025 and is expected to reach USD90.3 billion in 2030 with a CAGR of 23.3%.

Chinese Mainland Embedded Memory Product Market, by shipment
Million, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**2.5%**	**8.6%**
eMMC	3.5%	5.8%
LPDDR	9.5%	13.6%
Others	-5.5%	4.4%

Note: Others includes embedded products such as UFS, DDR, eMCP, and ePOP.

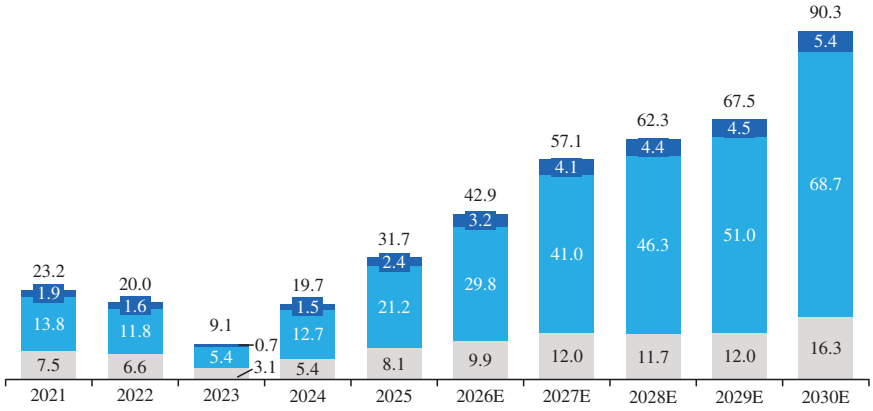


Chinese Mainland Embedded Memory Product Market, by Revenue
USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**8.2%**	**23.3%**
eMMC	6.8%	17.6%
LPDDR	11.3%	26.5%
Others	1.9%	15.1%



Note: Others includes embedded products such as UFS, DDR, eMCP, and ePOP.

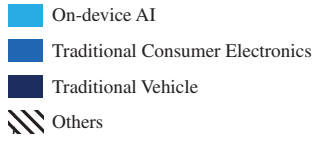


**numbers may not be added up to the totals due to rounding; Source: Expert Interview; Frost & Sullivan*

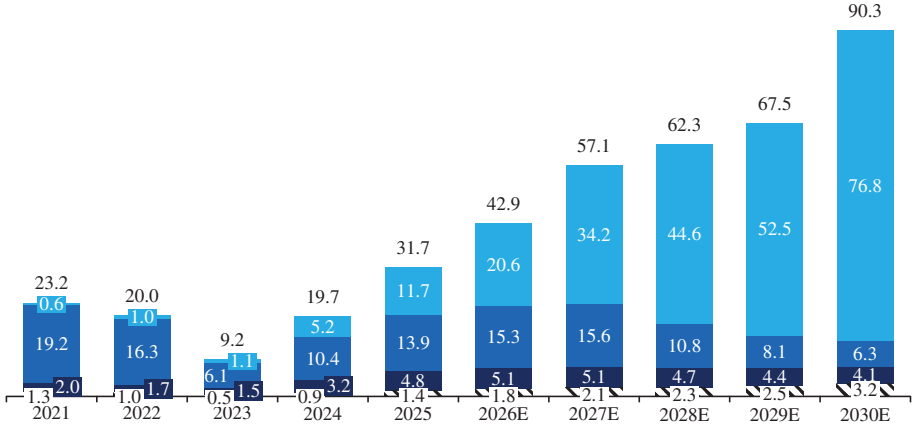
Segmented by downstream applications, Chinese Mainland embedded memory product market appears to have a similar trend with the global market. The on-device AI gradually takes the market with a CAGR of 45.8%, increasing from USD11.7 billion in 2025 to USD76.8 billion in 2030.

Chinese Mainland Embedded Memory Product Market, by Downstream Application, in Revenue
USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	**8.2%**	**23.3%**
On-device AI	105.9%	45.8%
Traditional Consumer Electronics	-7.8%	-14.5%
Traditional Vehicle	24.5%	-3.2%
Others	1.9%	17.7%



Note: Others includes industrial, healthcare, and etc.



**numbers may not be added up to the totals due to rounding; Source: Expert Interview; Frost & Sullivan*

COMPETITIVE LANDSCAPE OF GLOBAL EMBEDDED MEMORY PRODUCT MARKET AMONG INDEPENDENT MEMORY PRODUCT PROVIDERS

Overview of Competitive Landscape

The participants in the global embedded memory product market can be divided into non-independent memory product providers and independent memory product providers. non-independent memory product providers hold the majority of the market share in the global embedded memory product market. However, independent memory product providers are gradually gaining more favor from customers by quickly responding to market changes and providing customized solutions. Most of non-independent memory product providers mainly maintain their advantages through building long-term collaboration with large-scale downstream customers by using large-scale production and standardized products to meet high-volume demands. With a more flexible operating model, independent memory product providers can provide customers with more customized and differentiated product solutions. This includes providing a wider range of capacity options or special package forms, and offering faster responses to small-volume, multi-variety orders. The deep understanding and rapid response capabilities of independent memory product providers in niche markets fill the gaps left by non-independent memory product providers, collectively promoting the healthy development and technological innovation of the entire memory ecosystem.

Ranking and Market Share

In 2025, non-independent companies contributed approximately 85% of revenue and approximately 80% of shipments of the global semiconductor embedded memory product market, while the independent companies contributed approximately 15% of revenue and approximately 20% of shipments of the same market. Among all market players, including non-independent companies and independent companies, the top five players in global embedded memory product market held a combined market share of approximately 70% in terms of revenue in 2025. The Company ranked the 16th in the market with a share of 0.6% in terms of revenue. The top five players in global embedded memory product market held a combined market share of over 60% in terms of shipment in 2025. The Company ranked the tenth in the market with shipment of 167 million and a share of 1.8%.

Ranking of Global Embedded Memory Product Market, 2025, by Revenue

Ranking	Provider	Revenue	Market Share
		(USD Billion)	*(%)*
1	Company K	35.5	29.1%
2	Company L	33.2	27.2%
3	Company N	5.6	4.6%
4	Company M	5.5	4.5%
5	Company T	5.0	4.1%
.....			
16	The Company	0.8	0.6%

Ranking of Global Embedded Memory Product Market, 2025, by Shipment

Ranking	Provider	Shipment	Market Share
		(USD Billion)	*(%)*
1	Company K	2,360	25.4%
2	Company L	2,203	23.7%
3	Company N	374	4.0%
4	Company Q	371	4.0%
5	Company M	364	3.9%
.....			
10	The Company	167	1.8%

Notes:

- Company K is a public company listed on Korea Exchange. It is founded in 1969 and headquartered in Korea. It is a subsidiary of a global manufacturer of consumer electronics, chips, and electronic components.
- Company L is a public company listed on Korea Exchange. It is founded in 1983 and headquartered in Korea. It is a global memory chip manufacturer, specializing in the production of DRAM and NAND flash memory.
- Company M is a public company listed on NASDAQ. It is founded in 1978 and headquartered in United States. It is a global computer memory chip manufacturer.
- Company N is a public company listed on Tokyo Stock Exchange. It is founded in 2017 and headquartered in Japan. It is a memory manufacturer spun off from its parent company.

- Company Q is a public company founded in 2016 and headquartered in Chinese Mainland. It is listed on the Shanghai Stock Exchange. It is an integrated memory manufacturer focused on the design, development, production, and sales of DRAM chips.
- Company T is a public company founded in 1970, is headquartered in the United States. It is listed on the NASDAQ Stock Market. The company is a leading provider of data storage solutions.

The Company ranked the first in terms of shipment and ranked sixth in terms of revenue in 2025 among all independent memory product providers in the global embedded memory market.

Ranking of Global Embedded Memory Product Market Among Independent Memory Product Providers, 2025, by Shipment

Ranking	Provider	Shipment	Market Share
		(Million units)	*(%)*
1	The Company	167	8.8%
2	Company A	150	7.9%
3	Company D	134	7.1%
4	Company C	121	6.4%
5	Company I	104	5.5%

Ranking of Global Embedded Memory Product Market Among Independent Memory Product Providers, 2025, by Revenue

Ranking	Provider	Revenue	Market Share
		(USD Billion)	*(%)*
1	Company A	1.40	7.6%
2	Company D	0.96	5.2%
3	Company B	0.83	4.5%
4	Company H	0.82	4.4%
5	Company C	0.80	4.3%
6	The Company	0.77	4.2%

Source: Public disclosures of listed companies; Expert Interview; Frost & Sullivan

As of the end of 2025, there were over 100 embedded memory product suppliers in Chinese Mainland market. Among all market players, including non-independent companies and independent companies, the top five players in Chinese Mainland embedded memory product market held a combined market share of almost 65% in terms of revenue in 2025. The Company ranked 12th with a market share of 1.1% in terms of revenue. The top five players in Chinese Mainland embedded memory product market held a combined market share of almost 60% in terms of shipment in 2025. The Company ranked the fifth in the market with shipment of 74 million and a market share of 2.9%.

Ranking of Chinese Mainland Embedded Memory Product Market, 2025, by Shipment

Ranking	Provider	Shipment	Market Share
		(Million units)	*(%)*
1	Company K	657	25.5%
2	Company P	316	12.3%
3	Company L	239	9.3%
4	Company Q	223	8.7%
5	The Company	74	2.9%

Ranking of Chinese Mainland Embedded Memory Product Market, 2025, by Revenue

Ranking	Provider	Revenue	Market Share
		(USD Billion)	*(%)*
1	Company K	9.9	31.2%
2	Company L	3.6	11.3%
3	Company P	3.4	10.8%
4	Company Q	2.4	7.6%
5	Company N	1.1	3.4%
.....			
12	The Company	0.3	1.1%

Note:

- Company P is a private company founded in 2016 and headquartered in Chinese Mainland. It is a company focused on the design and manufacturing of 3D NAND flash memory

Among independent companies, the top five players in Chinese Mainland embedded memory product market held a combined market share of 27.6% in terms of revenue in 2025. The Company ranked the fourth in the market with revenue of USD0.3 billion and a share of 4.5%. The top five players in Chinese Mainland embedded memory product market held a combined market share of 35.0% in terms of shipment in 2025. The Company ranked the first in the market with shipment of 74 million and a share of 9.2%.

Ranking of Chinese Mainland Embedded Memory Product Market Among Independent Memory Product Providers, 2025, by Shipment

Ranking	Provider	Shipment	Market Share
		(Million units)	*(%)*
1	The Company	74	9.2%
2	Company D	70	8.7%
3	Company A	50	6.1%
4	Company C	47	5.8%
5	Company H	42	5.2%

Ranking of Chinese Mainland Embedded Memory Product Market Among Independent Memory Product Providers, 2025, by Revenue

Ranking	Provider	Revenue	Market Share
		(USD Billion)	*(%)*
1	Company D	0.5	6.7%
2	Company A	0.5	6.2%
3	Company B	0.4	6.0%
4	The Company	0.3	4.5%
5	Company C	0.3	4.2%

The Company ranked first in terms of shipment in 2025 among all independent memory product providers in the global LPDDR market. In terms of shipment in 2025, the Company ranked the second among all independent memory product providers in the global memory market with self-developed embedded controller memory products.

Ranking of Global LPDDR Market Among Independent Memory Product Providers, 2025, by Shipment

Ranking	Provider	Shipment	Market Share
		(Million units)	*(%)*
1	The Company	67	13.4%
2	Company A	43	8.6%
3	Company D	17	3.3%
4	Company H	13	2.5%
5	Company B	12	2.4%

Ranking of Global Memory Product with Self-Developed Embedded Controller Among Independent Memory Product Providers, 2025, by Shipment

Ranking	Provider	Shipment
		(Million units)
1	Company C	121
2	The Company	59
3	Company A	50
4	Company E	33
5	Company R	31

Notes:

- Company E, founded in 2017, is headquartered in Chinese Mainland. The company is not listed and focuses on the research and development, design, and production of semiconductor and integrated circuits.
- Company R is a private company founded in 2018, and headquartered in Chinese Mainland. The company focuses on the development, design, and sales of cutting-edge storage technologies and semiconductor devices for various applications.
- Source: Public disclosures of listed companies; Expert Interview; Frost & Sullivan

Key Success Factors and Entry Barriers in Global Embedded Memory Product Market Among Independent Memory Product Providers

Full-process technical capabilities. The ability to cover through memory wafers selection, self-development of controller chips and firmware algorithms, and in-depth optimization of the overall memory design is key to ensuring optimal adaptation and synergy between the product and terminal devices. Given that embedded memory is integrated into terminal devices and profoundly affects their overall performance and user experience, any defect can bring huge risks. Therefore, embedded memory providers must ensure their products meet strict reliability standards. This requires providers to precisely balance the feasibility of upstream technology, the ability to interface with midstream SoC platforms, and the commercialization needs of downstream customers. At the same time, providers must be capable of achieving wafer testing and screening capabilities, which involves accurately identifying and selecting high-quality wafers that meet the strict standards of embedded applications from a massive volume of wafers.

Stable and high-quality upstream supply resources from memory wafer providers. Independent memory product providers are required to establish stable partnerships with memory wafer providers to ensure supply of high-quality wafers, even during market cyclical upturns. Companies with unstable supply of wafers will find it difficult to obtain the highest quality wafers from providers, which in turn affects the overall yield and performance of their products.

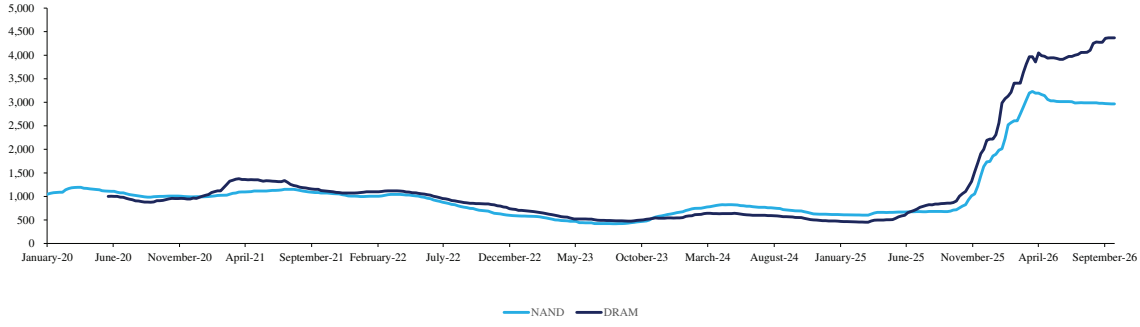
Supply chain integration and certification barriers from downstream customers. Downstream brand providers, typically have a strict validation cycle when selecting core embedded memory providers. Such certification directly affects the memory product's ability to work in synergy with the processor. The downstream customers are more willing to collaborate with the memory product providers that have been recognized by SoC platform providers. The supply chain integration and certification barriers make it difficult for new entrants to quickly expand their market share.

PRICE ANALYSIS OF SEMICONDUCTOR MEMORY WAFER & DRAM/ NAND PRODUCTS

Due to industry practices, the factors affecting the company's product prices and the price of raw material wafers are largely consistent. The overall price plateaued at a high level throughout the first half of 2022 before experiencing a pronounced decline in the second half of the year.

The downward trajectory was primarily driven by a sharp contraction in end-customer demand, and rising inventory pressures. This downward trend persisted until mid-2023, before the memory market began to recover in the second half of 2023, with the effects of production reductions and a gradual recovery in end-demand, the memory market began to rebound. Thereafter, prices continued to recover through mid-2024, followed by a period of downward adjustment through the first quarter of 2025. From the second quarter of 2025, DRAM prices began to increase significantly as manufacturers gradually phased out legacy process technologies, although they remained below the peak levels recorded in 2022. This upward trend continued throughout the second half of 2025 and the first quarter of 2026, supported by strong demand for memory products driven by the rapid adoption of AI applications. DRAM prices gradually stabilized in the second and third quarter of 2026. Going forward, the prices of DRAM and NAND are expected to continue to increased modestly amid fluctuations through second half of 2026 as the strong growth of AI-related demands and the industry supply growth lagged the demand growth. In 2027 and 2028, new capacity added in 2025 and 2026 begins to ramp, which in turn ease supply constraints and drive a shift from strong price inflation toward overall stabilization or mild declines. By 2029, the expected proliferation of AI-driven devices and infrastructure is expected to continue to accelerate the memory demand, creating conditions for an ASP upturn in 2029, particularly for high-performance DRAM and advanced NAND used in AI workloads. The chart set forth below illustrates the price indices of NAND Flash and DRAM globally from January 2020 to September 2026.

Price indices of NAND Flash and DRAM (January 2020-September 2026)



**Note:* The price index of DRAM is only available after May 2020; Source: CFM; Frost & Sullivan

The semiconductor memory product market encompasses a diverse array of product categories, and the unit price of any specific product is affected by multiple factors, including the underlying wafer technology, storage capacity, supply-demand dynamics, and the competitive landscape. Consequently, the unit prices can differ significantly across various specifications. The table set forth below illustrates the price ranges and trends of three types of embedded memory products with typical storage capacity to show historical price movements from 2022 to 2026 H1.

RMB per unit	2022H1	2022H2	2023H1	2023H2	2024H1	2024H2	2025H1	2025H2	2026H1
DRAM-based products (DDR, LPDDR) (8-16Gb)	15.2-42.7	11.9-33.2	8.3-23.2	7.2-20.1	8.7-24.4	7.7-20.6	7.4-20.6	17.5-48.9	52.2-146.1
NAND Flash-based products (eMMC, UFS) (8-128GB)	16.8-89.5	12.0-63.9	8.4-44.8	8.4-44.5	13.0-69.5	11.5-61.5	10.8-57.5	16.5-87.8	48.1-256.5
MCP embedded memory products (eMCP, uMCP, ePOP) (3GB+64GB - 8GB+256GB)	31.0-394.5	18.6-288.0	16.3-207.3	12.7-228.1	20.4-319.3	13.5-277.8	17.1-250.0	33.4-450.0	98.8-1,125.0

The price trends of these three types of embedded memory products exhibit broadly similar trends due to shared macroeconomic and industry-wide factors. Since the second half of 2022, the market entered a prolonged downturn characterized by declining prices through mid-2023. The downward trend was primarily attributed to global macroeconomic headwinds, accumulated inventory levels across the supply chain, and softer demand in consumer electronics. However, a recovery phase commenced in late 2023 and continued through mid-2024. This rebound was catalyzed by strategic production cuts implemented by major upstream suppliers to rebalance market supply, coupled with a gradual recovery in downstream demand. However, a brief dip occurred from late 2024 to early 2025, before stabilizing and modestly rebounding by mid-2025 and sharply rising in the second half of 2025 and first quarter of 2026, propelled by AI-driven downstream expansions that increased memory product consumption. Prices then stabilized in the second quarter of 2026, with modest fluctuations. Similar to the price trends of DRAM and NAND Flash, the unit prices of embedded memory products are expected to continue to edge up with modest fluctuations through second half of 2026. In 2027 and 2028, the unit prices are expected to stabilize or experience mild declines. The memory products are expected to witness an ASP upturn in 2029 due to AI-related driving forces.

For other semiconductor memory products such as SSD, mobile memory products, and memory modules, the historical and forecasting price trends of these memory products generally demonstrate a similar pattern as embedded memory products due to shared macroeconomic and industry-wide factors.

SOURCE OF INFORMATION

In connection with the [**REDACTED**], we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the markets in which we operate. Services provided by Frost & Sullivan include market assessments, competitive benchmarking and strategic and market planning for a variety of industries. We have agreed to a total of RMB850,000 in fees and expenses for the preparation and use of the Frost & Sullivan Report. The payment of such an amount was not contingent upon our successful [**REDACTED**] or on the results of the Frost & Sullivan Report. Apart from the Frost & Sullivan Report, we have not commissioned any other industry report in connection with the [**REDACTED**]. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this document to provide our potential [**REDACTED**] with a more comprehensive presentation of the industries in which we operate. Unless otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications.

Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan's research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. Our Directors confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict, or have an impact on the information set forth in this section in any material respect.

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC.

Regulations on the Integrated Circuit Industry

In June 2014, the State Council of the People's Republic of China (the "State Council") promulgated the National Guidelines for the Development and Promotion of the Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), outlining the development goals for the integrated circuit industry. By 2030, key segments of the integrated circuit industry chain are expected to reach international advanced levels, with a number of enterprises entering the global first tier and achieving leapfrog development. In May 2016, the State Council promulgated the National Outline for Innovation Driven Development Strategy (《國家創新驅動發展戰略綱要》), which expressly mandates the advancement of innovation within the industrial technology system and calls for intensified efforts in the research, development, and dissemination of self-developed software and hardware including integrated circuits and industrial control systems, as well as cybersecurity technologies. In July 2020, the State Council announced Several Policies to Promote the High-quality Development of the IC Industry and the Software Sectors in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》), which are designed to further optimize the development environment of the integrated circuit industry and software sectors, deepen international cooperation in the industry, and enhance the industrial innovation capability and development quality, the policies launch a series of supporting fiscal and taxation, investment and financing, research and development, import and export, talent, intellectual property rights, market application and international cooperation policies. In December 2023, the NDRC promulgated the Industrial Structure Adjustment Guidance Catalogue (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which stated integrated circuits were categorized as information industry, the 28th in the first category of Encouragement Catalogue. In May 2024, the Cyberspace Administration of the Central Committee of the Communist Party of China, the State Administration for Market Regulation, and the Ministry of Industry and Information Technology jointly issued the Action Plan for the Construction of Informatization Standards (2024-2027) (《信息化標準建設行動計劃(2024-2027年)》), which identifies key areas in integrated circuits and calls for intensified efforts in critical standard development for advanced computing chips and novel storage chips, as well as promotes the formulation of application standards for artificial intelligence chips, automotive chips, and consumer electronics chips.

Laws and Regulations relating to Foreign Investment and overseas Investment

Regulations on Corporation: The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》). The PRC Company Law generally governs two types of companies — limited liability companies and joint stock limited companies. The PRC Company Law also applies to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall prevail.

Foreign Investment Regulations: According to the PRC Foreign Investment Law (《中華人民共和國外商投資法》), foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List, which is promulgated or approved by the State Council. To ensure the effective implementation of the Foreign Investment Law, the Regulations on Implementing the Foreign Investment Law of PRC (《中華人民共和國外商投資法實施條例》) was promulgated by State Council, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors. The Special Administrative Measures (Negative List) for Foreign Investment Access stipulates that domestic enterprises engaged in business areas prohibited by the Negative List must obtain approval from relevant state authorities before conducting overseas share issuance and listing; and foreign investors are prohibited from participating in such enterprises' operation and management, and their shareholding ratios shall comply with relevant regulations on the management of foreign investors' domestic securities investment.

Overseas Investment Regulations: According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), which was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, an enterprise in the territory of the PRC (the "**investor**") shall, in overseas investment, undergo the formalities for the confirmation or recordation, among others, of an overseas investment project (the "**project**"), report the relevant information, and cooperate in supervisory inspection. According to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》), promulgated on September 6, 2014 and effective as of October 6, 2014, the Ministry of Commerce and the commerce departments of provinces shall subject the overseas investment of enterprises to recordation or confirmation management, depending on the actual circumstances of investment. According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), the approval for foreign exchange registration for direct investment has been canceled. Banks are entitled to review and carry out foreign exchange registration for overseas direct investment directly. The State Administration of Foreign Exchange and its branches shall exercise indirect supervision over foreign exchange registration for overseas direct investment through banks.

Laws and Regulations on Import and Export

According to the Customs Law of the PRC (《中華人民共和國海關法》), the importer or exporter of import or export goods, and the Customs clearing agent shall be registered with the Customs according to law to make the Customs declarations.

Laws and Regulations Relating to Foreign Exchange

The Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) applies to the foreign exchange receipts and payments or foreign exchange business activities of domestic organizations and individuals, foreign organizations and individuals in China. It specifies that China shall not restrict international current payments and transfers. The Notice by the SAFE on Further Deepening Reforms to Promote the Facilitation of Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) stipulates that foreign exchange funds derived from the overseas listing of a domestic enterprise may be directly remitted to its capital account settlement account. Funds in the settlement account of capital accounts may be settled and used at discretion. Guidelines on Foreign Exchange Business for Capital Items (2024 Edition) (《資本項目外匯業務指引(2024年版)》) specify that the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the content listed in the relevant document and publicly disclosed documents.

It should be further noted that the People's Bank of China and SAFE jointly issued the Notice on Relevant Issues Concerning the Administration of Funds from Overseas Listings by Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》, 銀發[2025]252號) on December 26, 2025, effective from April 1, 2026, which further clarifies that funds raised from overseas listings may be repatriated in foreign currency to a capital-account settlement account and may be settled at discretion, or repatriated in RMB to a capital-account settlement account or a domestic RMB bank settlement account. Domestic enterprises meeting certain conditions are permitted to retain such funds overseas.

Laws and Regulations Relating to Production Safety

In accordance with the provisions of the Production Safety Law of the PRC (《中華人民共和國安全生產法》), the State implements a system of accountability for production safety accidents. Production and operation units must implement national or industry standards formulated in accordance with the law to ensure safe production, and provide safe production conditions that meet the requirements of laws, administrative rules and national or industry standards.

Laws and Regulations Relating to Production Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), producers shall be responsible for the quality of their products.

Regulations Relating to Leasing

According to the Management Measures for the Lease of Commercial Housing (《商品房屋租賃管理辦法》), parties to a housing lease are required to execute a lease agreement. Within 30 days from the initial execution of a housing lease agreement, the parties to the lease shall complete lease registration and filing formalities with the relevant authorities.

Laws and Regulations relating to Intellectual Property Rights

Patent: Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) and The Implementing Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), patents in the PRC are divided into three categories: invention patents, utility model patents and design patents. The term of protection for invention patents is 20 years, for utility model patents is 10 years, and for design patents is 15 years, all calculated from the filing date.

Trademark: Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) and the Regulations for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), trademark registrants shall enjoy the right to exclusive use of their trademarks and shall be protected by law. The Trademark Law was comprehensively revised on June 26, 2026 by the Standing Committee of the 14th National People's Congress and, as revised, will come into effect on January 1, 2027.

Copyrights: Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) and the Regulations for Implementation of Copyright Law of the PRC (《中華人民共和國著作權法實施條例》), Chinese citizens, legal persons or unincorporated organizations shall, whether published or not, enjoy copyright in their works. Copyright encompasses a series of personal and property rights, including but not limited to the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work, and the right of reproduction. Pursuant to the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), the term of protection for software copyrights is 50 years.

Domain Names: The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were promulgated on August 24, 2017, and implemented on November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Layout-Designs of Integrated Circuits: The Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》) were promulgated on April 2, 2001 and came into effect on October 1, 2001. The Regulations were revised on July 23, 2026 by State Council Order No. 842 and, as revised, will come into effect on October 15, 2026. Under Article 17 of the revised Regulations, the term of protection of the exclusive right in a layout-design is 10 years, counted from the earlier of (i) the date of filing an application for registration or (ii) the date on which it was first commercially exploited anywhere in the world. In addition, irrespective of whether the layout-design has been registered or commercially exploited, protection ceases 15 years after the date of its creation.

Laws and Regulations relating to Employment and Labour Security

Labour Law and Labour Contract: According to the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Regulations on the Implementation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) a labour contract shall be concluded where a labour relationship is to be established.

Social Insurance and Housing Fund: According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), employers are obliged to provide their employees in the PRC with welfare schemes covering basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. According to the Regulations on the Administration of Housing Fund of the PRC (《住房公積金管理條例》), employers are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner.

Laws and Regulations relating to Taxation

Enterprise Income Tax: According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and the Regulation on the Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), a uniform statutory enterprise income tax rate of 25% applies to both foreign-invested enterprises and domestic enterprises, unless otherwise reduced or exempted under specific tax incentive schemes applicable to eligible industries or qualifying projects. An enterprise certified as a high and new technology enterprise was subject to a preferential enterprise income tax rate of 15%. According to the Notice of the Ministry of Finance and the State Taxation Administration on Preferential Corporate Income Tax Policies for the Shenzhen Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone (《財政部稅務總局關於河套深港科技創新合作區深圳園區企業所得稅優惠政策的通知》), the qualified enterprises in encouraged industries which are located in the special enclosed areas of the Shenzhen Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone are entitled to corporate income tax at a reduced rate of 15%.

Value Added Tax: According to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》), promulgated by the Standing Committee of the National People's Congress on December 25, 2024, and effective from January 1, 2026, together with the Implementation Regulations of the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法實施條例》), promulgated under State Council Order No. 826 on December 25, 2025, and effective from the same date, units and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or immovable property within the territory of the People's Republic of China, or import goods, are taxpayers of value-added tax ("**VAT**") and shall pay VAT in accordance with this Law. The above Law and Implementation Regulations supersede the former Interim Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例》) and the Detailed Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》), which are simultaneously repealed. Unless otherwise provided, the VAT rate for taxpayers' sale of goods, processing, repair and replacement services, leasing services of tangible movable property, and the import of goods is 13%; rates of 9%, 6%, or zero may apply under specific circumstances in accordance with this Law.

Laws and Regulations Relating to Overseas Offering and Listing

According to the Securities Law of the PRC (《中華人民共和國證券法》), a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. According to the Trial Administrative Measures of Overseas Securities Offering and Listing by

Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and relevant five guidelines, an issuer seeking an overseas initial public offering or listing shall, within 3 working days after submitting the issuance and listing application documents overseas, file a registration with the China Securities Regulatory Commission and submit the filing report, legal opinions, and other relevant documents. According to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), where any PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing entities, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN HONG KONG

The major applicable Hong Kong laws and regulations of Hong Kong which relate to the business operations and the subsidiary incorporated in Hong Kong are set out below. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations in Hong Kong, and/or which may be important to potential investors.

Business

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong): Section 5 of the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every person (a company or an individual) carrying on a business in Hong Kong to register with the Inland Revenue Department and obtain a business registration certificate within one month of the commencement of the business. Business registration is a process based on application and does not involve government approval. Once the requisite criteria are met, a business registration certificate will be granted. Business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong and facilitate the collection of tax from businesses in Hong Kong.

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong): The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing. The import and export of certain articles are prohibited unless with the relevant licences under sections 6C and 6D which are issued under section 3 of the Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong).

Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong): Pursuant to regulations 4 and 5 of the Import and Export (Registration) Regulations, every person, including company, who imports or exports or re-exports any article other than an exempted article set out in regulation 3 of the Import and Export (Registration) Regulations shall lodge with the Commissioner of Customs and Excise and any Deputy or Assistant Commissioner of Customs and Excise of Hong Kong an accurate and complete import or export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise of Hong Kong may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation or exportation of the article to which it relates.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong): The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) provides, among others, that persons, which include corporations,

partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

Employment

Employment Ordinance (Chapter 57 of the Laws of Hong Kong): The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) regulates the general conditions of employment and matters connected therein in Hong Kong. It provides for various employment-related benefits and entitlements to employees. The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) covers a comprehensive range of employment protection and benefits for employees, including, among others, wage protection, paid annual leave, maternity protection, statutory holidays, severance payment and long service payment.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong): Under Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), an employer must take all practicable steps to ensure that employees who are at least 18 but under 65 years of age and employed for 60 days or more become members of a registered scheme (except for certain exempt persons) within the first 60 days of employment. It is also mandatory for an employer to make mandatory contributions to the mandatory provident fund scheme. For each contribution period occurring after that commencement (i) from the employer's own funds, contribute to the relevant registered scheme the amount determined in accordance with Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong); and (ii) deduct from the employee's relevant income for that period as a contribution by the employee to that scheme the amount determined in accordance with Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong): The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) provides that an employer is liable for any personal injury by accident arising out of and in the course of the employment to the employee in accordance with the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). It further provides that no employer shall employ any employee in the any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for more than the specified amount in respect of the liability of the employer.

OVERVIEW

The history of our Group could date back to December 2016 when our Company was incorporated in the PRC with limited liability under the name Rayson HI-TECH(SZ) Limited (深圳市晶存科技有限公司). On July 18, 2024, our Company was converted into a joint stock company with limited liability, and was renamed as Rayson HI-TECH(SZ) Co., Ltd. (深圳市晶存科技股份有限公司).

Over the years, our Company has developed into one of the leading independent embedded memory product enterprises. According to Frost & Sullivan report, in terms of the shipment volume in 2025, we ranked first among global independent memory product enterprises in the embedded memory market; ranked first among global independent LPDDR product enterprises; ranked first among independent memory product enterprises offering memory products with self-developed embedded controller chips based in Chinese Mainland. We have achieved breakthroughs across multiple product categories and application areas. For details, see "Business — Our Competitive Strengths" in this document.

MILESTONES

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

Year	Milestone
2016	• Our predecessor company, Rayson HI-TECH(SZ) Limited (深圳市晶存科技有限公司), was established with our headquarter located in Shenzhen.
2018	• We established our memory chip testing facility in Shenzhen.
2020	• We completed the merger with Artmem Technology. We developed flash memory controller chips and launched memory devices equipped with our self-developed embedded memory controller chips.
2021	• We developed memory products for industrial and automotive applications and such products began mass production and shipment.
2023	• Our LPDDR5/5X memory began mass production and shipment. • Our subsidiary, Artmem Technology, has been recognized as one of the National "Little Giant" Enterprise of Specialized and Innovative SMEs (「小巨人」專精特新企業).
2024	• We began mass production for our UFS memory products equipped with our self-developed UFS controller chip. • We put into operation a memory chip testing facility in Zhongshan. • We ranked first globally among independent LPDDR manufacturers by shipment volume, and we ranked first in Chinese Mainland among independent manufacturer by shipment volume of memory products equipped with self-developed embedded controller chips.
2025	• Our memory products equipped with our self-developed eMMC controller chips shipped over 100 million units in total. • We were recognized as one of the Top 10 Innovative Memory Enterprises in China for 2025 (2025中國存儲器創新十強企業) and received the 2025 Best Product in Memory Controller Chip Market of China Award (2025中國存儲控制器芯片市場最佳產品). • Our subsidiary, Artmem Technology, was designated as a key "Little Giant" enterprise (「小巨人」企業).

OUR MAJOR SUBSIDIARIES

Set forth below are details for each of our major subsidiaries which made a material contribution to our results of operations during the Track Record Period.

Name	Place of incorporation/ establishment	Date of incorporation/ establishment	Shareholding held by our Company	Principal business activities
Artmem Technology Co., Ltd. (珠海妙存科技有限公司)	PRC	November 24, 2017	100%	Research and development, design of flash memory controller chip; and research and development and sales of memory products
RAYSON HI-TECH (HK) LIMITED (晶存科技(香港)有限公司)	Hong Kong	August 17, 2018	99.70%(1)	Procurement of raw materials for memory products and sales of memory products
Rayson Technology (SZ) Limited (深圳晶存技術有限公司) . . .	PRC	January 19, 2022	100%	Production, testing and sales of memory products
Rayson Technology (ZS) Limited (中山晶存技術有限公司) . . .	PRC	March 25, 2024	100%	Production, testing and sales of memory products
Artmem HI-TECH LIMITED (珠海妙存技術研發有限公司) .	PRC	March 26, 2026	100%	Research and development and sales of memory products

Note:

(1) The remaining 0.30% shareholding interest is held by Mr. Yip Ka Luk (葉加祿), an employee of Rayson Hong Kong.

For shareholding changes of our subsidiaries during the two years immediately preceding the date of this document, see "Statutory and General Information — Further Information about Our Company — Changes in Share Capital of Our Subsidiaries". Save as disclosed thereunder, there were no shareholding changes in our subsidiaries during the Track Record Period and up to the Latest Practicable Date.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Tracking Record Period, we have not made any acquisitions, disposals or mergers that we consider to be material to us.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

(1) Establishment and Initial Shareholding Changes of our Company

Our predecessor company, Rayson HI-TECH(SZ) Limited (深圳市晶存科技有限公司), was established in the PRC on December 22, 2016 with an initial registered capital of RMB1.00 million. As of the date of establishment, our Company was owned as to (i) 55.00% by Ms. Cheng Xuehui (成雪輝) (spouse of Mr. Wen Jianxiong, who was our former Director); (ii) 25% by Ms. Yang Le (楊樂) (a friend of Mr. Wen Jianwei); and (iii) 20% by Mr. Cheng Yimin (程義敏) (a friend of Mr. Wen Jianwei), who is our current Director. Each of Ms. Cheng Xuehui, Ms. Yang Le and Mr. Cheng Yimin was holding such interest in our Company on trust for Mr. Wen Jianwei and Mr. Wen Jianxiong (the "**Initial Trust Arrangements**"). At the time of establishment, our predecessor did

not have any business operations. As advised by our PRC Legal Advisers, since the establishment of the Initial Trust Arrangements and up to the unwinding thereof as stated below, the Trust Arrangements were legal and enforceable.

The Initial Trust Arrangements were unwound upon the entering into of the equity transfer agreement dated July 4, 2018 between Ms. Cheng Xuehui, Ms. Yang Le, Mr. Cheng Yimin and Mr. Wen Jianxiong, pursuant to which Ms. Cheng Xuehui, Ms. Yang Le, Mr. Cheng Yimin transferred their respective equity interest in our Company to Mr. Wen Jianxiong at nil consideration and Mr. Wen Jianxiong shall assume the obligation to pay up the registered capital of our Company. As confirmed by Mr. Wen Jianwei and Mr. Wen Jianxiong, after the completion of the said equity transfer and up till the completion of the November 2020 Equity Transfer Agreement as stated below, Mr. Wen Jianxiong was holding 65% equity interests in our Company on trust for Mr. Wen Jianwei (the "**Subsequent Trust Arrangements**"). Since the establishment of the Subsequent Trust Arrangements and up to the unwinding thereof as stated below, the Subsequent Trust Arrangements were legal and enforceable.

(2) Capital increase in July 2018

Pursuant to the shareholder's resolution dated July 4, 2018, the registered capital of our Company increased by RMB9.00 million from RMB1.00 million to RMB10.00 million contributed by Mr. Wen Jianxiong at a consideration of RMB9.00 million.

(3) Capital increase in December 2018

Pursuant to the shareholder's resolution dated December 20, 2018, the registered capital of our Company increased by RMB40.00 million from RMB10.00 million to RMB50.00 million contributed by Mr. Wen Jianxiong at a consideration of RMB40.00 million.

(4) Equity transfer in November 2020 and non-implementation of the concert party arrangement

On November 24, 2020, Mr. Wen Jianxiong, Rayson Management and Rayson Erhao entered into an equity transfer agreement (the "**November 2020 Equity Transfer Agreement**") pursuant to which Mr. Wen Jianxiong transferred 80% equity interests in our Company to Rayson Management and 20% equity interests in our Company to Rayson Erhao at a total consideration of RMB50.00 million. As confirmed by the PRC Legal Advisers, upon the completion of the November 2020 Equity Transfer Agreement, the Subsequent Trust Arrangements were unwound on the basis that Mr. Wen Jianwei and Mr. Wen Jianxiong held 65% and 35% partnership interests in Rayson Management, respectively.

On June 22, 2022, Mr. Wen Jianwei and Mr. Wen Jianxiong (each a "**Party**" and collectively, the "**Parties**") entered into a concert party agreement (the "**Concert Party Agreement**") the Parties acknowledged that, among others, they shall act in concert in respect of decision making on major matters concerning the Company and in case of any conflict between the Parties' opinions, the opinion of the Party with more voting rights (i.e. Mr. Wen Jianwei) shall prevail and the Parties shall exercise their voting rights accordingly. Pursuant to the supplemental agreement dated August 3, 2025 (the "**Supplemental Agreement**"), the Parties acknowledged, confirmed and clarified that, amongst others, taking into account the Concert Party Agreement as a whole, (i) Mr. Wen Jianwei has been directing the business operations of the Company since November 24, 2020 and Mr. Wen Jianwei has been the actual controller of the Company responsible for the Company's daily operations, financial decisions and major strategy; (ii) on the contrary, Mr. Wen Jianxiong has merely participated in the administrative and human resources matters of the Company as arranged by, amongst others, Mr. Wen Jianwei, or the board, or the management of the Company. Mr. Wen Jianxiong further irrevocably confirmed and acknowledged that he has not participated in or directed the operations and management of the Company as the controller of the Company since November 24, 2020 and that for the decision-making of all significant matters of the Company, he

and his controlled entity(ies) had exercised his/their respective voting rights unconditionally in accordance with the opinions of Mr. Wen Jianwei. Further, the Parties confirmed and clarified that the purpose of the Concert Party Agreement is to consolidate Mr. Wen Jianwei's control in the Company as the only controller of the Company and that all references depicting that Mr. Wen Jianwei and Mr. Wen Jianxiong are joint controllers therein shall not have any legal effect as from the date of the Concert Party Agreement. On the basis of the foregoing, and considering that Mr. Wen Jianwei has held the highest percentage of voting rights in the Company since the entering into of the Concert Party Agreement, the arrangement under the Concert Party Agreement (as confirmed and clarified by the Supplemental Agreement) had consolidated Mr. Wen Jianwei's control in the Company as the only controller instead of establishing a joint control relationship as concerted parties between Mr. Wen Jianwei and Mr. Wen Jianxiong. Further, as advised by the PRC Legal Adviser, since Mr. Wen Jianxiong does not have any voting rights at the board or shareholders' meetings of the Company, the Concert Party Agreement is not being actually implemented currently and in light of the purpose of, and the Parties' intentions under, the Concert Party Agreement, Mr. Wen Jianwei and Mr. Wen Jianxiong were not in a joint control relationship at any time during the Track Record Period. Therefore they are not, and should not be regarded as, concerted parties during the Track Record Period.

(5) Capital increase in July 2021

On June 11, 2021, the then Shareholders passed a resolution to increase to registered capital of our Company from RMB70.87 million to approximately RMB78.74 million.

Immediately after the completion of the capital increase on July 9, 2021, the shareholding structure of our Company was as follows:

Shareholder(s)	Registered capital of our Company subscribed for	Percentage of shareholding upon completion
	(RMB million) (approximate)	*(%) (approximate)*
Rayson Management	40.00	50.80
ESOP Platforms	17.87	22.70
– Rayson Erhao	*10.00*	*12.70*
– Jingmiaocun	*7.87*	*10.00*
Jingmiaoxin	9.81	12.46
Hongtai Investment[(1)]	4.44	5.64
Allwinner Technology	4.40	5.58
Xinzhicun	2.22	2.82
Total	**78.74**	**100.00**

Note:

(1) Pursuant to an equity transfer agreement dated July 30, 2021, Hongtai Investment transferred 2.82% equity interests in our Company to Guizhou Yile Management Consulting Partnership (Limited Partnership) (貴州以樂管理諮詢合夥企業(有限合夥)) (previously known as Guian New Area Leme Management Consulting Partnership (Limited Partnership) (貴安新區樂美管理諮詢合夥企業(有限合夥)) and Xinyu Lemei Management Consulting Partnership (Limited Partnership) (新余市樂美管理諮詢合夥企業(有限合夥)) ("**Yile Management**").

(6) Pre-[REDACTED] Investments

We underwent a series of Pre-[**REDACTED**] investments. See "Pre-[**REDACTED**] Investments" in this section for details.

(7) Conversion into a joint-stock company

On July 18, 2024, our predecessor company was converted from a limited liability company to a joint stock limited company under the name of Rayson HI-TECH(SZ) Co., Ltd. (深圳市晶存科技股份有限公司) with the issued share capital of RMB98,254,586.00.

ESOP PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, we established following ESOP Platforms:

		As at the Latest Practicable Date		
ESOP Platform	Date of Establishment	Approximate percentage of Shareholding in our Company	General Partner	Limited Partners[6]
Rayson Erhao	March 6, 2019	9.79%	Mr. Wen Jianwei (our current Director), holding approximately 0.00001% partnership interests therein	Mr. Cheng Yimin (our current Director)[1], Mr. Cui Cheng (our Supervisor)[2], Ms. Liao Yating (our Supervisor)[3], Mr. Wen Jianxiong (our former Director)[4], Mr. Li Jiaxi (our chief financial officer and joint company secretary)[5], and eight current employees of our Group

		As at the Latest Practicable Date		
ESOP Platform	Date of Establishment	Approximate percentage of Shareholding in our Company	General Partner	Limited Partners[12]
Jingmiaocun	May 31, 2021	7.71%	Mr. Wen Jianwei (our current Director), holding approximately 1.08% partnership interests therein	Mr. Wen Jianxiong (our former Director)[7], Mr. Xie Denghuang (our Supervisor)[8], Mr. Lai Nai (our current Director)[9], Mr. Li Jiaxi (our chief financial officer and joint company secretary)[10], Mr. Li Zhenqing (our deputy general manager)[11] and 38 current employees of our Group

Notes:

(1) As at the Latest Practicable Date, Mr. Cheng Yimin, our current Director, held approximately 15.00% partnership interests in Rayson Erhao as a limited partner. For further details of Mr. Cheng Yimin, see "Directors, Supervisors and Senior Management" in this document.

(2) As at the Latest Practicable Date, Mr. Cui Cheng, our Supervisor, held approximately 10.00% partnership interests in Rayson Erhao as a limited partner. For further details of Mr. Cui Cheng, see "Directors, Supervisors and Senior Management" in this document.

(3) As at the Latest Practicable Date, Ms. Liao Yating, our Supervisor, held approximately 1.50% partnership interests in Rayson Erhao as a limited partner. For further details of Ms. Liao Yating, see "Directors, Supervisors and Senior Management" in this document.

(4) As at the Latest Practicable Date, Mr. Wen Jianxiong, our former Director, held approximately 17.09% partnership interests in Rayson Erhao as a limited partner. Mr. Wen Jianxiong resigned from his position as a director of our Company because he would like to take up a non-senior management role within our Group so that he could devote more time on his other personal engagements and commitments, including charity work and ESG-related work.

(5) As at the Latest Practicable Date, Mr. Li Jiaxi, our chief financial officer and joint company secretary, held approximately 0.16% partnership interests in Rayson Erhao as a limited partner. For further details of Mr. Li Jiaxi, see "Directors, Supervisors and Senior Management" in this document.

(6) As at the Latest Practicable Date, the interests held by the remaining limited partners of Rayson Erhao (save as those disclosed above) ranged from 1.00% to 15.00%.

(7) As at the Latest Practicable Date, Mr. Wen Jianxiong, our former Director, held approximately 0.98% partnership interests in Jingmiaocun as a limited partner.

(8) As at the Latest Practicable Date, Mr. Xie Denghuang, our Supervisor, held approximately 0.25% partnership interests in Jingmiaocun as a limited partner. For further details of Mr. Xie Denghuang, see "Directors, Supervisors and Senior Management" in this document.

(9) As at the Latest Practicable Date, Mr. Lai Nai, our current Director, held approximately 11.00% partnership interests in Jingmiaocun as a limited partner. For further details of Mr. Lai Nai, see "Directors, Supervisors and Senior Management" in this document.

(10) As at the Latest Practicable Date, Mr. Li Jiaxi, our chief financial officer and joint company secretary, held approximately 10.08% partnership interests in Jingmiaocun as a limited partner. For further details of Mr. Li Jiaxi, see "Directors, Supervisors and Senior Management" in this document.

(11) As at the Latest Practicable Date, Mr. Li Zhenqing, our deputy general manager, held approximately 10.16% partnership interests in Jingmiaocun as a limited partner. For further details of Mr. Li Zhenqing, see "Directors, Supervisors and Senior Management" in this document.

(12) As at the Latest Practicable Date, the interests held by the remaining limited partners of Jingmiaocun (save as those disclosed above) ranged from 0.13% to 6.01%.

The participants and incoming participants of our employee incentive plans (the "**selected participants**") shall become direct limited partners of the ESOP Platforms upon vesting of their awards and registration of their interests. The capital contribution made by the selected participants to the ESOP Platforms shall be sourced from their own funds. All management powers of the ESOP Platforms shall irrevocably reside with the respective general partner. In effect, the selected participants do not have any voting rights in our Company, but they are beneficially interested in our Shares through their partnership interests in the ESOP Platforms and the voting power of the Shares held by the ESOP Platforms is exercisable by the respective general partner.

Upon a voluntary exit by the selected participants (the "**exiting participant**") pursuant to the exiting events under the partnership agreements, the general partner shall purchase the partnership interest from the exiting participant or, subject to the applicable law and regulations and the terms of the relevant partnership agreement, the general partner shall dispose of the Shares held by the relevant ESOP Platform in proportion to the exiting participant's percentage of partnership interests in the relevant ESOP Platform and distribute the net proceeds (after deducting the relevant expenses and taxes) to the exiting participant, in accordance with the terms of the relevant partnership agreement.

The ESOP Platforms are not subject to the provisions of Chapter 17 of the Listing Rules as no share options or awards involving the Shares will be granted by the Company after [**REDACTED**]. As at the Latest Practicable Date, all of interests in the ESOP Platforms have been vested and transferred to the selected participants.

PRE-[REDACTED] INVESTMENTS

Overview

We underwent the following rounds of Pre-[**REDACTED**] investments, details of which are set forth below.

(1) Capital increase in December 2020

On December 11, 2020, our Company, Mr. Wen Jianwei, Mr. Wen Jianxiong, Artmem Technology, Xinyu Jingmiaoxin Management Consulting Partnership Enterprise (Limited Partnership) (新余市晶妙芯管理諮詢合夥企業(有限合夥)) ("**Jingmiaoxin**"), Shenzhen Nanshan Hongtai Equity Investment Fund Partnership (Limited Partnership) (深圳南山鴻泰股權投資基金合夥企業(有限合夥)) ("**Hongtai Investment**"), Allwinner Technology Co., Ltd. (珠海全志科技股份有限公司) ("**Allwinner Technology**"), Zhuhai Xinzhicun Investment Partnership Enterprise (Limited Partnership) (珠海芯之存投資合夥企業(有限合夥)) ("**Xinzhicun**"), Rayson Management and Rayson Erhao entered into the equity interests merger agreement (the "**Merger Agreement**"), pursuant to which Jinmiaoxin, Hongtai Investment, Allwinner Technology and Xinzhicun transferred 44.20%, 20.00%, 19.80% and 10.00% equity interests in Artmem Technology to our Company at a consideration of approximately RMB23.65 million (of which approximately RMB9.81 million was paid to subscribe for the registered capital of our Company), RMB10.70 million (of which approximately RMB4.44 million was paid to subscribe for the registered capital of our Company), RMB10.59 million (of which approximately RMB4.40 million was paid to subscribe for the registered capital of our Company) and RMB5.35 million (of which approximately RMB2.22 million was paid to subscribe for the registered capital of our Company), respectively, which was determined based on the market value of Artmem Technology as of June 30, 2020 as appraised by an independent professional valuer.

On December 25, 2020, the then Shareholders passed a resolution to increase to registered capital of our Company from RMB50.00 million to approximately RMB70.87 million.

Immediately after completion of the capital increase on January 25, 2021, the shareholding structure of our Company was as follows:-

Shareholder(s)	Registered capital of our Company subscribed for	Percentage of shareholding upon completion
	(RMB million) (approximate)	*(%) (approximate)*
Rayson Management	40.00	56.44
ESOP Platform	10.00	14.11
– Rayson Erhao	*10.00*	*14.11*
Jingmiaoxin	9.81	13.85
Hongtai Investment	4.44	6.27
Allwinner Technology	4.40	6.20
Xinzhicun	2.22	3.13
Total	**70.87**	**100.00**

(2) Series A Pre-[REDACTED] Investments

On November 1, 2021, Hongtai Investment entered into a series of equity transfer agreements (the "**2021 Equity Transfer Agreements**"), pursuant to which Hongtai Investment transferred its 2.82% equity interests in our Company to each of Jiaxing Linshuo Equity Investment Partnership (Limited Partnership) (嘉興臨碩股權投資合夥企業(有限合夥) ("**Linshuo Investment**"), Zhuhai Zhixin Equity Investment Fund Partnership (Limited Partnership) (珠海志芯股權投資基金合夥企業(有限合夥)) ("**Zhixin Investment**"), Jiaxing Linhe Equity Investment Partnership Enterprise (Limited Partnership) (嘉興臨禾股權投資合夥企業(有限合夥)) ("**Linhe Investment**"), Wuxi Linchuang Zhixin Equity Investment Partnership (Limited Partnership) (無錫臨創志芯股權投資合夥企業(有限合夥)) ("**Linchuang Zhixin**"), Pingyang Linxin Tianhui Erhao Equity Investment Partnership Enterprise (Limited Partnership) (平陽臨芯天匯貳號股權投資合夥企業(有限合夥)) ("**Tianhui Erhao**"), Shanghai Orient Securities Innovation Investment Company Limited (上海東方證券創新投資有限公司) ("**Orient Securities Innovation**"), Mr. Huang Jiang (黃江) ("**Mr. Huang Jiang**"), Hubei Xincun Equity Investment Partnership Enterprise (Limited Partnership) (湖

北芯存股權投資合夥企業(有限合夥)) ("**Hubei Xincun**") and Shenzhen Zhongjin Lanhai Asset Management Co., Ltd. (深圳市中金藍海資產管理有限公司) ("**Zhongjin Lanhai**"), for a total cash consideration of approximately RMB35.43 million since Hongtai Investment decided to realise its investments in our Company.

From August 2021 to November 2021, Mr. Wen Jianwei, Mr. Wen Jianxiong, Rayson Management, our Company, Linshuo Investment, Zhixin Investment, Linhe Investment, Linchuang Zhixin, Tianhui Erhao, Orient Securities Innovation, Mr. Huang Jiang, Hubei Xincun, Zhongjin Lanhai and Hangzhou Zhouyu Venture Capital Partnership Enterprise (Limited Partnership) (杭州洲宇創業投資合夥(有限合夥)) (formerly known as "Shenzhen Qianhai Zhouyu Investment Partnership Enterprise (Limited Partnership) (深圳前海洲宇投資合夥企業(有限合夥)") ("**Zhouyu Venture Capital**") entered into a series of investment agreements (the "**2021 Investment Agreements**" together with the 2021 Equity Transfer Agreements, the "**Series A Pre-[REDACTED] Investments**"), pursuant to which Linshuo Investment, Zhixin Investment, Linhe Investment, Linchuang Zhixin, Tianhui Erhao, Orient Securities Innovation, Mr. Huang Jiang, Hubei Xincun, Zhongjin Lanhai and Zhouyu Venture Capital agreed to invest in our Company for a total cash consideration of approximately RMB172.72 million.

(3) Series B Pre-[REDACTED] Investments

On June 8, 2022 (i) Yile Management entered into a series of equity transfer agreements (the "**2022 Yile Management Equity Transfer Agreements**") with each of Shenzhen Dachen Chuangcheng Private Equity Investment Fund Enterprise (Limited Partnership) (深圳市達晨創程私募股權投資基金企業(有限合夥)) ("**Shenzhen Dachen Private Equity**"), Hangzhou Dachen Chuangcheng Equity Investment Fund Partnership (Limited Partnership) (杭州達晨創程股權投資基金合夥企業(有限合夥)) ("**Hangzhou Dachen Private Equity**"), Shenzhen Caizhi Chuangying Private Equity Investment Enterprise (Limited Partnership) (深圳市財智創贏私募股權投資企業(有限合夥)) ("**Caizhi Chuangying**"), Hainan Sanya Dachen Caihui Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (海南三亞達晨財匯私募股權投資基金合夥企業(有限合夥)) ("**Dachen Caihui**", together with Shenzhen Dachen Private Equity, Hangzhou Dachen Private Equity and Caizhi Chuangying, the "**Dachen Entities**"), Hunan Dafeng Private Equity Investment Enterprise (Limited Partnership) (湖南達峰私募股權投資企業(有限合夥)) ("**Dafeng Private Equity**"), Guangdong Zhuyou Rixin Investment Partnership (Limited Partnership) (廣東竹友日新投資合夥企業(有限合夥)) ("**Zhuyou Rixin**") and Nanjing Yihe Equity Investment Partnership (Limited Partnership) (南京熠禾股權投資合夥企業(有限合夥)) ("**Yihe Equity Investment**"), pursuant to which Yile Management shall transfer 2.54% equity interests in our Company to the Dachen Entities, Dafeng Private Equity, Zhuyou Rinxin and Yihe Equity Investment, due to the capital needs of the partners of Yile Management; and (ii) Rayson Management entered into a series of equity transfer agreements (the "**2022 Rayson Management Equity Transfer Agreements**", together with 2022 Yile Management Equity Transfer Agreements, the "**2022 Equity Transfer Agreements**") with each of Yihe Equity Investment, Zhengzhou Qinghe Fan Semiconductor Industry Investment Fund Partnership Enterprise (Limited Partnership) (鄭州清禾泛半導體產業投資基金合夥企業(有限合夥)) ("**Qinghe Fan Semiconductor**"), Pingyang Kunyi Equity Investment Partnership Enterprise (Limited Partnership) (平陽昆毅股權投資合夥企業(有限合夥) ("**Kunyi Equity Investment**") and Shenzhen Blue Point No. 1 Electronic Information Industry Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (深圳藍點一號電子信息產業創業投資合夥企業(有限合夥)) ("**Blue Point Yihao**", together with Kunyi Equity Investment, the "**Huaqiang Entities**"), pursuant to which Rayson Management shall transfer 1.96% equity interests in our Company to Yihe Equity Investment, Qinghe Fan Semiconductor and the Huaqiang Entities, for a total cash consideration of approximately RMB90.05 million, due to the capital needs of the partners of Rayson Management.

From April 2022 to October 2022, Mr. Wen Jianwei, Mr. Wen Jianxiong, Rayson Management, our Company, the Dachen Entities, Dafeng Private Equity, Qinghe Fan Semiconductor, Yihe Equity Investment, Zhuyou Rixin, the Huaqiang Entities, Xiamen Shengxin Zhiyuan Equity Investment Partnership (Limited Partnership) (廈門盛芯致遠股權投資合夥企業(有限合夥)) ("**Xiamen Shengxin**"), Xuzhou Shengxin Semiconductor Industry Investment Fund Partnership Enterprise (Limited Partnership) (徐州盛芯半導體產業投資基金合夥企業(有限合夥)) ("**Xuzhou Shengxin Semiconductor**", together with Xiamen Shengxin, the "**Yikehui Investment Entities**"), Ningbo Zihe Zhiyun Venture Capital Partnership (Limited Partnership) (寧波梓禾智韻創業投資合夥企業(有限合夥)) ("**Zihe Zhiyun**"), Yangzhou Economic and Technological Development Zone Linxin Industry Investment Fund Partnership (Limited Partnership) (揚州經濟技術開發區臨芯產業投資基金合夥企業(有限合夥)) ("**Yangzhou Linxin**", together with Linchuang Zhixin, Linshuo Investment, Zhixin Investment and Linhe Investment, the "**Linxin Entities**"), Hefei Yishan Yihao Venture Capital Partnership (Limited Partnership) (合肥燚山壹號創業投資合夥企業(有限合夥)) ("**Yishan Yihao**") and Shouheng Zhixing (Jinjiang) Equity Investment Partnership Enterprise (Limited Partnership) (守恒致興(晉江)股權投資合夥企業(有限合夥)) ("**Shouheng Zhixing**") entered into a series of investment agreements (the "**2022 Investment Agreements**" together with the 2022 Equity Transfer Agreements, the "**Series B Pre-[REDACTED] Investments**"), pursuant to which the Dachen Entities, Dafeng Private Equity, Qinghe Fan Semiconductor, Yihe Equity Investment, Zhuyou Rixin, the Huaqiang Entities, Yikehui Investment Entities, Zihe Zhiyun, Yangzhou Linxin, Yishan Yihao and Shouheng Zhixing agreed to invest in our Company for a total cash consideration of RMB250.33 million.

(4) Series C Pre-[REDACTED] Investments

On March 21, 2024, (i) Allwinner Technology, Zhongshan Semiconductor Integrated Circuit Industry Investment Fund Partnership Enterprise (Limited Partnership) (中山市半導體集成電路產業投資基金合夥企業(有限合夥)) (formerly known as "Zhongshan Valley Smart Manufacturing Industry Investment Partnership (Limited Partnership) (中山谷都智造產業投資合夥企業(有限合夥)") ("**Zhongshan Semiconductor Investment Fund**") and our Company entered into the equity transfer agreement (the "**March 2024 Equity Transfer Agreement**"), pursuant to which Allwinner Technology transferred its 0.65% equity interests in our Company to Zhongshan Semiconductor Investement Fund at a cash consideration of approximately RMB14.66 million, due to the need to realize its investments for capital needs; and (ii) Mr. Wen Jianwei, Mr. Wen Jianxiong, Rayson Management, our Company, Zhongshan Entrepreneurship Development Master Fund Partnership Enterprise (Limited Partnership) (中山市招商引資發展母基金(有限合夥)) ("**Zhongshan Development Fund**") and Zhongshan Semiconductor Investement Fund (together with Zhongshan Development Fund, the "**Zhongshan Entities**") entered into an investment agreement (the "**March 2024 Investment Agreement**"), pursuant to which the Zhongshan Entities agreed to invest in our Company for a cash consideration of approximately RMB135.34 million.

On July 18, 2024, our predecessor company was converted from a limited liability company to a joint stock limited company under the name of Rayson HI-TECH(SZ) Co., Ltd. (深圳市晶存科技股份有限公司) with the issued share capital of RMB98,254,586.

In December 2024, Mr. Wen Jianwei, Mr. Wen Jianxiong, Rayson Management, our Company, Henan Shangqi Huirong Shangcheng Yihao Industrial Fund Partnership (Limited Partnership) (河南尚頎匯融尚成一號產業基金合夥企業(有限合夥)) ("**Shangcheng Yihao**"), Hangzhou Rongteng Erhao Venture Capital Partnership (Limited Partnership) (杭州容騰二號創業投資合夥企業(有限合夥)) ("**Rongteng Erhao**"), Hefei Xinzhan High Tech Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (合肥新站高新創業投資合夥企業(有限合夥)) ("**Hefei Xinzhan**"), Huzhou Nanxun Xingzheng Technology Intelligent Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (湖州南潯興證科技智能創業投資合夥企業(有限合夥)) ("**Xinzheng Technology Intelligent**"), Fujian Zhuanjing Yihao Venture Capital Partnership Enterprise (Limited Partnership) (福建專精一號創業投資合夥企業(有限合夥)) ("**Zhuanjing Yihao**", together with Xinzheng Technology Intelligent, the "**Xinzheng Entities**") and Anhui Yishan No. 2 Venture Capital Partnership Enterprise (Limited Partnership) (安徽燚山貳號創業投資合夥企業(有限合夥)) ("**Yishan Erhao**", together with Yishan Yihao, the "**Yishan Entities**") entered

into a series of investment agreement (the "**December 2024 Investment Agreements**"), pursuant to which Shangcheng Yihao, Rongteng Erhao, Hefei Xinzhan, the Xinzheng Entities and Yishan Erhao agreed to invest in our Company for a total cash consideration of approximately RMB148.44 million.

In December 2024, due to the need to realize their respective investments for capital needs, (i) Allwinner Technology, Shangcheng Yihao and Rongteng Erhao entered into an equity transfer agreement (the "**December Equity Transfer Agreement I**"), pursuant to which Allwinner Technology shall transfer 153,781 Shares to Shangcheng Yihao and 101,512 Shares to Rongteng Erhao; (ii) Linshuo Investment, Shangcheng Yihao and Yishan Erhao entered into an equity transfer agreement (the "**December Equity Transfer Agreement II**"), pursuant to which Linshuo Investment shall transfer 57,020 Shares to Shangcheng Yihao and 57,882 Shares to Yishan Erhao; and (iii) Linchuang Zhixin, Shangcheng Yihao and Yishan Erhao entered into an equity transfer agreement (the "**December Equity Transfer Agreement III**", together with December Equity Transfer Agreement I and December Equity Transfer Agreement II, the "**December Equity Transfer Agreements**"), pursuant to which Linchuang Zhixin shall transfer 42,980 Shares to Shangcheng Yihao and 43,630 Shares to Yishan Erhao.

Upon the completion of the March 2024 Equity Transfer Agreement, the March 2024 Investment Agreement, the December 2024 Investment Agreements and the December Equity Transfer Agreements (collectively, the "**Series C Pre-[REDACTED] Investments**"), the shareholding structure of our Company was as follows:

Shareholder(s)	Number of shares held	Percentage of shareholding upon completion
		(%) (approximate)
Rayson Management	38,285,753	37.48
ESOP Platforms	17,874,200	17.50
– Rayson Erhao	*10,000,000*	*9.79*
– Jingmiaocun	*7,874,200*	*7.71*
Jingmiaoxin	9,812,400	9.60
Allwinner Technology	3,523,216	3.45
Xinzhicun	2,220,000	2.17
The Linxin Entities	6,077,058	5.95
– Linshuo Investment	*1,972,873*	1.93
– Linchuang Zhixin	*1,487,085*	*1.46*
– Linhe Investment	*1,222,236*	*1.20*
– Zhixin Investment	*524,565*	*0.51*
– Yangzhou Linxin	*870,299*	*0.85*
Zhongjin Lanhai	1,573,704	1.54
Hefei Xinzhan	1,052,354	1.03
Orient Securities Innovation	1,049,130	1.03
Tianhui Erhao	909,765	0.89
Zhouyu Venture Capital	887,800	0.87
Mr. Huang Jiang	524,565	0.51
Hubei Xincun	524,565	0.51
The Dachen Entities	4,367,799	4.28
– Shenzhen Dachen Private Equity	*2,461,086*	*2.41*
– Hangzhou Dachen Private Equity	*1,476,652*	*1.45*
– Caizhi Chuangying	*94,076*	*0.09*
– Dachen Caihui	*335,985*	*0.33*
Dafeng Private Equity	335,985	0.33
Qinghe Fan Semiconductor	1,191,890	1.17
Yihe Equity Investment	397,296	0.39
Zhuyou Rixin	397,296	0.39

Shareholder(s)	Number of shares held	Percentage of shareholding upon completion
		(%) (approximate)
The Huaqiang Entities	1,175,944	1.15
– Kunyi Equity Investment	*503,976*	*0.49*
– Blue Point Yihao	*671,968*	*0.66*
The Yikehui Investment Entities	844,988	0.83
– Xiamen Shengxin	*553,613*	*0.54*
– Xuzhou Shengxin Semiconductor	*291,375*	*0.29*
Zihe Zhiyun	582,750	0.57
The Yishan Entities	1,431,023	1.41
– Yishan Yihao	*874,000*	*0.86*
– Yishan Erhao	*557,023*	*0.55*
Shouheng Zhixing	190,000	0.19
The Zhongshan Entities	4,177,677	4.09
– Zhongshan Semiconductor Investment Fund	*1,546,791*	*1.51*
– Zhongshan Development Fund	*2,630,886*	*2.58*
Shangcheng Yihao	1,392,559	1.36
Zhuanjing Yihao	385,745	0.38
Rongteng Erhao	557,023	0.55
Xinzheng Technology Intelligent	417,515	0.41
Total	**102,160,000**	**100.00**

The following table summarizes the key terms of the Pre-[**REDACTED**] Investments:

No.	Pre-[REDACTED] Investment	Date of equity transfer agreement(s)/investment agreements	Payment date of consideration	Total amount of consideration (approximate)	Post-money valuation (approximate)	Cost per share (approximate)[(1)]	Discount to maximum [REDACTED] (approximate)
				(RMB million)	*(RMB million)*	*(RMB)*	
1	Capital increase in December 2020	December 2020	N/A[(2)]	50.29	170.79	2.41	[**REDACTED**]
2	Series A Pre-[**REDACTED**] Investments	August 2021 to November 2021	August 2021 to November 2021	172.72	1,743.63	19.95	[**REDACTED**]
3	Series B Pre-[**REDACTED**] Investments	April 2022 to October 2022	April 2022 to October 2022	250.33	3,249.90	34.32	[**REDACTED**]
4	Series C Pre-[**REDACTED**] Investments	March 2024 to December 2024	March 2024 to December 2024	283.78	3,883.10	38.01	[**REDACTED**]

(1) Cost per share is calculated across all relevant Pre-[**REDACTED**] Investments within the same series (capital increases only) as consideration for the capital increases divided by total amount of registered share capital or the total number of shares involved in the same series.

(2) No consideration was paid by Jinmiaoxin, Hongtai Investment, Allwinner Technology and Xinzhicun based on the Merger Agreement, pursuant to which Jinmiaoxin, Hongtai Investment, Allwinner Technology and Xinzhicun transferred 94.00% equity interests in Artmem Technology to our Company in exchange for increased registered capital of our Company. See "Pre-[**REDACTED**] investments — Capital increase in December 2020" for further details. The capital increase was completed on January 25, 2021.

Principal terms of the Pre-[REDACTED] Investments

Use of [**REDACTED**] from the Investments:	We utilized the [**REDACTED**] from the Pre-[**REDACTED**] Investments for our principal business, including but not limited to the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, all net [**REDACTED**] from the Pre-[**REDACTED**] Investments had been utilized.
Lock-up period:	Under the applicable PRC laws and regulations, within the 12 months following the [**REDACTED**], no current Shareholders (including the Pre-[**REDACTED**] Investors) may dispose of any of the Shares held by them.
Strategic benefits the Pre-[**REDACTED**] Investors brought to our Company:	At the time of the Pre-[**REDACTED**] Investments, the Directors were of the view that (i) the Company would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors and their market influence, knowledge and experience; and (ii) the Pre-[**REDACTED**] Investments demonstrated the Pre-[**REDACTED**] Investors' confidence in the operation and development of our Group.
Basis of determining the consideration paid:	The basis of determination for the consideration for the Pre-[**REDACTED**] Investments was arm's length negotiations between us and the Pre-[**REDACTED**] Investors after taking into consideration the timing of the investments and the status of our business and operating entities. Accordingly, the Pre-[**REDACTED**] Investors acquired their respective interest in our Company at fair market value at the time each such Pre-[**REDACTED**] Investor made its investment. The fair market value of our Group's equity has increased commensurately with its growth over time.
Special rights of the Pre-[**REDACTED**] Investors:	All of the Pre-[**REDACTED**] Investors had been granted certain special rights, including, among others, redemption rights, repurchase rights, rights of first refusal, co-sale rights, anti-dilution rights, information rights and inspection rights. Pursuant to the termination agreements dated June 30, 2025 and dated September 8, 2025 entered into between, among others, our Company, the Pre-[**REDACTED**] Investors, Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management, (i) our Company's obligations in respect of the repurchase rights had ceased to be effective from June 30, 2025 and shall not be reinstated in any event; (ii) the obligations of Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management in respect of the redemption rights or repurchase rights and any agreement or arrangement in respect of other terms such as liquidation preference which may be deemed as divestment rights under the the Guide for New Listing Applicants had ceased to be effective on the day before the date of the filing of the [**REDACTED**] while our Company was not a party to the above-mentioned special rights, agreement or arrangement granted by Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management; and (iii) all other special rights unconditionally and irrevocably ceased to be effective the day before the [**REDACTED**].

If our Company voluntarily applies to withdraw its [**REDACTED**], our Company's [**REDACTED**] is rejected by the competent regulatory authority(ies) or no re-filing of [**REDACTED**] is made within six months from the date on which the application lapses, the obligations of Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management in respect of the redemption rights or repurchase rights will automatically revert and be deemed never to have been invalid or waived, with retroactive effect.

Our Company confirmed that it has not provided any guarantee for the abovementioned special rights, agreement or arrangement granted by Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management. Accordingly, no financial liability in relation to special rights granted by Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management has been recorded by the Company during the Track Record Period. Further, the Company confirmed that there is no side agreement in this regard.

For additional information regarding the redemption liabilities of the Company in relation to the special rights, see note 25 to the Accountants' Report.

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-[**REDACTED**] Investments was settled more than 28 clear days before the date of our first submission of the [**REDACTED**] to the [**REDACTED**] in relation to the [**REDACTED**], and (ii) no effective special rights of the Pre-[**REDACTED**] Investors will exist after the [**REDACTED**], the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Information about Our Principal Pre-[REDACTED] Investors

Set out below are descriptions of the Pre-[**REDACTED**] Investors who made meaningful investment in our Company, each holding more than 1% of the total capital of the Company immediately prior to the [**REDACTED**], and the relationships among such Pre-[**REDACTED**] Investors. Our principal Pre-[**REDACTED**] Investors include the Linxin Entities, the Dachen Entities, the Zhongshan Entities, Allwinner Technology, Zhongjin Lanhai, the Yishan Entities, Shangcheng Yihao, Qinghe Fan Semiconductor, the Huaqiang Entities, Hefei Xinzhan and Orient Securities Innovation. To the best knowledge of our Directors, each of our Pre-[**REDACTED**] Investors and where applicable, their respective general partner(s), limited partner(s) and ultimate beneficial owner(s) is an Independent Third Party.

1. The Linxin Entities

Linshuo Investment is a limited partnership established under the laws of the PRC and is managed by Shanghai Sunic Capital Management Co., Ltd. (上海臨芯投資管理有限公司) ("**Shanghai Sunic**") as its general partner. As of the Latest Practicable Date, it had five limited partners and was owned as to 75.11% by Orient Securities Innovation as its largest limited partner.

Linchuang Zhixin is a limited partnership established under the laws of the PRC and is managed by Shanghai Sunic as its general partner. As of the Latest Practicable Date, it had 16 limited partners with each of Wuxi Taihu Lake Equity Investment Fund (Limited Partnership) (無錫太湖股權投資基金(有限合夥)) and AllWinner Technology holding 10.17% partnership interests as the largest limited partners. None of the other limited partners of Linchuang Zhixin held more than 10% partnership interests in Linchuang Zhixin.

Linhe Investment is a limited partnership established under the laws of the PRC and is managed by Shanghai Sunic as its general partner. As of the Latest Practicable Date, it had four limited partners with each of Mr. Wang Shouwen (王壽文) and Central China Trust Co., Ltd. (中原信託有限公司) ("**Central China Trust**") holding 39.84% partnership interest therein as the largest limited partners. Central China Trust was held as to approximately 67.17% by Henan Investment Group Co., Ltd. (河南投資集團有限公司) which was ultimately held by Henan Provincial Department of Finance (河南省財政廳) which is a PRC Governmental Body and none of the other two shareholders of Central China Trust held more than 30% equity interests in Central China Trust.

Yangzhou Linxin is a limited partnership established under the laws of the PRC and is managed by Shanghai Sunic as its general partner. As of the Latest Practicable Date, it had 16 limited partners with each of Yangzhou Economic Development Fund For Emerging Industries (Limited Partnership) (揚州經開新興產業發展基金(有限合夥)) and Shanghai Jianfa Zaoqiang Investment Management Partnership Enterprise (Limited Partnership) (上海建發造強投資管理合夥企業(有限合夥)) holding 18.24% partnership interests therein as the largest limited partners. None of the other limited partners of Yangzhou Linxin held more than 10% partnership interests therein.

Zhixin Investment is a limited liability partnership established under the laws of the PRC and is managed by Shanghai Sunic as its general partner. As of the Latest Practicable Date, it had four limited partners and was owned as to 35% by Hengqin New Area Industrial Investment Fund Partnership Enterprise (Limited Partnership) (橫琴新區產業投資基金合夥企業(有限合夥)), which was owned as to approximately 99.82% by Zhuhai Geli Group Co., Ltd. (珠海格力集團有限公司) which was in turn owned by Zhuhai Bay Area Capital Investment and Operation Co., Ltd. (珠海市灣區資本投資運營有限公司)(which is wholly owned by Zhuhai Municipal People's Government State-owned Assets Supervision and Administration Commission (珠海市人民政府國有資產監督管理委員會)) and Department of Finance of Guangdong Province (廣東省財政廳), both being PRC Governmental Bodies, 24% by Zhuhai Science and Technology Venture Angel Venture Capital Fund Partnership (Limited Partner) (珠海市科技創業天使風險投資基金合夥企業(有限合夥)), 20% by Allwinner Technology and 20% by Zhuhai Hi-Tech Financial Investment Industrial Equity Investment Co., Ltd. (珠海高科金投產業股權投資有限公司).

Shanghai Sunic was owned as to approximately 31.82% by Mr. Li Yajun (李亞軍) and 50% by Shanghai Qingyuntu Investment Partnership (Limited Partnership)(上海清雲圖投資合夥企業(有限合夥)) which was owned as to approximately 31.28% by Mr. Li Yajun.

2. The Dachen Entities

Shenzhen Dachen Private Equity is a limited partnership established under the laws of the PRC and is managed by Shenzhen Fortune Caizhi Venture Capital Management Co., Ltd. (深圳市達晨財智創業投資管理有限公司) ("**Shenzhen Dachen**") as its general partner. As of the Latest Practicable Date, it had 31 limited partners with Taibao Changhang Equity Investment Fund (Wuhan) Partnership (Limited Partnership) (太保長航股權投資基金(武漢)合夥企業(有限合夥)) holding 10.12% partnership interests therein as the largest limited partner. None of the other limited partners of Shenzhen Dachen Private Equity held more than 10% partnership interests in Shenzhen Dachen Private Equity.

Hangzhou Dachen Private Equity is a limited partnership established under the laws of the PRC and is managed by Shenzhen Dachen as its general partner. As of the Latest Practicable Date, it had 28 limited partners and none of them held more than 10% partnership interests therein.

Dachen Caihui is a limited partnership established under the laws of the PRC and is managed by Hainan Sanya Dachen Investment Co., Ltd. (海南三亞達晨投資有限公司) ("**Hainan Dachen**") as its general partner. As of the Latest Practicable Date, it was owned as to 98.30% by Hainan

Dachen with the remaining partnership interests owned by two limited partners. Hainan Dachen was wholly owned by Shenzhen Dachen Venture Capital Co., Ltd. (深圳市達晨創業投資有限公司) which was in turn wholly owned by Hunan Broadcasting & Television Media Co., Ltd. (湖南電廣傳媒股份有限公司).

Caizhi Chuangying is a limited partnership established under the laws of the PRC and is managed by Shenzhen Dachen as its general partner. As of the Latest Practicable Date, it had 30 limited partners and none of them held more than 10% partnership interests therein.

3. The Zhongshan Entities

Zhongshan Development Fund is a limited partnership established under the laws of the PRC and is managed by Zhongshan Venture Capital Co., Ltd. (中山創業投資有限公司) ("**Zhongshan Venture Capital**") as its general partner. As of the Latest Practicable Date, it had two limited partners and was owned as to 50% by Zhongshan Investment Holding Group Co., Ltd. (中山投資控股集團有限公司) ("**Zhongshan Investment Holding**") and 49.90% by Zhongshan High Quality Development Master Fund Co., Ltd. (中山市高質量發展母基金有限公司) ("**Zhongshan High Quality Development**"). Zhongshan Investment Holding was owned as to approximately 92.67% by Zhongshan Municipal People's Government State-owned Assets Supervision and Administration Commission (中山市人民政府國有資產監督管理委員會) and approximately 7.33% by Department of Finance of Guangdong Province (廣東省財政廳), both being PRC Governmental Bodies. Zhongshan High Quality Development was wholly owned by Zhongshan Financial Investment Holdings Co., Ltd. (中山金融投資控股有限公司) which was in turn wholly owned by Zhongshan Investment Holdings Group Co., Ltd. (中山投資控股集團有限公司), which are owned by PRC Governmental Bodies.

Zhongshan Semiconductor Investment Fund is a limited partnership established under the laws of the PRC and is managed by Zhongshan Venture Capital as its general partner. As of the Latest Practicable Date, it had two limited partners and is owned as to 50% by Zhongshan Jiahede Group Co., Ltd. (中山市嘉和德集團有限公司) (now known as Zhongshan Sanxiang Town Innovation Investment Group Co., Ltd. (中山市三鄉鎮創新投資集團有限公司 Zhongshan Sanxiang Town Innovation Investment Group Co., Ltd.) ("**Zhongshan Sanxiang**") and 49.67% by Zhongshan Industrial Investment Master Fund (Limited Partnership) (中山市產業投資母基金(有限合夥)) ("**Zhongshan Industrial Fund**"). Zhongshan Sanxiang was wholly owned by Zhongshan Sanxiang External Processing and Assembly Service Company (中山市三鄉對外加工裝配服務公司), which was in turn wholly owned by Zhongshan Sanxiang Town Investment Promotion and Public Assets Affairs Center (中山市三鄉鎮投資促進和公有資產事務中心), which is a PRC Governmental Body. Zhongshan Industrial Fund was owned as to approximately 66.67% by Zhongshan Investment Holding and approximately 33.30% by Zhongshan High Quality Development.

4. Allwinner Technology

Allwinner Technology is a joint-stock company incorporated under the laws of the PRC, whose shares are listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock code 300458.SZ.

5. Zhongjin Lanhai

Zhongjin Lanhai, a limited liability company established under the laws of the PRC, was owned as to 50% by each of Mr. Li Xiaoyong (李小勇) and Mr. Guang Weize (管衛澤) as of the Latest Practicable Date.

6. The Yishan Entities

Yishan Yihao is a limited partnership established under the laws of the PRC and is managed by Anhui Yishan Private Equity Fund Management Co., Ltd. (安徽燄山私募基金管理有限公司) ("**Anhui Yishan**") as its general partner. As of the Latest Practicable Date, it had five limited partner with each of Mr. Luo Zhiqiang (羅志強) and Qingdao Huiwang Investment Partnership Enterprise (Limited Partnership) (青島輝旺投資合夥企業(有限合夥)) ("**Qingdao Huiwang**") holding 31.75% partnership interests therein as the largest limited partners. Qingdao Huiwang was owned as to 99.00% by Beijing Zhongrong Yingtong Investment Management Co., Ltd. (北京中融盈通投資管理有限公司), which was in turn wholly owned by Beijing Zhongrong Fenghe Investment Co., Ltd. (北京中融豐和投資有限公司) ("**Beijing Zhongrong**"). Beijing Zhongrong was owned as to approximately 99.01% by Mr. Fan Hong (樊洪).

Yishan Erhao is a limited partnership established under the laws of the PRC and is managed by Anhui Yishan as its general partner. As of the Latest Practicable Date, it had three limited partners with Mr. Tao Yuequn (陶悅群) holding 85% partnership interests therein as the largest limited partner and none of the other limited partner held more than 10% partnership interests therein.

7. Shangcheng Yihao

Shangcheng Yihao is a limited partnership established under the laws of the PRC and is managed by its general partner, Shangqi Capital (上海尚頎投資管理合夥企業(有限合夥)). As of the Latest Practicable Date, it had 17 limited partners and was owned as to 31.57% by Shanghai Automotive Group Industrial Investment Holding Co., Ltd. 上海汽車集團產業投資控股有限公司 (formerly known as "Shanghai Automotive Group Financial Control Management Co., Ltd. (上海汽車集團金控管理有限公司)") as its largest limited partner, which was wholly owned by SAIC Motor Corporation Limited (上海汽車集團股份有限公司), a company listed on the Shanghai Stock Exchange with stock code: 600104.SH and 14.24% by Henan Strategic Emerging Industry Investment Co., Ltd. (河南省戰略新興產業投資基金有限公司). None of the other limited partner held more than 10% partnership interests in Shangcheng Yihao.

8. Qinghe Fan Semiconductor

Qinghe Fan Semiconductor is a limited partnership established under the laws of the PRC and is managed by its general partner, Qinghe Private Equity Fund Management (Zhuhai) Co., Ltd. (清禾私募基金管理(珠海)有限公司). As of the Latest Practicable Date, it had four limited partners and was owned as to 69.49% by Zhengzhou Airport Xinggang Industrial Development Fund (Limited Partnership) (鄭州航空港興港產業發展基金(有限合夥)) ("**Zhengzhou Airport Xinggang**") as its largest limited partner and 20% by Zhuhai Gree Financial Investment Management Co., Ltd. (珠海格力金融投資管理有限公司). Zhengzhou Airport Xinggang was owned as to approximately 54.00% by Henan Airport Investment Group Co., Ltd. (河南航空港投資集團有限公司), which was in turn owned as to 47.00% by Henan Provincial Department of Finance (河南省財政廳) and approximately 31.66% by Zhengzhou Airport Economic Comprehensive Experimental Zone Management Committee (鄭州航空港經濟綜合實驗區管理委員會), both being PRC Governmental Bodies; and as to approximately 40% by Zhengzhou Guochuang Industrial Investment Co., Ltd. (鄭州國創產業投資有限公司) ("**Zhengzhou Guochuang**"), as its two largest limited partners. Zhengzhou Guochuang was owned as to 69.32% by Zhengzhou Industrial Investment Group Co., Ltd. 鄭州產業投資集團有限公司 (formerly known as "Zhengzhou Development Investment Group Co., Ltd. (鄭州發展投資集團有限公司)") which was in turn wholly owned by Finance Bureau of Zhengzhou (鄭州市財政局). None of the other shareholders of Zhengzhou Guochuang held more than 30% equity interests in Zhengzhou Guocheng.

9. The Huaqiang Entities

Blue Point Yihao is a limited partnership established under the laws of the PRC and is managed by Huaqiang Venture Capital Co., Ltd. (華強創業投資有限責任公司) ("**Huaqiang Venture Capital**") as its general partner. As of the Latest Practicable Date, it had three limited partners and was owned as to 44% by Shenzhen Huaqiang Investment Holdings Co., Ltd. (深圳華強投資控股有限公司) (formerly known as Shenzhen Qianhai Huaqiang Financial Holdings Co., Ltd. (深圳前海華強金融控股有限公司)), 35% by Mr. Zhang Jiaxuan (張佳軒) and 20% by Mr. Zeng Xianghong (曾向鴻).

Kunyi Equity Investment is a limited partnership established under the laws of the PRC and is managed by Huaqiang Venture Capital. As of the Latest Practicable Date, it had three limited partners and was owned as to 59% by Shenzhen Huaqiang Investment Holdings Co., Ltd. (深圳華強投資控股有限公司) (formerly known as Shenzhen Qianhai Huaqiang Financial Holdings Co., Ltd. (深圳前海華強金融控股有限公司)) and 39% by Mr. Li Zhongliang (李忠良).

10. Hefei Xinzhan

Hefei Xinzhan is a limited partnership established under the laws of the PRC and is managed by its private equity fund manager, Hefei Jiantou Capital Management Co., Ltd. (合肥建投資本管理有限公司). As of the Latest Practicable Date, it had two limited partners and was owned as to 79.90% by Hefei City Construction Investment holding (Group) Co., Ltd. (合肥市建設投資控股(集團)有限公司) which was wholly owned by Hefei People's Government State-owned Assets Supervision and Administration Commission (合肥市人民政府國有資產監督管理委員會), a PRC Governmental Body and 19.90% by Hefei Xinzhan Science and Technology Industry Development Group Co., Ltd. 合肥新站科技產業發展集團有限公司 (formerly known as "Hefei Xincheng Holding Group Co., Ltd. (合肥鑫城控股集團有限公司)").

11. Orient Securities Innovation

Orient Securities Innovation, a limited liability company established under the laws of the PRC, was wholly owned by Orient Securities Company Limited (東方證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600958) and the Stock Exchange (stock code: 3958), as of the Latest Practicable Date.

[**REDACTED**] AND [**REDACTED**]

Immediately upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), our Company will have [**REDACTED**] H Shares, among which:

(i) among the [**REDACTED**] H Shares,

  (a) [**REDACTED**] H Shares to be converted from Unlisted Shares pursuant to the Full Circulation Application of our Company and [**REDACTED**] on the [**REDACTED**] (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] assuming that the [**REDACTED**] are not exercised) will not be counted towards the [**REDACTED**] for the purpose of Rule 19A.13A(1) of the Listing Rules after the [**REDACTED**] as such Shares are being held by Rayson Management, the ESOP Platforms, Jingmiaoxin and Xinzhicun, which are core connected persons of our Company;

  (b) [**REDACTED**] H Shares to be converted from Unlisted Shares pursuant to the Full Circulation Application of our Company and [**REDACTED**] on the [**REDACTED**] (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] assuming that the [**REDACTED**] are not exercised), will be counted towards the [**REDACTED**] for the purpose of Rule 19A.13A(1) of

the Listing Rules after the [**REDACTED**] as these Shares are not held by persons who are core connected persons of our Company upon [**REDACTED**] nor are they accustomed to take instructions from our Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by our Company's core connected persons; and

(c) [**REDACTED**] H Shares to be [**REDACTED**] under the [**REDACTED**] (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**]) will be counted towards the [**REDACTED**] for the purpose of Rule 19A.13A(1) of the Listing Rules after the [**REDACTED**], assuming that (i) the [**REDACTED**] are not exercised and (ii) none of the following persons will take part in the [**REDACTED**] our Company's core connected persons, any persons who are accustomed to take instructions from our Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares, and any person whose acquisition of Shares were financed directly or indirectly by our Company's core connected persons.

Pursuant to Rule 19A.13A(1) of the Listing Rules, assuming that the [**REDACTED**] is not exercised, based on an [**REDACTED**] of HK$[**REDACTED**] (being the low-end of the [**REDACTED**]), HK$[**REDACTED**] (being the mid-point of the [**REDACTED**]) and HK$[**REDACTED**] per [**REDACTED**] (being the high-end of the [**REDACTED**]), our expected [**REDACTED**] upon the [**REDACTED**] is HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**], respectively, and the minimum prescribed [**REDACTED**] percentage applicable to our Shares under all these circumstances is [**REDACTED**]%. The [**REDACTED**] H Shares held by Rayson Management, the ESOP Platforms, Jingmiaoxin and Xinzhicun, representing approximately [**REDACTED**]% of our total issued Shares upon the completion of the [**REDACTED**] assuming that the [**REDACTED**] is not exercised, will not be counted towards [**REDACTED**] as they are core connected persons of our Company.

To the best knowledge of our Directors, save as disclosed above, none of the other Shareholders (including the Pre-[**REDACTED**] Investors) (i) is a core connected person of our Company, (ii) has been financed directly or indirectly by a core connected person of our Company for the acquisition of Shares, or (iii) is accustomed to take instructions from a core connected person of our Company in relation to the acquisition, disposal, voting or other disposition of Shares registered in its name or otherwise held by it. Consequently, approximately [**REDACTED**]% of our total issued Shares upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) will be counted towards [**REDACTED**], which is in compliance with the requirement under Rule 19A.13A(1) of the Listing Rules.

The Company has proposed to adopt [**REDACTED**] set out under paragraph 2 of Chapter 4.14 of the Guide for New Listing Applicants. On the basis that there are no [**REDACTED**], [**REDACTED**]% of the [**REDACTED**] will be allocated to the [**REDACTED**] and [**REDACTED**]% of the [**REDACTED**] will be allocated to the [**REDACTED**]. Accordingly, [**REDACTED**] H Shares, which are to be newly [**REDACTED**] under the [**REDACTED**] (representing [**REDACTED**]% of our total issued Shares immediately upon [**REDACTED**] assuming the [**REDACTED**] is not exercised) and having an expected market value of approximately HK$[**REDACTED**] based on the low-end of the indicative [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], will count towards the [**REDACTED**] of our Company for the purpose of Rule 19A.13C of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the date of this document and the [**REDACTED**] (assuming the [**REDACTED**] are not exercised):

Shareholder(s)	Total number of Shares as of the Latest Practicable Date	Number of Unlisted Shares immediately after completion of the conversion of the Unlisted Shares into H Shares and the [REDACTED]	Number of H Shares immediately after completion of the [REDACTED]	Total number of Shares immediately after completion of the [REDACTED]	Ownership Percentage as of the Latest Practicable Date	Ownership percentage immediately after completion of the [REDACTED] based on the total number of issued H Shares and total number of Shares[1]
					(%)	*(%)*
Rayson Management	38,285,753	[REDACTED]	[REDACTED]	[REDACTED]	37.48%	[REDACTED]
ESOP Platforms	**17,874,200**	[REDACTED]	[REDACTED]	[REDACTED]	**17.50%**	[REDACTED]
– Rayson Erhao	*10,000,000*	[REDACTED]	[REDACTED]	[REDACTED]	*9.79%*	[REDACTED]
– Jingmiaocun	*7,874,200*	[REDACTED]	[REDACTED]	[REDACTED]	*7.71%*	[REDACTED]
Jingmiaoxin	9,812,400	[REDACTED]	[REDACTED]	[REDACTED]	9.60%	[REDACTED]
The Linxin Entities	**6,077,058**	[REDACTED]	[REDACTED]	[REDACTED]	**5.95%**	[REDACTED]
– Linshuo Investment	*1,972,873*	[REDACTED]	[REDACTED]	[REDACTED]	*1.93%*	[REDACTED]
– Linchuang Zhixin	*1,487,085*	[REDACTED]	[REDACTED]	[REDACTED]	*1.46%*	[REDACTED]
– Linhe Investment	*1,222,236*	[REDACTED]	[REDACTED]	[REDACTED]	*1.20%*	[REDACTED]
– Yangzhou Linxin	*870,299*	[REDACTED]	[REDACTED]	[REDACTED]	*0.85%*	[REDACTED]
– Zhixin Investment	*524,565*	[REDACTED]	[REDACTED]	[REDACTED]	*0.51%*	[REDACTED]
The Dachen Entities	**4,367,799**	[REDACTED]	[REDACTED]	[REDACTED]	**4.28%**	[REDACTED]
– Shenzhen Dachen Private Equity	*2,461,086*	[REDACTED]	[REDACTED]	[REDACTED]	*2.41%*	[REDACTED]
– Hangzhou Dachen Private Equity	*1,476,652*	[REDACTED]	[REDACTED]	[REDACTED]	*1.45%*	[REDACTED]
– Dachen Caihui	*335,985*	[REDACTED]	[REDACTED]	[REDACTED]	*0.33%*	[REDACTED]
– Caizhi Chuangying	*94,076*	[REDACTED]	[REDACTED]	[REDACTED]	*0.09%*	[REDACTED]
The Zhongshan Entities	**4,177,677**	[REDACTED]	[REDACTED]	[REDACTED]	**4.09%**	[REDACTED]
– Zhongshan Development Fund	*2,630,886*	[REDACTED]	[REDACTED]	[REDACTED]	*2.58%*	[REDACTED]
– Zhongshan Semiconductor Investment Fund	*1,546,791*	[REDACTED]	[REDACTED]	[REDACTED]	*1.51%*	[REDACTED]
Allwinner Technology	3,523,216	[REDACTED]	[REDACTED]	[REDACTED]	3.45%	[REDACTED]
Xinzhicun	2,220,000	[REDACTED]	[REDACTED]	[REDACTED]	2.17%	[REDACTED]
Zhongjin Lanhai	1,573,704	[REDACTED]	[REDACTED]	[REDACTED]	1.54%	[REDACTED]
The Yishan Entities	**1,431,023**	[REDACTED]	[REDACTED]	[REDACTED]	**1.40%**	[REDACTED]
– Yishan Yihao	*874,000*	[REDACTED]	[REDACTED]	[REDACTED]	*0.86%*	[REDACTED]
– Yishan Erhao	*557,023*	[REDACTED]	[REDACTED]	[REDACTED]	*0.55%*	[REDACTED]
Shangcheng Yihao	1,392,559	[REDACTED]	[REDACTED]	[REDACTED]	1.36%	[REDACTED]
Qinghe Fan Semiconductor	1,191,890	[REDACTED]	[REDACTED]	[REDACTED]	1.17%	[REDACTED]
The Huaqiang Entities	**1,175,944**	[REDACTED]	[REDACTED]	[REDACTED]	**1.15%**	[REDACTED]
– Blue Point Yihao	*671,968*	[REDACTED]	[REDACTED]	[REDACTED]	*0.66%*	[REDACTED]
– Kunyi Equity Investment	*503,976*	[REDACTED]	[REDACTED]	[REDACTED]	*0.49%*	[REDACTED]

Shareholder(s)	Total number of Shares as of the Latest Practicable Date	Number of Unlisted Shares immediately after completion of the conversion of the Unlisted Shares into H Shares and the [REDACTED]	Number of H Shares immediately after completion of the [REDACTED]	Total number of Shares immediately after completion of the [REDACTED]	Ownership Percentage as of the Latest Practicable Date	Ownership percentage immediately after completion of the [REDACTED] based on the total number of issued H Shares and total number of Shares[1]
					(%)	*(%)*
Hefei Xinzhan	1,052,354	[REDACTED]	[REDACTED]	[REDACTED]	1.03%	[REDACTED]
Orient Securities Innovation	1,049,130	[REDACTED]	[REDACTED]	[REDACTED]	1.03%	[REDACTED]
Tianhui Erhao	909,765	[REDACTED]	[REDACTED]	[REDACTED]	0.89%	[REDACTED]
Zhouyu Venture Capital	887,800	[REDACTED]	[REDACTED]	[REDACTED]	0.87%	[REDACTED]
The Yikehui Investment Entities	**844,988**	[REDACTED]	[REDACTED]	[REDACTED]	**0.83%**	[REDACTED]
– Xiamen Shengxin	*553,613*	[REDACTED]	[REDACTED]	[REDACTED]	*0.54%*	[REDACTED]
– Xuzhou Shengxin Semiconductor	*291,375*	[REDACTED]	[REDACTED]	[REDACTED]	*0.29%*	[REDACTED]
Zihe Zhiyun	582,750	[REDACTED]	[REDACTED]	[REDACTED]	0.57%	[REDACTED]
Rongteng Erhao	557,023	[REDACTED]	[REDACTED]	[REDACTED]	0.55%	[REDACTED]
Mr. Huang Jiang	524,565	[REDACTED]	[REDACTED]	[REDACTED]	0.51%	[REDACTED]
Hubei Xincun	524,565	[REDACTED]	[REDACTED]	[REDACTED]	0.51%	[REDACTED]
Xinzheng Technology Intelligent	417,515	[REDACTED]	[REDACTED]	[REDACTED]	0.41%	[REDACTED]
Yihe Equity Investment	397,296	[REDACTED]	[REDACTED]	[REDACTED]	0.39%	[REDACTED]
Zhuyou Rixin	397,296	[REDACTED]	[REDACTED]	[REDACTED]	0.39%	[REDACTED]
Zhuanjing Yihao	385,745	[REDACTED]	[REDACTED]	[REDACTED]	0.38%	[REDACTED]
Dafeng Private Equity	335,985	[REDACTED]	[REDACTED]	[REDACTED]	0.33%	[REDACTED]
Shouheng Zhixing	190,000	[REDACTED]	[REDACTED]	[REDACTED]	0.19%	[REDACTED]
Total	**102,160,000**	[REDACTED]	[REDACTED]	[REDACTED]	**[100.00]**	[REDACTED]

Notes:

(1) The calculation is based on the assumption that immediately following the completion of the [**REDACTED**], there will be a total number of [**REDACTED**] H Shares (including [**REDACTED**] H Shares converted from Unlisted Shares without taking into consideration the exercise of [**REDACTED**]) in issue and the total number of [**REDACTED**] Shares in issue.

(2) The percentages may not add up to 100% due to rounding.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that we have legally and properly completed, settled, and obtained the requisite legal approvals and completed requisite governmental registrations with relevant governmental authorities in the PRC with respect to all the aforesaid capital increases and equity transfers.

PREVIOUS A SHARE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering on the Shenzhen Stock Exchange in the PRC (the "**A Share Listing Attempt**"). In December 2024, our Company had engaged China Merchants Securities Co., Ltd. as tutoring agency (the "**Tutoring Agency**") to provide tutoring and preliminary compliance advice in regards to the requirements of the CSRC. The engagement of the Tutoring Agency had been terminated in September 2025. Our Directors confirm that the tutoring reports filings did not contain any material information identified by the Tutoring Agency which has to be brought to the attention of the Stock Exchange and potential investors, the Shenzhen Stock Exchange and the Shenzhen office of the CSRC did not raise any comments in respect of the tutoring reports and the A Share Listing Attempt, and there were no disputes or disagreements between our Company and the Tutoring Agency and other professional parties involved in the A Share Listing Attempt. As confirmed by the PRC Legal Adviser, the submission of the tutoring reports did not constitute a formal listing application and no formal listing application had been made to any stock exchange in the PRC.

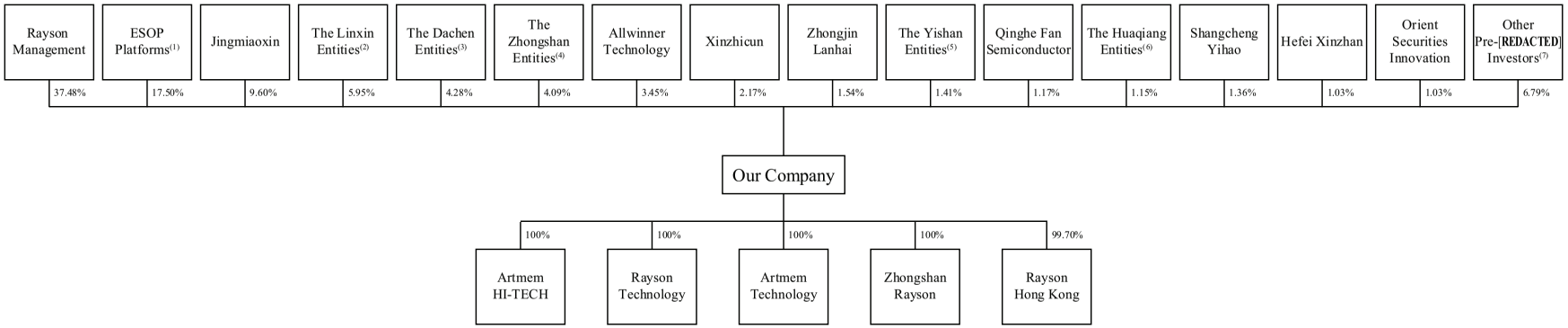
Having considered that (i) the Stock Exchange, as a leading player of the international financial markets, could offer us direct access to tap in the international [**REDACTED**] and broaden our [**REDACTED**]; and (ii) the [**REDACTED**] will further raise our corporate governance, brand awareness and business profile, our Directors decided to apply for a [**REDACTED**] on the Stock Exchange. Our Directors confirm that the Company has no dispute or disagreement with the Tutoring Agency, and they are not aware of any other matters that need to be brought to the attention of the Stock Exchange and potential [**REDACTED**].

Based on the due diligence work conducted by the Joint Sponsors including, among others, (i) conducting interviews with Mr. Wen Jianwei, our executive Director, chairman of the Board and general manager, and the professional parties engaged in connection with the A Share Listing Attempt, (ii) reviewing the engagement letters and termination letters of the professional parties engaged in connection with the A Share Listing Attempt, and (iii) discussing with the PRC legal advisers as to Joint Sponsors to understand the applicable PRC rules and regulations in relation to the A Share Listing Attempt and the termination procedure of the professional parties, the Joint Sponsors are not aware of any dispute or disagreement between the Company and the Tutoring Agency, and nothing in relation to the A Share Listing Attempt should be brought to the attention of the Stock Exchange and potential [**REDACTED**].

CORPORATE STRUCTURE

(1) Corporate Structure Immediately Before Completion of the [**REDACTED**]

The chart below sets out the shareholding structure of our Company immediately before the completion of the [**REDACTED**]:



Notes:

(1) As of the Latest Practicable Date, Rayson Erhao and Jingmiaocun held 9.79% and 7.71% of the total issued shares of our Company, respectively.

(2) As of the Latest Practicable Date, Linshuo Investment, Linchuang Zhixin, Linhe Investment, Zhixin Investment and Yangzhou Linxin held 1.93%, 1.46%, 1.20%, 0.51% and 0.85% of the total issued shares of our Company, respectively.

(3) As of the Latest Practicable Date, Shenzhen Dachen Private Equity, Hangzhou Dachen Private Equity, Caizhi Chuangying and Dachen Caihui held 2.41%, 1.45%, 0.09% and 0.33% of the total issued shares of our Company, respectively.

(4) As of the Latest Practicable Date, Zhongshan Semiconductor Investment Fund and Zhongshan Development Fund held 1.51% and 2.58% of the total issued shares of our Company, respectively.

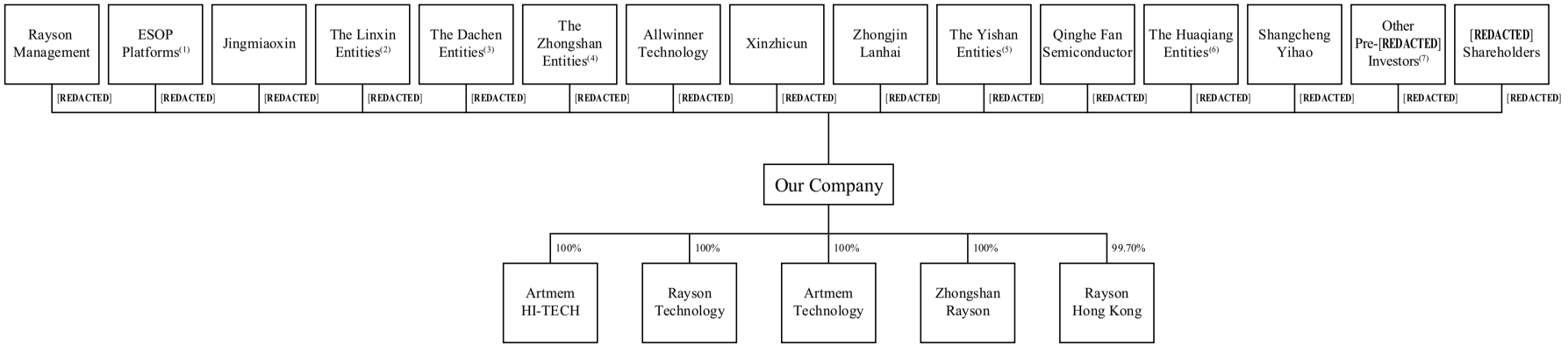
(5) As of the Latest Practicable Date, Yishan Yihao and Yishan Erhao held 0.86% and 0.55% of the total issued shares of our Company, respectively.

(6) As of the Latest Practicable Date, Kunyi Equity Investment and Blue Point Yihao held 0.49% and 0.66% of the total issued shares of our Company, respectively.

(7) This includes all our other Pre-[**REDACTED**] Investors. For additional information, see "Pre-[**REDACTED**] Investments" in this section.

(2) Corporate Structure Immediately Following Completion of the [**REDACTED**]

The chart below sets out the shareholding structure of our Company immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] are not exercised):



Note (1) to (7): See the details contained in the preceding page.

OVERVIEW

We are one of the leading independent embedded memory product enterprises in Chinese Mainland. According to Frost & Sullivan, we ranked sixth in terms of revenue in 2025 among all independent memory product enterprises in the global embedded memory market, and fourth in terms of revenue in the Chinese Mainland embedded memory market. We primarily engaged in the R&D, testing and sales of embedded memory products and other memory products. We procure memory wafers and memory dies from integrated device manufacturers (IDMs). Leveraging our R&D capabilities in flash memory controller chip design, product-level design, R&D testing capabilities, and firmware development, together with our process capabilities, i.e., product-level packaging design and testing, we develop and provide embedded memory products with specifications and features designed to meet the requirements of their intended applications. Our embedded memory portfolio includes DRAM products, NAND Flash products and MCP embedded memory products. Our other products mainly comprise SSDs and DIMMs. We also provide certain customers with testing services for products provided by other third parties.

Our core technology team has dedicated approximately two decades to the embedded memory industry, establishing our RAYSON® and ARTMEM® brands with strong customer recognition. Our products serve a diverse range of end applications, including consumer electronics such as smartphones, laptops, tablets, educational devices, smart home systems, wearables, and intelligent robots, as well as industrial applications and intelligent cockpit systems. They provide these end devices with high-performance, reliable, and durable data access capabilities. In response to the transformative shift driven by AI, we empower the AI-driven evolution of end devices with our memory application technologies, delivering competitive memory solutions for next-generation products such as AI-enabled smartphones, AI-enabled PCs, robotics, and AI-enabled wearables.

We focus on the research and innovation of memory application technologies and have successfully developed core technology capabilities. Leveraging our leading innovation capabilities, a secure and resilient supply chain ecosystem, a production management system, and agile customer service, we continue to maintain a leading position in the industry.

Our revenue increased by 54.6% from RMB2.4 billion in 2023 to RMB3.7 billion in 2024, and further increased by 59.4% to RMB5.9 billion in 2025. Our net profit amounted to RMB37.0 million, RMB88.9 million and RMB879.9 million in 2023, 2024 and 2025, respectively. Our revenue increased by 483.2% from RMB2.1 billion for the six months ended June 30, 2025 to RMB12.0 billion in the six months ended June 30, 2026, respectively. Our net profit further increased from RMB114.8 million in the six months ended June 30, 2025 to RMB4,032.3 million in the six months ended June 30, 2026.

OUR COMPETITIVE STRENGTH

We possess strong capabilities to provide differentiated memory products through application-specific design

According to Frost & Sullivan, compared with original equipment manufacturers that possess wafer fabrication capabilities, independent memory product enterprises like us hold distinct advantages by being "closer to applications, closer to customers, and closer to specific use cases", with a focus on addressing the needs of niche markets and in particular, we are able to meet customers' specific requirements in addition to their general needs.

We are able to provide customers with differentiated products. This includes optimization for specific application scenarios, such as emerging IoT devices, edge computing, industrial control, and intelligent driving offering a broader range of capacities, specialized packaging options, and faster responsiveness for flexible, multi-product orders. Accordingly, we can accommodate both diverse application requirements and customer-specific needs through our flexible product design capabilities. In addition, we possess deep understanding of niche markets and a strong ability to

respond quickly to customer needs. By maintaining close engagement with customers and leveraging our capabilities in R&D, design, and production, we deliver tailored products efficiently, while integrating and utilizing upstream and downstream supply chain resources to ensure timely and effective delivery.

By leveraging the intrinsic potential of memory chips, we are able to deliver differentiated products that meet the specific needs of customers, while also enhancing system stability, efficiency, and cost-effectiveness in a wide range of end-use scenarios. In addition, we offer a comprehensive and differentiated suite of advanced packaging design and simulation capabilities that enable cost-optimized, high-reliability, and solutions for customers' specific requirements for form factor, performance, and power efficiency. These capabilities allow us to adapt packaging designs and product configurations to specific application requirements, rather than relying solely on standard packaging solutions. In terms of customer management and support, we provide code-level technical support, standardized packaging and testing with quality control, individual chip trace ability, and a dedicated technical support team to ensure rapid response, stable system operation, and consistent, reliable delivery.

In addition, we have been actively seizing market opportunities to develop on-device AI solutions. Building on our existing products and technological strengths, we tailor products and solutions to meet the evolving memory needs of on-device AI, ranging from the chip level to the algorithm level, for intelligent terminals equipped with on-device AI. To further enhance our on-device AI solutions, we have also expanded our SSD and DIMMs products, some of which have been integrated into the AI ecosystems of leading global manufacturers during the Track Record Period.

Our differentiated capabilities are reflected in our market position. According to Frost & Sullivan, in terms of the shipment volume in 2025, we ranked first among global independent memory product enterprises in the embedded memory market; ranked first among global independent LPDDR product enterprises; ranked first among independent memory product enterprises offering memory products with self-developed embedded controller chips based in Chinese Mainland.

We possess differentiated technology capabilities across five key technology areas in embedded memory product development

Through independent research and innovation, we have developed comprehensive R&D capabilities encompassing core technologies. In particular, we possess differentiated capabilities across five key technology areas: flash memory controller chip design technology, memory die analysis technology, product design and advanced packaging design technology, firmware technology and high-efficiency testing capabilities. These technologies cover key stages of embedded memory product development, including controller design, die analysis, product and packaging design, firmware development and testing.

- We possess flash memory controller chip design expertise, which enables us to deeply understand the relationship between product requirements and design execution, thereby significantly enhancing the performance, reliability, and overall competitiveness of our embedded memory solutions. Our in-house capabilities across both digital and analog circuit design support the development and verification of controller chips throughout the design process.

- Our memory die analysis technology is able to perform DRAM and NAND die analysis to support the development and optimization of test algorithms for mass production, enhancing product quality and reliability.

- Our product design and advanced packaging design technologies enable us to design high-quality products that meet diverse customer requirements for high performance, reliability, long-term stability, and safety. By combining die analysis with product and packaging design, we can better assess memory die characteristics and optimize product configurations and production processes to meet specific application requirements.

- Our firmware technology comprises UFS and eMMC firmware capacities. We independently develop the firmware for all of our flash memory products and retain full intellectual property rights for the core algorithms.

- Our high-efficiency testing technologies can efficiently, accurately, and continuously ensure the long-term stability and reliability of mass-produced embedded memory products in complex environments. We have independently developed and established multiple testing platforms, which have significantly enhanced testing efficiency, improved accuracy, and increased customers' success rates in mass production, thereby delivering terminal products with exceptional performance and quality. In addition, through our self-developed testing algorithms and testing solutions, we enable our memory products to meet the high-quality standards required for automotive and industrial-grade applications, including stringent requirements under extreme temperatures. The combination of in-house testing platforms and self-developed test algorithms enables us to conduct validation across different operating conditions and address the demanding testing requirements of different product applications.

These technical capabilities have supported our product development and commercialization achievements. As of the Latest Practicable Date, We are among the first independent memory manufacturers in Chinese Mainland to achieve mass production of UFS memory chips equipped with self-developed controllers, and also the earliest in Chinese Mainland to commence mass production of eMCP and ePOP memory chips with self-developed controllers. We are the first independent memory manufacturer in China to mass-produce 16GB LPDDR4X. As of December 31, 2025, we offer the most comprehensive LPDDR product portfolio among independent memory manufacturers in China; we ranked among the top two independent memory manufacturers in Chinese Mainland in terms of the number of invention patents granted to us. We are among the earliest independent memory manufacturers in China to achieve mass production of LPDDR5X for a leading global AI PC platforms. We are the first LPDDR partner in China for China's largest provider of smart device solutions for human-machine interaction, supporting its AI servers, AI edge computing acceleration cards, and other high-performance computing devices. We are the first Chinese partner to develop embedded memory controller chips for the world's third-largest computing platform.

Our R&D strategy combines in-house innovation with a customer-oriented approach, ensuring that product design and development are guided by evolving market demands. Our technology and R&D team comprise senior experts and engineers with extensive experience in R&D, design, and/or production in the semiconductor industry. Our core R&D team has an average industry experience of over 15 years. See "— Research and Development" in this section.

We have established an efficient and stable supply chain through long-term partnerships and technical collaboration

Through years of industry experience, we have maintained long-term partnerships with our key suppliers, which support the efficiency, stability and flexibility of our supply chain.

Long-term, stable, and sustainable supply chain relationships. We have established solid partnerships with leading international and domestic memory wafer and memory die manufacturers. As a key partner of top-tier global and Chinese wafer and memory die producers in Chinese Mainland, we are able to secure a continuous and reliable supply of wafers and memory dies, ensuring timely fulfillment of our product delivery schedules. Our established relationships with key suppliers help us maintain supply continuity and coordinate wafer and memory die procurement with our production and delivery requirements. This supply chain capability constitutes a core competitive edge that strengthens our ability to attract and retain customers.

Strategic supply chain collaboration. Through close cooperation with our supply chain partners, we gain an in-depth understanding of their technical capabilities and product offerings, enabling us to match their strengths with our product development needs and obtain timely technical support. Such collaboration facilitates early coordination on new product development and technical requirements, allowing us to prepare for product launches and respond to market opportunities more efficiently. Through long-term, close collaboration with our supply chain partners, we have achieved many pioneering milestones in advanced memory technologies, including automotive-grade, and advanced LPDDR5/5X, and DRAM technologies and products.

Technical feedback and joint optimization. We leverage our memory testing capabilities to support memory die manufacturers by providing detailed analysis reports identifying potential defects or weaknesses and investigating their root causes. We work closely with them to optimize compatibility among memory dies, controller chips and firmware algorithms. In addition, we relay feedback from end-user devices on memory die requirements and performance expectations, helping manufacturers optimize product parameters and improve production processes. The ongoing exchange of testing results and product feedback helps us and our suppliers identify and address technical issues more efficiently, supporting improvements in product yield and quality and contributing to a more efficient and reliable supply chain.

By combining long-term supplier relationships with close technical collaboration and testing-based feedback, we have developed a supply chain that supports not only reliable material supply, but also efficient product development and continuous product optimization.

We maintain stringent quality standards and provide responsive technical support to our customers

According to Frost & Sullivan, once embedded memory is integrated into terminal devices, it cannot be easily replaced, and its performance and reliability directly impact the functionality, overall quality, and market reputation of the end products. Customers generally exercise rigorous scrutiny when selecting embedded memory suppliers, typically requiring multiple rounds of screening and qualification processes to ensure compatibility, performance, and reliability. Once a supplier is approved and its product is design-in to the final device, replacement is uncommon due to the difficulty of swapping embedded memory in assembled devices and the high costs of redesign and requalification. As a result, reliability, stability, and durability constitute the core competitive advantages for embedded memory enterprises. Leveraging our strengths in core technologies and supply chain capabilities, we consistently uphold a quality-focused production management system and provide efficient, high-quality customer service to deliver tangible value and long-term trust to our customers.

Rigorous quality control throughout production. We have established a robust quality control and testing framework, incorporating key checkpoints throughout every stage of production, from raw material intake to finished product shipment. Quality records are maintained accurately and promptly, ensuring traceability and enabling data-driven analysis to safeguard product reliability. By combining advanced production management platforms with robust quality control software, we are able to monitor production processes in real time, analyze critical production data, and proactively address potential issues. This integrated approach enables us to identify and address potential quality issues during production, rather than relying solely on final product inspection, supporting consistent product quality and reliability in mass production. It also helps improve operational efficiency and our ability to respond to changing market and customer requirements.

Responsive, technically informed customer support. We have deployed dedicated teams in business, R&D, technical support team, and quality management across regions close to our customers, enabling us to maintain close engagement, promptly understand their needs, and proactively deliver tailored solutions, including efficient delivery, technical support, and after-sales services. Drawing on our R&D and testing capabilities, our teams work closely with customers to address product compatibility, performance and reliability requirements during product integration

and qualification, and to resolve technical issues as they arise during production. By combining technical expertise with flexible, customer-oriented approaches, we balance among performance, reliability, and cost requirements. Our capabilities allow us to actively support customers throughout every stage of their product development and production, ensuring seamless integration, optimized performance, and timely delivery to achieve their strategic objectives in a competitive market.

Integrated quality management and customer collaboration. We take a proactive and forward-looking approach to service, engaging closely with customers to fully understand their needs and applying our advanced technical capabilities to deliver solutions that precisely meet their specifications. By coordinating our product development, quality management and customer support functions, we seek to support customers throughout product development, qualification and mass production. Our distinguishing strength lies in combining production-level quality monitoring with responsive technical support, enabling us to address both product quality issues and customer-specific technical requirements throughout the product lifecycle.

Through our core technologies, diversified supply chain, comprehensive quality management system and pre-sales, in-process and after-sales support, we seek to provide products that combine consistent performance, reliability and competitive costs, creating long-term value for our customers.

We have an experienced management team and foster a culture of innovation and craftsmanship

Our management team brings extensive industry expertise and strong leadership experience. As of June 30, 2026, our senior management team has an average of over 15 years of experience across key functions, including production, and business management, providing a solid foundation for technological breakthroughs and business expansion. This experience provides our management team with an in-depth understanding of the embedded memory industry, its operating requirements and evolving market dynamics. Drawing on this experience, our management team formulates practical and forward-looking strategies to navigate market changes and challenges and guide our business development.

Our corporate culture emphasizes innovation and craftsmanship, creating an environment where employees are encouraged to propose new ideas and solutions that drive continuous improvement and technological advancement. We value the practical application of new ideas to address technical and operational challenges and improve our products and processes. Through effective internal communication channels, we stay closely attuned to market trends and customer needs, enabling rapid adjustment of operational strategies and the maintenance of a competitive edge.

By combining experienced leadership with employee-driven innovation and cross-functional communication, we seek to translate industry insights and customer feedback into product and process improvements, supporting our technological development and long-term business growth.

OUR STRATEGIES

Fully embracing on-device AI and advancing memory and controller chip technologies and products

According to Frost & Sullivan, the operation of large AI models typically requires processing massive volumes of data and performing complex computations, placing extremely high demands on memory capacity, speed, and energy efficiency. Our LPDDR products offer significant advantages, including large capacity, high speed, high bandwidth, and low power consumption, and are well-suited for ARM, RISC-V, and X86 architectures. These features give us a distinct competitive edge in AI model training and inference. We are fully committed to embracing on-device AI, advancing memory technologies and products, and collaborating with our ecosystem partners to accelerate the deployment of AI applications.

Specifically, we are investing in memory technologies required for on-device AI ahead of market demand and collaborating with customers, suppliers, and controller platform partners to conduct market due diligence, preliminary product research, and sample testing allowing us to bring benchmark products to market first. We are strategically targeting AI-enabled smartphones, PCs, wearables, and IoT devices, intelligent robots, and intelligent cockpits, seizing the valuable opportunity presented by AI to redefine intelligent terminals which represents a substantial market for memory solutions and reflects the future direction of advanced productivity. Strengthening strategic partnerships with leading global terminal brands is critical for integrating into core supply chains and capturing incremental market opportunities. We are strengthening ongoing strategic relationships with "benchmark" companies in the AI terminal ecosystem, leveraging differentiated advantages in memory performance, power efficiency, and reliability, along with continuous innovation, which allows us to complete technical integration and platform certification with SoC platforms, and secure a first-mover advantage in collaborative ecosystem innovation.

In addition, we will continue to upgrade our existing memory controller chips and develop new memory controller chips to support the development of higher-speed and higher-performance memory products. Our existing memory controller chips are primarily based on the UFS 2.2 specification and are designed for embedded memory applications such as smartphones and AI terminals. Going forward, we plan to develop next-generation controller chips based on the UFS 3.1 and UFS 4.1 specifications and expand into PCIe SSD controller products to broaden our product portfolio and address evolving market demand. We also plan to expand our R&D team by recruiting talent in hardware development, software development and memory controller chip development, and to strengthen our R&D, testing and commercialization capabilities for memory products equipped with our self-developed controller chips. See "Future Plans and Use of [**REDACTED**]" in this document.

Drive rapid expansion into the industrial-grade and automotive-grade markets while establishing a well-rounded and comprehensive product portfolio

We place great emphasis on the industrial and automobile-grade markets and regard them as important development goals for the future. Leveraging the technological expertise and quality strength we have accumulated in the embedded memory industry, we are rapidly advancing our presence in the industrial and automobile-grade markets.

We have launched a portfolio of embedded memory products for automotive and industrial applications, including LPDDR4/4X and eMMC. Our industrial-grade embedded memory products have been successfully integrated into the supply chains of customers in the industrial and intelligent production industries, with proven applications in power grids, network communications, and industrial control. Going forward, we plan to further expand into niche application scenarios such as intelligent medicine and rail transit. Our automotive-grade eMMC and LPDDR products have obtained the stringent AEC-Q100 automotive qualification, and our embedded memory is already being deployed in the intelligent cockpits and in-vehicle infotainment systems of multiple original equipment manufacturers. Going forward, we will continue to expand our customer base among leading automotive brands and strengthen our presence in the fields of intelligent cockpits. At the same time, we are actively working on technical integration and platform certification with SoC platforms in these sectors, with the goal of establishing partnerships with a broader range of leading brands. See "Future Plans and Use of [**REDACTED**]" in this document.

Building a strategic and collaborative industry ecosystem to drive synergistic growth

We plan to build a strategic and collaborative industry ecosystem and pursue synergistic growth through both organic expansion and external opportunities.

Our products have been integrated into the supply chains of many leading intelligent terminal device manufacturers, where we jointly drive "*chip-system-application (芯片-系統-應用場景)*" collaboration to deliver benchmark products across specialized segments. In addition, we work closely with other upstream players in the intelligent terminal value chain, securing certification

from leading SoC platforms, ensuring deeper platform adaptation and greater flexibility in customization. In addition, we remain focused on strengthening our memory capabilities, enhancing accessibility and efficiency, and advancing both technological breakthroughs and ecosystem collaboration.

We plan to further expand our testing capacity by establishing an additional testing base in Zhongshan, Guangdong Province, alongside our existing testing facilities in Shenzhen and Zhongshan. The new base will strengthen our capabilities in the development and testing of DRAM, NAND flash, MCP embedded memory products and SSDs, support the development and commercialization of new products, and enable us to better meet growing customer demand. See "Future Plans and Use of [**REDACTED**]" in this document.

In addition, we will also pursue organic growth while actively investing in the incubation of new technologies, application areas, and products, enabling us to quickly broaden our product portfolio and deepen market penetration. At the same time, we remain attentive to high-quality opportunities in the industry, seizing the right windows for mergers and acquisitions to accelerate growth and combine effectively with our organic expansion. We expect to fund such investments and potential acquisitions with our internal resources.

Deepening global expansion and building an international memory technology brand

We are committed to executing a global expansion strategy to establish an international memory technology brand.

Going forward, we will accelerate our overseas market development by establishing international sales and technical service centers, actively gathering market intelligence and customer requirements, defining differentiated products, and enhancing response times for global customers to strengthen our competitiveness in international markets and provide smart terminal customers and consumers worldwide with an enhanced storage experience.

Our key initiatives include: (i) Building a localized product portfolio by leveraging our deep technical expertise to define products for different regional markets. We will develop targeted embedded memory products and solutions for different overseas markets based on distinct customer characteristics and application requirements, covering high-performance consumer electronics, regulatory-driven automotive and industrial applications, cutting-edge AI computing, and cost-sensitive IoT scenarios; (ii) Establishing a global sales network by building strategic partnerships with leading customers across global markets to jointly develop local markets. Marketing centers will be established in regions with a concentration of international customers, to ensure broad market coverage. As of the Latest Practicable Date, we were assessing potential locations, taking into consideration the customer base, tax and foreign exchange matters, and the overall local business environment; and (iii) Optimizing global supply chain layout by continuously improving our global supply chain and product distribution to increase overseas production capacity and supply capabilities. This includes collaborating with locally advanced and reliable packaging and testing partners to provide technically optimized and cost-efficient solutions for customers, and gradually building factories in target markets or neighboring regions to enable localized production. We expect to fund the above global expansion initiatives with our internal resources.

OUR BUSINESS MODEL

During the Track Record Period, we primarily focused on R&D, testing and sales of embedded and other memory products.

- ***R&D:*** Our R&D strategy combines in-house innovation with a customer-oriented approach that product design and development are guided by evolving market demands. We have accumulated proprietary technologies in several critical areas, including flash memory controller chip, memory die analysis, product design and advanced packaging design, firmware technologies, and high-efficiency testing capabilities, enabling us to continuously expand and deliver competitive memory solutions and services.

- ***Testing:*** We procure memory wafers and memory dies from external suppliers, particularly IDMs, and focus our in-house production facilities on testing. During the testing phase, we take into account upstream component characteristics, compatibility with midstream platforms, and downstream customer application requirements. Selecting the most appropriate test procedures based on these factors ensures consistent product quality and efficient processes. With extensive practical experience, we have accumulated significant know-how that enables precise, multi-dimensional testing of upstream components. Close collaboration with midstream SoC platforms reduce error rates, while deep engagement with downstream customers ensures testing aligns closely with actual application needs. This integrated approach delivers high efficiency, accuracy, and consistency in testing, providing a solid foundation for product quality and customer satisfaction.

  In line with industry practice, we engage experienced and well-qualified third parties to carry out chip tape-out and packaging processes in accordance with our proprietary specifications and process requirements allowing us to maintain strict standards of product consistency and system compatibility, while balancing cost and efficiency, thereby enhancing the overall flexibility and competitiveness of our production.

- ***Commercialization:*** leveraging our solid reputation and strong customer recognition, and supported by both direct customer engagement and a robust network of distribution partners, our products have been successfully integrated into the supply chains of various high-profile companies across multiple segments of the consumer electronics industry in China, including leading/prominent smartphone manufacturers, tablet and smart wearable device brands, telecom and networking equipment providers, smart home appliance brands, as well as industrial and enterprise device solution providers. As AI adoption continues to deepen across these sectors, we anticipate even greater opportunities for growth and expansion.

OUR PRODUCT OFFERING

The following table sets forth a breakdown of our total revenue by our main product categories for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Embedded memory products										
DRAM products (DDR, LPDDR)	1,658,683	69.1	2,474,303	66.6	3,744,369	63.3	1,292,364	62.7	9,003,272	74.9
NAND Flash products (eMMC, UFS)	319,339	13.3	673,647	18.1	1,593,344	26.9	572,954	27.8	2,277,643	19.0
MCP embedded memory products (eMCP, uMCP, ePOP)	305,927	12.7	311,770	8.4	160,953	2.7	48,521	2.4	144,583	1.2
Subtotal	**2,283,949**	**95.1**	**3,459,720**	**93.2**	**5,498,666**	**92.9**	**1,913,839**	**92.9**	**11,425,498**	**95.1**
Others*	117,939	4.9	254,084	6.8	420,817	7.1	146,630	7.1	592,124	4.9
Total	**2,401,888**	**100.0**	**3,713,804**	**100.0**	**5,919,483**	**100.0**	**2,060,469**	**100.0**	**12,017,622**	**100.0**

* others primarily include SSDs, DIMMs, and testing services.

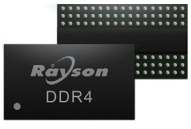
A substantial majority of our product portfolio comprises consumer-grade embedded memory products, with the remainder comprising industrial-grade and automotive-grade embedded memory products. Consumer-grade, industrial-grade, and automotive-grade products serve different application needs and operate under distinct technical requirements. Consumer-grade products are primarily used in mass-market electronic devices, operate at 0°C to +70°C, or -25°C to +85°C for certain products, have relatively short product cycles, and typically last one to three years, while meeting applicable consumer standards. Industrial-grade products are designed for harsher industrial environments with operating temperatures of –40°C to +85°C, offering enhanced resistance and durability, complying with specific industrial standards, and having longer product cycles with a design life of five to ten years. Automotive-grade products, used in automotive electronics, are classified mainly by temperature grades under the AEC-Q100 standard and are engineered to withstand stringent conditions with a design life of up to 15 years, commonly supporting applications such as in-vehicle infotainment and smart cockpit systems.

During the Track Record Period, Our LPDDR4/4X, LPDDR5, and eMMC products are available in both consumer-grade and automotive/industrial-grade specifications, whereas products such as DDR, UFS MCP, SSDs and memory modules are primarily consumer-grade. Our consumer-grade products have been integrated into the supply chains of several leading domestic telecommunications and smart device manufacturers, and are widely used in smartphones, tablets, and wearable devices. Our products have been certified by major players in industries such as power grid infrastructure, communication networks, and industrial automation, supporting applications including electric utilities and robotic systems. In addition, our products have been mass-produced and adopted by prominent car manufacturers, powering intelligent cockpits and in-vehicle infotainment systems. In addition, our high-performance LPDDR products have been adopted in computing servers and edge acceleration cards developed by leading domestic chip and system solution providers. Our SSD products have also been integrated into the AI PC systems of several global semiconductor companies, providing critical memory support for cloud-based training and edge computing devices.

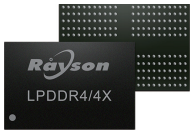
The table below sets forth our major products as of June 30, 2026, together with the indicative price ranges of products sold in the first half of 2026. Such price ranges are for reference only and may be adjusted from time to time having regard to market conditions and other relevant factors.

DRAM Products

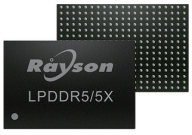
Rayson Consumer-grade



DDR4
- Density: 4Gb–16Gb
- Data Rate: 3200Mbps
- Operating Temperature Range: 0°C-95°C
- Price range: RMB20~RMB233, with the variation primarily attributable to differences in product density.

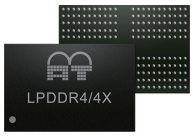


LPDDR4/4X
- Density: 512MB–16GB
- Data Rate: up to 4266Mbps
- Operating Temperature Range: -25°C-85°C
- Price range: RMB18~RMB897, with the variation primarily attributable to differences in product density.

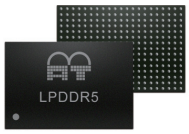


LPDDR5/5X
- Density: 2GB–32GB
- Data Rate: up to 9600Mbps
- Operating Temperature Range: -25°C-85°C
- Price range: RMB130~RMB796, with the variation primarily attributable to differences in product density.

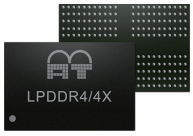
Automotive & Industrial-grade



LPDDR4/4X (Industrial-grade)
- Density: 1GB–8GB
- Data Rate: up to 4266Mbps
- Operating Temperature Range: -40°C-95°C
- Price range: RMB101~RMB824, with the variation primarily attributable to differences in product density.



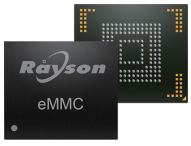
LPDDR5/5X (Industrial-grade)
- Density: 4GB-8GB
- Data Rate: 6400Mbps
- Operating Temperature Range: -40°C-95°C
- Price range: RMB445~RMB874, with the variation primarily attributable to differences in product density.



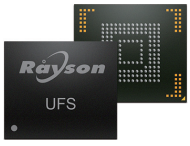
LPDDR4/4X (Automotive-grade)
- Density: 2GB–8GB
- Data Rate: 4266Mbps
- Operating Temperature Range: -40°C-105°C
- AEC-Q100 automotive certification
- Price range: RMB204~RMB829, with the variation primarily attributable to differences in product density.

NAND Flash products & MCP products

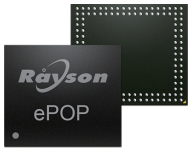
Consumer-grade



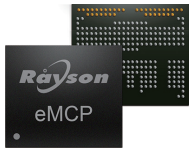
eMMC
- Technology: eMMC 5.1
- Density: 4GB–256GB
- Operating Temperature Range: -25°C-85°C
- in-house developed controller chip
- Price range: RMB60~RMB327, with the variation primarily attributable to differences in product density.



UFS
- Technology: UFS 2.2
- Density: 64GB-1TB
- Operating Temperature Range: -25°C-85°C
- in-house developed controller chip
- Price range: RMB92~RMB429, with the variation primarily attributable to differences in product density.

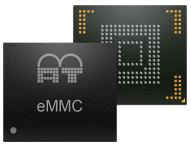


ePOP
- NAND flash density: 64GB
- DRAM density: 2GB-4GB
- Operating Temperature Range: -25°C-85°C
- in-house developed controller chip
- Price range: RMB118~RMB201, with the variation primarily attributable to differences in product density.

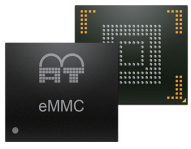


eMCP
- NAND flash density: 8GB–128GB
- DRAM density: 1GB–4GB
- Operating Temperature Range: -25°C-85°C
- in-house developed controller chip
- Price range: RMB69~RMB171, with the variation primarily attributable to differences in product density.

Automotive & Industrial-grade



eMMC (Industrial-grade)
- Technology: eMMC 5.1
- Density: 1Gb-64GB
- Operating Temperature Range: -40°C-85°C
- in-house developed controller chip
- Price range: RMB14~RMB183, with the variation primarily attributable to differences in product density.



eMMC (Automotive-grade)
- Technology: eMMC 5.1
- Density: 8GB
- Operating Temperature Range: -40°C-85°C
- in-house developed controller chip
- AEC-Q100 automotive certification
- Price range: ~RMB68

SSD & DIMM

Consumer-grade



SATA SSD
- Density: 128GB-512GB
- Operating Temperature Range: 0°C-70°C
- Price range: RMB169~RMB609, with the variation primarily attributable to differences in product density.



PCIe 3.0 SSD
- Density: 128GB-1TB
- Operating Temperature Range: 0°C-70°C
- Price range: RMB153~RMB1,190, with the variation primarily attributable to differences in product density.



PCIe 4.0 SSD
- Density: 512GB-2TB
- Operating Temperature Range: 0°C-70°C
- Price range: RMB261~RMB2,283, with the variation primarily attributable to differences in product density.



Memory DDR4
- Density: 8GB-16GB
- Data Rate: up to 3200MT/s
- Operating Temperature Range: 0°C-85°C
- Price range: RMB397~RMB539, with the variation primarily attributable to differences in product density.



Memory DDR5
- Density: 8GB-32GB
- Data Rate: up to 5600MT/s
- Operating Temperature Range: 0°C-85°C
- Price range: RMB621~RMB2,923, with the variation primarily attributable to differences in product density.

The table below sets forth the breakdown of average selling price and sales volume by our major product categories for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(thousand units)	*RMB/ unit*	*(thousand units)*	*RMB/ unit*	*(thousand units)*	*RMB/ unit*	*(thousand units)*	*RMB/ unit*	*(thousand units)*	*RMB/ unit*
Embedded memory products										
DRAM products (DDR, LPDDR)	80,059	21	95,702	26	103,998	36	59,941	22	67,785	133
NAND flash products (eMMC, UFS)	26,214	12	41,611	16	60,326	26	28,025	20	21,798	104
MCP embedded memory products (eMCP, uMCP, ePOP)	4,534	67	2,760	113	2,426	66	525	92	1,318	110

During the Track Record Period, the increases or fluctuations in the sales volume of our major products were primarily attributable to the same factors that led to the increase or fluctuations in revenue of the relevant business segment. The average selling price for DRAM products and NAND flash products during the Track Record Period continuously increase, primarily due to the price increase in the semiconductor industry and adjustments to our product mix in line with market demand. The changes in average selling prices within the MCP product segment were mainly driven by overall market price volatility and adjustments to our product mix. In particular, the significant increase in the average selling prices of our DRAM and NAND flash products in the first half of 2026 as compared with the same period in 2025 was broadly consistent with overall market trends.

This increase was primarily driven by strong demand for memory products from AI-related applications, while the lengthy lead time required for capacity expansion limited the industry's ability to increase supply in response to rising demand, resulting in tighter supply-demand conditions and upward pressure on market prices. See "Financial Information — Description of Key Components of our Results of Operations — Revenue — Sales Volume and Average Selling Price" and "Industry Overview — Price Analysis of Semiconductor Memory Wafer & DRAM/NAND Based Products" in this document.

DRAM PRODUCTS (LPDDR AND DDR)

LPDDR and DDR are key categories in our product portfolio. Since 2018, we have been committed to the R&D, testing and sales of LPDDR and DDR. As of June 30, 2026, we offered 1,649 SKUs of DRAM products.

According to Frost & Sullivan, LPDDR and DDR are DRAM products widely used across a range of smart terminal devices, including smartphones, tablets, smart TVs, wearable devices, and automotive electronics. LPDDR, characterized by its high frequency, large capacity, and low power consumption, is primarily adopted in power-sensitive applications such as smartphones, tablets, laptops, and wearable devices. DDR is mainly used in scenarios such as PCs, smart TVs, and smart home devices, owing to its high bandwidth, strong stability, and more cost-effective advantages. Going forward, with the rapid proliferation of AI, edge computing, and increasingly complex smart applications, the demand for both LPDDR and DDR products is expected to continue expanding, driven by higher requirements for computing power, memory capacity, and energy efficiency across diversified application scenarios.

We have developed advanced multi-chip stacking and packaging technologies, including proprietary designs for ultra-thin, compact, and high-capacity high-density stacked solutions, supporting up to eight stacked chips, ensuring stable and reliable performance while significantly reducing packaging costs. Leveraging a comprehensive library of in-house DRAM testing algorithms, we have built a complete DRAM testing system based on our self-developed Automatic Test Equipment (ATE) testing platform and System Level Test (SLT) programs, integrated with automated testing equipment. This system enables rigorous testing of both LPDDR and DDR products, ensuring stable product quality and performance that meets customer requirements in terms of functionality and power consumption. See "— Our Technology" in this section. In addition, we have independently developed aging test systems and equipment capable of supporting wide-temperature range reliability tests. These systems are designed to meet the stringent reliability standards required for industrial control and automotive electronics applications operating in harsh environments. During the Track Record Period, our LPDDR and DDR products have been certified by leading System on Chip (SoC) platforms.

During the Track Record Period, we commenced mass production of our latest-generation LPDDR5X memory products. This product utilizes FBGA-315 and POP-496 packaging technologies, supports data transfer rates of up to 9,600Mbps, and offers capacities ranging from 4GB to 32GB. With ultra-high speed, high bandwidth, and low power consumption, LPDDR5X is well-suited for demanding AI model training and real-time inference tasks, while also significantly enhancing battery life, reducing thermal output, and improving overall system performance and stability.

Our automotive-grade and industrial-grade LPDDR products are manufactured using high-quality wafers, combined with specialized packaging designs and high-reliability materials, enabling operation in extreme temperature environments as compared to consumer grade products. Our automotive-grade products have been certified in accordance with the AEC-Q100 automotive electronics standard.

NAND Flash Products (eMMC and UFS)

According to Frost & Sullivan, eMMC and UFS are widely used high-capacity NAND flash memory solutions in smart terminal devices such as smartphones, tablets, set-top boxes, wearable devices, and automotive electronics. eMMC remains a popular choice due to its compact size and cost advantages, making it well-suited for a broad range of applications. UFS, as the next-generation upgrade to eMMC, offers significantly higher data transfer speeds and capacity and is primarily used in high-end smartphones and tablets.

As of June 30, 2026, we offered 342 SKUs of NAND products. Our eMMC products are built on our self-developed proprietary controller chips and firmware. Our deep expertise in flash memory characteristics and memory protocols, we are able to deliver specific solutions for diverse customer application scenarios. Our automotive-grade eMMC products have been certified under the AEC-Q100 standard for automotive electronics, demonstrating high reliability and durability, with endurance of up to 60,000 program/erase cycles. During the Track Record Period, we have also successfully developed and mass-produced our own UFS controller chip. According to Frost & Sullivan products equipped with our self-developed controller have been among the first domestically produced UFS solutions to enter the market, offering industry-leading market performance among comparable products.

Our in-house NAND flash controller chip design capabilities enable us to reduce our reliance on externally sourced controllers. In addition, as we retain in-house control over the controller technology, including its system architecture, software, algorithms and firmware, we can better tailor our products to customers' specific requirements and address their technical issues more directly and promptly, without having to rely on external suppliers for technical support.

Our self-developed NAND flash controller chips also enable us to develop a wider range of differentiated products integrated our Nand flash controller chips, including eMMC or UFS products with different storage capacities and MCP embedded memory products such as eMCP and ePOP products. See "— MCP Embedded Memory Product" in this section.

MCP Embedded Memory Products (eMCP, uMCP and ePOP)

According to Frost & Sullivan, eMCP, uMCP, and ePOP are highly integrated embedded memory products designed for compact application scenarios. In addition, eMCP and uMCP, based on multi-chip package technology, integrate eMMC or UFS with LPDDR into a single package, significantly reducing PCB footprint and enabling more compact memory solutions for devices such as smartphones and tablets. As compared to uMCP, eMCP is widely adopted in smartphones and tablets due to its cost-effectiveness, while uMCP, offering higher performance, is primarily used in high-end product lines. Unlike eMCP, ePOP stacks eMMC and LPDDR directly on top of the processor, further minimizing space requirements and making it particularly well-suited for wearable devices such as smartwatches and smart glasses.

We successfully commercialized our MCP embedded memory products in 2019. As of June 30, 2026, we offered 245 SKUs of MCP products. Our MCP products primarily comprise a controller chip, NAND dies and DRAM dies integrated into a single package, with the controller chip serving as the key component. Within this product category, our eMCP and ePOP products consist of an eMMC component (comprising NAND dies and a controller chip) together with DRAM dies.

In 2023 and 2024, in order to meet our customer demand for eMCP products, we relied on outsourced key components, including controller chips. The suppliers of such key components primarily included Supplier A and certain trading companies. To reduce our reliance on external suppliers, we have been actively developing MCP embedded memory products equipped with self-developed controller chips. Following the successful development, mass production and market validation of our eMMC products equipped with our self-developed controller chips during the Track Record Period, we leveraged the same eMMC flash controller in the development of our

eMCP and ePOP products. Given the technical complexity of MCP products and the time required for product development and customer qualification, the commercialization of our MCP products equipped with our self-developed controller chips has been a gradual process. In the third quarter of 2025, we commenced mass production of eMCP products equipped with our self-developed controller chips, initially focusing on products with relatively smaller storage capacities. Subsequently, in the first quarter of 2026, we commenced mass production of ePOP products equipped with our self-developed controller chips. According to Frost & Sullivan, we are the earliest in Chinese Mainland to commence mass production of eMCP and ePOP memory chips with self-developed controller chips. Our newly launched eMCP products also feature proprietary controller chips, custom firmware, and optimized algorithms, effectively minimizing signal interference to ensure stable and efficient data transmission.

As of the Latest Practicable Date, the majority of our MCP product offerings comprised eMCP and ePOP products equipped with our self-developed controller chips. Only a small portion of our MCP products, primarily uMCP products and a limited number of eMCP products, continued to use externally sourced controllers. The development of uMCP products equipped with our self-developed controller chips will be considered based on market demand in the future.

Other Products

Since 2021, we have expanded into the development, testing, and sales of SSDs and in 2023, we expanded to DIMMs as part of our new product lines. As of June 30, 2026, we offered 251 SKUs of SSD products and 59 SKUs of DIMM products.

Our SSD portfolio covers both mainstream interface standards, SATA and PCIe, offering broad compatibility with laptops, desktops, all-in-one computers, and industrial control systems. Our SATA series products support multiple form factors, including 2.5-inch, mSATA, and M.2. Built with high-quality components and validated through rigorous testing, they offer excellent durability and stability. The series has been specifically optimized for industrial control and OEM PC applications. Our PCIe series have data transfer speeds of up to 7,400MB/s, our PCIe SSDs integrate advanced features such as full-range wear leveling, Flash Translation Layer (FTL) algorithms, robust error correction mechanisms, and protective designs to significantly enhance product lifespan and reliability. Due to their high-speed performance and outstanding reliability, our PCIe 4.0 SSDs have been incorporated into the AI PC ecosystems of Qualcomm, AMD, and Intel, and are undergoing comprehensive validation for client-side applications, providing stable and efficient memory solutions for AI edge computing devices. Our DIMMs include DDR4 and DDR5 series, built with premium-grade DRAM components. Featuring optimized circuit design and manufactured to stringent quality standards, our modules ensure accurate data transmission and stable system performance even under high-frequency operations and heavy memory loads.

During the Track Record Period, in addition to sales of products, we provided certain customers with technical support and services. By making use of available production capacity, we were able to assist customers with technical and application support, helping them optimize their operation efficiency facilitating closer collaboration and strengthened relationships with customers within the ecosystem.

OUR TECHNOLOGY

Our technological innovation is exemplified by the following:

a. Flash memory controller chip design technology

We have established comprehensive technical capabilities across the embedded flash memory value chain. In particular, we possess end-to-end digital and analog circuit design expertise in flash memory controller chips, ranging from architecture definition and circuit design to simulation, and verification. This enables us to deeply understand the relationship between product requirements

and design execution, thereby significantly improving the performance, reliability, and overall competitiveness of our embedded memory solutions. Our flash memory controller chip technology comprises comprehensive in-house capabilities across system architecture design, analog circuit design, and core controller functions, including bus architecture definition, heterogeneous multi-core CPU coordination, custom instruction extensions based on open-source instruction sets to enhance performance and reduce power consumption, power management and high-speed interface design, flash access and control module development compatible with mainstream NAND flash, hardware acceleration engines for FTL firmware, and low-power design strategies. Leveraging our deep understanding of the internal architecture and operating principles of self-developed controller chips, we can support customers more effectively during mass production, resolve host–NAND compatibility issues more efficiently than vendors relying on third-party controllers, and deliver differentiated, cost-competitive products while enhancing technological autonomy, supply chain security, and overall cost efficiency. In addition, our end-to-end controller chip development capabilities also allow us to deliver differentiated and highly competitive products By developing our controller chips in-house, we enhance technological autonomy, reduce reliance on foreign technologies, ensure supply chain security in module development, and drive down overall costs.

During the Track Record Period, our self-developed eMMC 5.1 controller has undergone multiple rounds of optimization and iteration, demonstrating consistently stable and strong performance. As of the Latest Practicable Date, the accumulated shipment volume of our eMMC memory products, equipped with our self-developed controller chips, reached approximately 160 million units. During the Track Record Period, our UFS controller has also entered mass production and UFS memory products equipped with this controller have already been launched in the domestic market, marking an important step forward in high-performance, locally developed embedded memory solutions. Notably, according to Frost & Sullivan, we are among the first independent memory manufacturers in Chinese Mainland to achieve mass production of UFS memory chips equipped with self-developed controllers, and also the earliest in Chinese Mainland to commence mass production of eMCP and ePOP memory chips with self-developed controllers.

b. Memory die analysis technology

During the Track Record Period, we developed technologies for DRAM and NAND die analysis, respectively. According to Frost & Sullivan, conducting in-depth characterization and analysis of memory dies plays a critical role in optimizing product performance and ensuring broad compatibility across diverse applications. We possess comprehensive DRAM and NAND die analysis capabilities, including DRAM memory array, I/O circuitry and data path analysis, key function characterization, and wafer analysis to support the development and optimization of mass-production test algorithms, enhance product quality and reliability, and reduce test time through optimized I/O and data path algorithms. In parallel, our NAND die analysis capabilities encompass flash command and function analysis, failure modeling, performance margin evaluation, error correction and data recovery strategies, and advanced optimization and screening techniques applied across the entire flash module development and production cycle. Built on a large volume of high-confidence failure model samples and supported by our self-developed automated testing platform, these technologies enable advanced error correction and data recovery beyond conventional approaches, significantly enhancing reliability, extending flash memory lifespan, and ensuring stable performance across diverse application scenarios.

c. Product Design and Advanced Packaging Design Technology

According to Frost & Sullivan, packaging technology has evolved from merely providing structural protection to becoming a core driver of semiconductor memory performance. Packaging now directly impacts the physical stability of memory chips, signal transmission efficiency, thermal dissipation, and integration density.

Through continuous R&D, we have developed a comprehensive suite of advanced packaging design capabilities, including product design and simulation, chip packaging design and simulation, high-density multi-chip stacking, high-reliability automotive and industrial-grade packaging. Our expertise in high-speed signal design and simulation ensures stable performance even at high frequencies, while our differentiated packaging technologies enable tailored solutions, cost-optimized designs, and high-reliability packaging for automotive and industrial applications. These technologies enable us to deliver memory solutions based on customers' requirements for form factor, performance, and power efficiency, supported by advanced substrate design optimizing PCB layer stacking, layout, routing, and SI/PI performance to achieve ultra-high data transfer rates of up to 9,600 Mbps for LPDDR5X, as well as stacking design capabilities supporting up to eight-layer DRAM architectures and LPDDR capacities beyond 16 GB, while ensuring long-term reliability and safety for industrial and automotive-grade applications.

According to Frost & Sullivan, the deployment of large-scale AI models requires the processing of massive data volumes and intensive computation, placing high demands on memory capacity, speed, and energy efficiency. Our LPDDR solutions, offering high capacity, high bandwidth, ultra-fast speed, and low power consumption, have already been applied in AI training and inference tasks. We will continue to develop and launch memory solutions for a wide range of application scenarios, empowering the advancement of AI technologies across industries and contributing to the growth of next-generation productivity.

d. Firmware technology

We independently develop the firmware for all of our flash memory products and retain full intellectual property rights for the core algorithms. Our firmware is widely deployed across consumer, industrial, automotive, and wearable applications, and supports development based on customer needs. It has become one of our key competitive advantages. We have developed comprehensive firmware capabilities for both UFS and eMMC, covering protocol and flash compatibility, self-developed FTL algorithms, multi-channel and multi-core management, high-performance error correction, advanced QLC support, performance optimization, power loss protection, and low-power management. These capabilities enhance platform compatibility, read/write performance, data security and reliability, extend battery life for portable devices, support broader operating environments, and improve cost efficiency and market competitiveness.

e. High-Efficiency Testing Capabilities

According to Frost & Sullivan, testing technology plays a critical role throughout the entire lifecycle of memory products, serving as a key safeguard of product reliability. We have established industry-leading, full-stack testing capabilities based on a suite of core technologies.

Our testing capabilities are integrated into both product R&D and production processes: (i) testing conducted as part of the R&D process evaluates the performance of our products under development under a broad range of operating conditions, including varying temperatures, voltages and humidity levels, and assesses their compatibility across different application platforms and end-use scenarios, helping us refine product designs and develop appropriate testing procedures for mass production; and (ii) testing within the production process focuses on efficiently and accurately verifying key product functions and screening defective units during mass production, with the test results also providing a basis for further optimizing our products and testing processes.

We have established a high-speed signal simulation and verification platform, focusing on addressing signal and power integrity challenges for interfaces such as eMMC, UFS, and DRAM. With advanced simulation capabilities, we provide comprehensive support at both product design and customer integration stages, significantly reducing the risk of design failures. The more realistic the simulation, the lower the failure rate in actual implementation. By capturing real usage patterns and building a test environment closer to customer applications, we achieve seamless system-level integration of memory components and customer systems. Through close collaboration during design, open SDK interfaces, and partnerships with SoC platforms, we further strengthen application capabilities, support certification, and enhance product competitiveness. In addition, our independently developed universal mass production testing platform supports multi-product and multi-scenario validation, covering the full process from R&D to mass production. With highly

efficient algorithms, it provides precise, broad-coverage screening of defective or failed units at low cost, complemented by a diverse suite of test methods. As a core infrastructure, the platform enhances R&D productivity, reduces testing costs, safeguards product quality, and offers long-term scalability. Notably, its hardware, software, and system are all self-developed, ensuring strong flexibility and the ability to support a wide range of products. Moreover, we have independently developed a high-precision, high-parallelism burn-in testing platform capable of simulating extreme operating conditions to perform accelerated stress aging tests on products such as eMMC, UFS, and DRAM. This technology ensures compliance with stringent reliability standards, increase customers' success rates in mass production, enhances yield while lowering after-sales costs, and strengthens our access to high-barrier markets such as automotive electronics and advanced industrial sectors.

RESEARCH AND DEVELOPMENT

Our R&D Team

We believe maintaining a dedicated and stable team of talents in R&D is important to the enhancement of our technology and product offerings. We have built a well-structured R&D team with clearly defined roles, closely aligned with our operational strategy, to ensure we remain responsive to evolving market demands.

As of June 30, 2026, our technology and R&D team comprises senior experts and engineers with extensive experience in R&D design, and/or production in the semiconductor industry. Our R&D team carries out R&D across different product lines, with the specific focus of each project determined by its unique requirements and objectives, allowing us to allocate resources effectively and ensure that our innovations are aligned with market demand and customer needs. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our R&D expenses was RMB56.1 million, RMB77.6 million, RMB97.5 million, RMB40.9 million and RMB64.4 million, respectively. Our R&D efforts are strategically focused, with resources consistently directed toward priority areas that align with our business development needs and long-term growth objectives, enabling us to enhance technological capabilities, improve product competitiveness, and support the sustainable advancement of our core businesses. See "Financial Information — Description of Key Components of Our Results of Operations — Research and Development Expenses" in this document.

To strengthen our R&D capabilities and access specialized expertise in targeted areas, we engage in collaborative research with selected academic institutions based on specific project needs. During the Track Record Period, our joint research projects focused on specific topics that do not involve our core technologies.

Our Ongoing R&D Projects

We strategically initiate R&D projects based on market and production demands to support business growth. As of June 30, 2026, our key ongoing R&D projects are as follows:

Project name	Targets	Current status
R&D of high-capacity, high-speed LPDDR5 series products and testing technologies . . .	We aim to develop high-capacity and high-speed LPDDR5/5X series products through new wafer processes, self-developed substrates, and advanced packaging designs, thereby enriching our product portfolio. In parallel, we conduct simulation and testing technology research to enhance design and quality control capabilities, providing the market with high-performance and reliable memory solutions.	Testing technologies have been applied in the production phase, certain models have entered the small scale trial production phase, and certain models have entered the mass production phase.

Project name	Targets	Current status
R&D of AI memory products and testing technologies . . .	We aim to develop LPCAMM2 and GDDR7 products based on JEDEC standards to expand our product portfolio in AI memory sector. The project also covers PCB design, software and testing algorithms, SoC platform testing solutions, and research on high-performance testing equipment, thereby improving product performance and quality while strengthening our technological and product capabilities in AI memory sector.	Testing technologies have entered the verification phase, and products have entered the testing and verification phase.
R&D of MCP embedded memory products.	Based on our self-developed eMMC controller, we are developing highly integrated eMCP and ePOP chips. Through packaging design, substrate design, simulation and testing method development, as well as multi-layer stacking and system-level optimization, we are strengthening our embedded memory product portfolio and providing low-power, integrated solutions for high-end smart terminals.	Certain models in small scale trail production phase; certain models in mass production
R&D of new generation eMMC controller chips and memory product	Building on the technological foundation of our third-generation eMMC controller chips, we are conducting comprehensive upgrades and iterations to significantly enhance performance and compatibility, optimize production costs, and develop and mass-produce eMMC memory products based on the upgraded controller chips.	Small scale trail production phase
R&D of new generation ultra-high-speed UFS controller chips and memory products	The new generation ultra-high-speed UFS controller chip is intended to support newer versions of the UFS protocol while maintaining compatibility with the mainstream protocol versions currently available in the market. It aims to further enhance read and write performance and response speed to meet the demanding storage performance and low-power requirements of high-end applications. The project also aims to continuously optimize power consumption in both active and sleep modes, thereby improving overall energy efficiency.	Chip design phase
R&D of PCIe 5.0 Enterprise-Grade SSD Products	We plan to develop enterprise-grade SSD products, primarily based on PCIe 5.0 specifications, to meet growing demand driven by increasing AI computing growth, and expand our enterprise-grade memory solutions.	Engineering validation testing phase

PRODUCTION

The production process of our memory products generally comprises the following key stages:

Controller chip design, tape-out and fabrication: The design of our flash controller chips is undertaken by us. In accordance with industry practice, the chip tape-out process is carried out by qualified third-party. The wafer fabrication for these controller chips is carried out by third-party semiconductor foundries.

Procurement of raw materials: The wafer fabrication and the subsequent production of memory dies are undertaken by major global and domestic integrated device manufacturers (IDMs). We source wafers, memory dies and other essential components from high-quality suppliers, in line with our production forecasts and customer requirements.

Product design: We leverage our in-house product design capabilities to meet customers' general and specific requirements, while providing end-to-end planning and technical solutions to ensure rigorous quality control throughout the entire production process.

Packaging: We develop packaging designs and establish corresponding specifications based on our requirements. In line with industry practices, we engage qualified and experienced third-party service providers in the semiconductor industry to carry out packaging strictly according to our proprietary standards and process requirements, ensuring product consistency, reliability, and system sustainability.

Testing: The testing process is primarily carried out at our two testing facilities, where we consider upstream component characteristics, compatibility with midstream platforms, and downstream customer application requirements. By selecting the most appropriate test procedures, we ensure consistent product quality and efficiency. Leveraging extensive practical experience, we conduct precise and multi-dimensional testing, supported by collaboration with midstream platform partners and close engagement with downstream customers, which further enhances accuracy, reduces error rates, and ensures alignment with actual application needs, ensuring product consistency, reliability, and system compatibility.

Our production model is primarily demand-driven and closely aligned with customer requirements. It involves seamless coordination across several internal departments: the sales department is responsible for generating and confirming customer orders; the R&D department formulates detailed technical specifications and performance parameters; while the production department oversees production planning, material procurement, vendor management for outsourced packaging, in-house testing operations, and delivery tracking. This integrated approach allows us to maintain high standards of product quality, operational efficiency, and responsiveness to customer timelines.

Based on the current operating model, the estimated mass production cycle starting from packaging for the our key product categories is as follows:

DRAM Products: Packaging typically requires 30-50 days, followed by a testing period of approximately 5-7 days, resulting in a total production cycle of 35-57 days.

NAND Products: Packaging typically requires 30-50 days, followed by a testing period of approximately 7-10 days, resulting in a total production cycle of 37-60 days.

MCP Products: Packaging typically requires 30-50 days, followed by a testing period of approximately 7-10 days, resulting in a total production cycle of 37-60 days.

Our Testing Facilities

During the Track Record Period, we operated two testing facilities, one in Shenzhen responsible for testing DRAM products, including our major products such as DDR4, LPDDR4/4X, and LPDDR5 and the other in Zhongshan focused on testing our NAND flash products and integrated memory products, including eMMC, UFS, eMCP, and ePOP.

Our Shenzhen testing facility features a 3,000 m^2 cleanroom with controlled temperature and humidity, equipped with advanced production equipment, including fully automated testing machines and automated chip visual inspection machines, complemented by a comprehensive information management system. The production base obtained ISO9001, ISO14001, ISO45001, and ANSI/ESD S20.20 certifications and is equipped with advanced testing equipment, covering all protocol layers, compatible with the latest Joint Electron Device Engineering Council (JEDEC) standards, achieving advanced test coverage.

Our Zhongshan testing facility which commenced operations in October 2024 features a 2,000 m^2 cleanroom with controlled temperature and humidity and is equipped with advanced production equipment, including high- and low-temperature test systems, and automated chip visual inspection systems. Leveraging our self-developed wide-temperature testing platform, the production base conducts high-performance product testing and screening to meet the requirements of high-reliability applications, establishing a highly automated, high-standard professional testing environment.



-Our Shenzhen and Zhongshan Testing Facilities-

To enhance our testing efficiency, some of this equipment is custom-made by specialized production equipment suppliers. By working closely with these suppliers, we ensure that our equipment is tailored to our specific needs, allowing us to optimize the production process and improve overall operational efficiency.

The table below provides details of our facilities for the years/period indicated:

	Year ended December 31,									Six months ended June 30,					
	2023			2024			2025			2025			2026		
	Output	Capacity[1]	Utilization Rate[2]	Output	Capacity[1]	Utilization Rate[2]	Output	Capacity[1]	Utilization Rate[2]	Output	Capacity[1]	Utilization Rate[2]	Output	Capacity[1]	Utilization Rate[2]
	(000'GB)	*(000'GB)*	%	*(000'GB)*	*(000'GB)*	%	*(000'GB)*	*(000'GB)*	%	*(000'GB)*	*(000'GB)*	%	*(000'GB)*	*(000'GB)*	%
Shenzhen testing facility . . .	165,767	198,336	83.6	379,825	452,180	84.0	305,527	354,984	86.1	130,541	154,492	84.5%	214,027	260,876	82.0
Zhongshan testing facility[3]. .	–	–	–	128,409	217,752	59.0	2,066,587	2,644,780	78.1	593,443	881,261	67.3%	1,646,199	1,801,443	91.4

Notes:

(1) The production capacity is calculated in GB equivalent.

The production capacity of a certain product base = Σ (Capacity of each individual production line)

The production capacity of a single production line = Average hourly production capacity × Daily working hours × Working days per month × Number of months

(2) Utilization rate = Production output/Production capacity

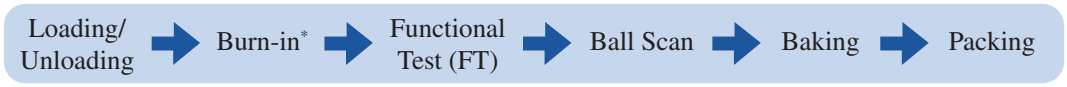
(3) Our Zhongshan testing facility commenced operations in the second half of 2024.

In 2024 and 2025, the utilization rate of the Zhongshan testing facility was lower than that of the Shenzhen testing facility, primarily because the Zhongshan base only commenced operations in the second half of 2024. At that stage, it was still the early phases of operational stabilization, including equipment calibration, installation of additional machinery, workforce onboarding, and the gradual ramp-up of production capacity. These factors collectively resulted in a lower utilization rate during the period.

The production capacity of our Shenzhen testing facility decreased in 2025 as compared to 2024, primarily due to the relocation of certain NAND testing equipment and personnel to our Zhongshan base. The relocation was completed in the first half of 2026. In the meantime, we added DRAM testing equipment and personnel at our Shenzhen testing facility in the first half of 2026, resulting in an increase in its production capacity as compared to the corresponding period in 2025.

Our Testing Process

The core testing steps for our major products is as follows:



* This process is necessary for certain products and may not be applicable to others.

Our Outsourcing Production Arrangement

During the Track Record Period, we strategically outsourced chip packaging process to third-party outsourcing partners. This approach allowed us to concentrate on R&D and testing processes, enhance operational efficiency, and optimize cost management. By leveraging the expertise of our outsourcing partners, we ensured that our production process remained streamlined and cost-effective, while maintaining high standards of quality and performance. During the Track Record Period, all outsourced partners we engaged were Independent Third Parties. In 2023, 2024, 2025 and the six months ended June 30, 2026, we incurred outsourced service costs in the amount of RMB111.2 million, RMB161.3 million, RMB223.3 million and RMB144.5 million, respectively, representing approximately 5.1%, 4.8%, 4.9% and 2.1%, respectively, of our total cost of sales during the corresponding year/period.

We have adopted comprehensive evaluation and quality assurance measures in selecting and managing our outsourced production partners. Our selection criteria include the partner's industry experience, reputation, technical expertise, product quality and quality control systems, pricing, financial condition, production capacity, and ability to meet delivery timelines. Prior to commencing any outsourced production, our procurement department conducts a thorough evaluation of each candidate's qualifications and production capabilities. To formalize quality expectations, we enter into product quality agreements with our outsourced partners. During the production process, we implement multiple layers of oversight. Our process quality and quality assurance teams regularly send personnel to the partner's site for on-site supervision, sample testing, and technical exchanges ensuring that production is carried out in accordance with our standards. We also monitor delivery schedules on an ongoing basis. Once outsourced processing is completed, the finished products undergo rigorous quality inspection to ensure they meet our internal product specifications and quality benchmarks. In addition, we hold weekly and monthly meetings with our outsourced partners as needed, providing guidance and support to help them enhance product quality.

See "— Quality Control Standards" in this section. For any semi-finished products provided by our outsourced partners that are defective, the relevant outsourced partners are required to further inspect with us within the prescribed timeframe, and we are entitled to return the defective semi-finished products if necessary.

SALES, DISTRIBUTION AND MARKETING

We adopt a dual sales model that combines direct sales and distribution. Under the direct sales model, we sell our products directly to enterprise customers. Under the distribution model, we sell products to distributors on a buyer/seller basis, who then resell the products to end users. The following table sets forth the revenue contribution from direct sales and distributor sales, in absolute amounts and as percentages of our total revenue, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct sales	940,664	39.2	1,525,282	41.1	2,775,722	46.9	1,022,135	49.6	4,489,698	37.4

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Distributor sales	1,461,224	60.8	2,188,522	58.9	3,143,761	53.1	1,038,334	50.4	7,527,924	62.6
Total	**2,401,888**	**100.0**	**3,713,804**	**100.0**	**5,919,483**	**100.0**	**2,060,469**	**100.0**	**12,017,622**	**100.0**

Direct Sales

During the Track Record Period, our direct sales customers primarily comprised leading players and brand owners in semiconductor midstream and downstream markets. These customers typically maintain high supply chain standards, require product validation cycles, and place stable purchase orders, providing us with a reliable source of long-term business. Our dedicated sales and marketing personnel assigned for each of our direct sales customers are equipped with extensive knowledge and expertise in our memory products, enabling them to provide pre-sale consultations and recommendations tailored to the specific needs of our customers.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our direct sales accounted for 39.2%, 41.1%, 46.9%, 49.6% and 37.4% of our total revenue, respectively. We sell products to our customer in accordance with the terms outlined in our master sales agreements with them. The following is a summary of key terms with our direct sales customers: (i) ***Order placement:*** The product name, quantity, specification, purchase price, and delivery date are specified in purchase orders based on the demand of our customers; (ii) ***Shipment and delivery:*** We assume the costs and risks associated with the shipment of ordered products if delivery to the customer's designated location is required. Conversely, the customer assumes these costs and risks if they arrange for product pickup at our designated location; (iii) ***Product return:*** We generally do not allow product return after shipments have been accepted, except in cases of product quality issues within the warranty period, which is in line with customary industry practice; (iv) ***Credit terms:*** We typically require prepayment or cash-on-delivery for small and medium-sized direct customers. We may grant credit terms to selected customers according to their credit profile and historical performance. Generally, our credit terms for major direct customers ranged from month-end to up to three months; (v) ***Warranty period:*** We grant warranty coverage taking into consideration the product characteristics and market practice. During the Track Record Period, the warranty periods provided to our major direct customers ranged from one year to five years; and (vi) ***Duration:*** The term of the agreements is determined based on the cooperation with each customer, either as specified in the agreement or as mutually agreed by both parties. During the Track Record Period, our engagement terms with major direct customers ranged from three-year periods to long-term arrangements, including fixed terms with extension options available upon expiration.

Distributor Sales

We collaborate with distributors to broaden the reach and visibility of our products. Given the wide range and substantial volume of our product offerings, and the diverse preferences and market conditions among end customers, partnering with distributors enables us to effectively serve different regional markets. Our distributors utilize their well-established channels to deliver comprehensive after-sales services, while we provide technical support directly to end users as required. According to Frost & Sullivan, adopting a distribution model aligns with standard practices within the industry. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our sales generated from distributor sales accounted for 60.8%, 58.9%, 53.1%, 50.4% and 62.6% of our total revenues, respectively.

During the Track Record Period, we implemented the following mechanisms to manage and oversee our distributorship arrangements: (i) **Management of channel stuffing risks:** Our distributors generally procure products based on downstream customer orders or demand forecasts. While certain distributors may undertake limited additional stocking during industry upcycles, we consider the overall risk of channel stuffing to be low. To further mitigate this risk, we have

established a structured channel-inventory monitoring mechanism under which distributors provide inventory reports. Any irregularities identified are promptly addressed through joint analysis and inventory-optimization measures. (ii) **Management of trade receivables:** We believe the recoverability risk of our trade receivables is limited. We typically require prepayment or cash-on-delivery for small and medium-sized distributors and grant credit only to selected long-term distributors based on a credit assessment model. We perform monthly ageing analyses, conduct weekly follow-ups on overdue balances, and apply prudent accounting policies, including expected-credit-loss provisioning. (iii) **Management of cannibalization risks:** We do not face material cannibalization risks. Our distributor management system requires customer pipeline registration, and distributors primarily serve stable enterprise customers within clearly defined industry domains, which helps maintain clear business boundaries. (iv) **Management of distributor inventory levels:** We monitor distributor inventory levels through regular reporting. Distributors generally follow a sell-through-driven procurement model and have limited incentives to engage in speculative stocking. (v) **Sales targets:** We do not impose compulsory minimum sales targets. Instead, we assess distributors under a comprehensive performance framework that considers payment timeliness, sales performance, and after-sales cooperation.

The following table sets forth the total number of our distributors as at the dates indicated and the movements during the Track Record Period:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
As of the beginning of the year/period	74	79	72	84
– Addition of new distributors	30	17	29	19
– Distributors whose contracts lapsed and were not renewed	25	24	17	15
Net increase/(decrease) in distributors	5	(7)	12	4
As of the end of the year/period	79	72	84	88

During the Track Record Period, we conducted periodic reviews of our distributors' performance and made corresponding adjustments to the distributorship structure as necessary. According to Frost & Sullivan, from 2022 to mid-2023, the average selling price of DRAM products in Chinese Mainland and the globe experienced significant decline, and the market demand stagnated, primarily due to cyclical demand adjustments following the pandemic-driven surge of consumer electronics in 2020 and 2021. See "Financial Information — Description of Key Components of our Results of Operations — Revenue — Sales Volume and Average Selling Price" in this document. Given this turbulence in the downstream semiconductor market, we adjusted our distributorship structure by phasing out certain underperforming distributors and engaging new distributors with stronger multi-channel capabilities in 2023. This restructuring was intended to expand our customer reach and strengthen our market channels in a challenging environment.

During the Track Record Period, there were certain distributors, whose contracts lapsed and were not renewed in the respectively year primarily becuase we decided not to renew their contracts following an assessment of factors such as distributors' continued underperformance, changes that impaired their ability to operate normally, the departure of their key personnel that disrupted customer relationships, and other concerns that we believed could affect their ability to perform on a sustained basis.

To the best of our knowledge, all of our distributors during the Track Record Period are Independent Third Parties. Our relationship with our distributors is strictly a buyer-seller relationship. They are our customers and do not act on our behalf when dealing with downstream customers. We have no management control over their order placement, inventory management, or resale activities. Distributors place orders with us at their discretion regarding timing and quantity. We do not permit our distributors to appoint or engage any sub-distributors. We adhere to our product return policies and generally do not permit distributors to return products except in cases of product quality issues, consistent with customary industry practice. Revenue from distributor sales is recognized once products are delivered to the distributor and we receive their acknowledgment that all relevant conditions have been satisfied.

Salient terms of our sales agreements with distributors include: (i) Authorization: distributors are authorized to sell approved products to end customers; (ii) Selling price: we provide guideline end-sale prices that are generally valid for a specified period and may be adjusted in response to market conditions; (iii) Distribution management: we assess distributors' service and support capabilities and conduct management meetings to review business performance, and distributors must submit proposed customer coverage lists for our approval prior to coverage; (iv) Payment terms: payment for goods is made in accordance with the terms specified in the relevant purchase orders; (v) Delivery: distributors may request delivery to designated locations or collect goods from our warehouse, with risk of loss or damage remaining with us prior to delivery and transferring upon completion of delivery; (vi) Distributors' responsibility: distributors are required to maintain dedicated sales teams and, at their own expense, undertake marketing and promotion activities, develop end customers, and manage logistics and distribution, and are subject to periodic qualification assessments; (vii) Warranty: we generally provide a one-year quality warranty; and (viii) Duration: the agreements typically have a three-year term from signing, unless terminated earlier, and may be renewed by mutual agreement upon expiration.

Pricing

We adopt a market-oriented pricing strategy and closely monitor developments in the markets where we operate. Our approach is designed to offer customers competitive pricing while ensuring business sustainability. We take into account a broad range of factors, including product cost structure, performance characteristics, application scenarios, purchase volumes, market positioning, pricing trends, and overall business objectives. In practice, final prices are generally determined through negotiation with customers on a case by case basis.

In addition, we consider external market dynamics such as customer demand and preferences, market maturity, and currency exchange rates. Given the nature of the semiconductor industry, we have also established price adjustment mechanisms to respond flexibly to market fluctuations and evolving cost structures.

Marketing Team and Customer Acquisition Strategies

As of June 30, 2026, our sales and marketing team comprised 78 professionals, responsible for driving business development, managing customer relationships, and covering key industry sectors.

Our sales and marketing personnel maintain ongoing communication with both existing and potential customers, introducing our current product offerings and upcoming development plans. They regularly provide detailed information on product design, functionality, and technology to support customer decision-making and foster long-term business relationships. Beyond direct customer engagement, our team conducts systematic market research to monitor trends in technology, pricing, and customer preferences. They analyze competitive dynamics and evolving market conditions, which allows us to tailor our marketing strategies to remain responsive and competitive. Furthermore, we maintain deep strategic collaborations with international and domestic leading SoC platforms, focusing on ecosystem enablement and platform integration. As of

June 30, 2026, our products have received Approved Vendor List (AVL) Certification from multiple world leading SoC platforms, with a cumulative total of more than 1,700 certifications achieved. By collaborating with platforms, we can better understand end-user requirements, provide tailored technical support, and optimize solutions for downstream devices, thereby enhancing our ability to serve terminal customers effectively and reinforcing our role within the broader technology ecosystem. By capturing the AI trend, we are continuously expanding validation and collaboration with leading global SoC platforms. In addition, we place strong emphasis on brand building and product visibility. To expand our customer base, particularly in overseas markets, we leverage product reputation, participation in trade shows, industry conferences, forums, and digital channels including our official website and social media platforms. By integrating platform collaboration with these outreach efforts, we are able to empower ecosystem clients, strengthen market presence, and support long-term growth objectives.

INTRA-GROUP TRANSACTION

Transaction Arrangement

During the Track Record Period and up to the Latest Practicable Date, our Company and its subsidiaries in Chinese Mainland entered into certain intra-Group transactions with its Hong Kong subsidiary, Rayson Hong Kong, including the purchase and sale of raw materials, semi-finished products, finished goods, and the provision of certain services. These transactions were carried out in accordance with our transfer pricing policy, following the fundamental principle that all intra-Group transactions must be conducted on an arm's length basis. Our intra-Group transactions mainly included the following:

Purchase of raw materials and semi-finished products: Our Company, and our subsidiaries, Rayson Technology, Artmem Technology, Artmem HI-TECH and Zhongshan Rayson, purchase certain raw materials and semi-finished products from our Hong Kong subsidiary, Rayson Hong Kong, for production and sales in Chinese Mainland.

Sale of finished goods: Rayson Technology, Artmem Technology, Artmem HI-TECH and Zhongshan Rayson sell their finished goods to Rayson Hong Kong.

Provision of processing services: Rayson Technology provides processing services to Rayson Hong Kong and charges processing service fees.

Provision of supply chain management services: Our Company provides supply chain management services to Rayson Hong Kong.

Transfer Pricing Guidelines

The Organization for Economic Co-operation and Development ("**OECD**"), an international organization of cross-border cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administration ("**OECD TP Guidelines**"), which is generally followed by the relevant tax jurisdictions involved in the related party transaction worldwide. According to the OECD TP Guidelines, our intra-Group transactions should be priced at arm's length principle.

Transfer Pricing Assessment

We engaged an independent transfer pricing consultant (the "**Transfer Pricing Adviser**") with experts who come from reputable international accounting firms and possess the qualifications and expertise to conduct transfer pricing assessments and benchmarking studies on our intra-group transactions during the Track Record Period in accordance with the OECD Transfer Pricing Guidelines. The Transfer Pricing Advisor determined that the resale price method was the most appropriate transfer pricing method to assess whether the Group's transfer pricing arrangements

complied with the arm's length principle. The Transfer Pricing Adviser applied geographic criteria, industry criteria, data integrity criteria, R&D expense ratio criteria, and keyword search criteria to perform quantitative and qualitative screening for the selection of comparable companies. For each year during the Track Record Period, the Transfer Pricing Adviser identified the interquartile range of the comparable companies' three-year or two-year and a half weighted average gross profit margins (prior to the relevant year) as the profit level indicator for assessing the Group's intra-group transactions.

Based on the benchmarking analyses, Rayson Hong Kong's profit levels during the Track Record Period fell within the interquartile range of the comparable companies' weighted average gross profit margins for the relevant year. Our Transfer Pricing Adviser concluded that our transfer pricing arrangements are consistent with the arm's length principle under the OECD Transfer Pricing Guidelines.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties, investigations, inquiries or transfer pricing audits carried out by local tax authorities in relation to these intra-Group transactions. Our Directors are of the view that the above-mentioned intra-Group transactions were in line with the arm's length principle and we were in compliance with the relevant transfer pricing laws and regulations during the Track Record Period and up to the Latest Practicable Date. Our Directors have confirmed that, with the assistance of the Transfer Pricing Adviser, we have complied with all tax filing and compliance requirements in Hong Kong. In addition, as advised by our PRC Legal Advisers, the Company and its PRC subsidiaries have duly completed tax registrations in accordance with PRC laws.

Our Directors confirm that in ensuring ongoing compliance with the applicable transfer pricing laws and regulations, we plan to regularly review and monitor transfer pricing arrangements, with ongoing support from third-party tax advisers to ensure compliance with the arm's length principle; provide training to the teams responsible for such transactions, keeping them updated on transfer pricing laws and regulations across different jurisdictions; and continuously monitor the profitability of our subsidiaries and adjust pricing arrangements as necessary.

INVENTORY MANAGEMENT

Our inventories mainly comprise raw materials, finished products, semi-finished products and others. To efficiently manage our inventory, we have implemented an advanced enterprise resource planning ("**ERP**") system that tracks and records incoming and outgoing materials and supplies on a regular basis. This allows us to monitor inventory in real time, generates reports on inventory movements and performance, and ultimately assists us to maintain an optimal inventory level to meet our customer demand, minimize waste on inventory, and avoid holding obsolete inventory. We record provision for inventory decline when the cost of inventory exceeds its net realizable value. Our procurement is typically driven by confirmed orders, which helps avoid inventory stagnation. Even in the event of order cancellations, most materials are interchangeable and can be repurposed, reducing the likelihood of excess stock. Additionally, if there are product development changes, our procurement team ensures that existing inventory is fully utilized before transitioning to new materials or components. These measures also help us mitigate the risk of inventory obsolescence arising from technological advancements and product upgrades by enabling us to monitor inventory levels, minimize excess procurement and enhance inventory utilization in response to evolving product requirements. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our inventory amounted to approximately RMB872.9 million, RMB1,161.8 million, RMB4,846.7 million and RMB12,160.2 million, respectively, representing approximately 58.1%, 50.0%, 83.2% and 86.0% of our total current assets as of the same dates. We produce finished products on an order-oriented basis, and our ability to effectively manage our inventory can significantly impact our profitability, results of operations and financial condition. In 2023, 2024 and 2025 and the six months ended June 30, 2026, our inventory turnover days were 131 days, 111 days, 248 days and 234 days, respectively, which were generally in line with industry standards, according to Frost & Sullivan.

INFORMATION TECHNOLOGY

We utilize multiple information technology systems to manage various aspects of our operations, including but not limited to sales management, material procurement, production, quality control, inventory management, financial reporting, and human resources. Within our integrated information systems, we have multiple systems, including but not limited to ERP system and OA system throughout our business operations. Our systems are of vital importance in coordinating among departments and quality control. See "— Quality Control Standards" in this section. The functionality and stability of our information technology infrastructure are critical to our business operations. The IT department conducts system checks, data backups, system maintenance, and other activities to ensure the continuous operation of critical IT systems and facilities. During the Track Record Period and up to the Last Practical Date, our IT systems did not experience any major failures or complete breakdowns that had a significant adverse impact on our overall business operations.

DATA PRIVACY AND PROTECTION

During the Track Record Period, we collected and stored certain personal information on our private cloud platform in connection with the operation and development of our business, in accordance with applicable laws and regulations. The types of personal information collected include: (i) for our employees, name, ID number, mobile phone number, mailing address, which will be maintained in their personal file by our human resources department, as well as, fingerprint and facial recognition data for the entrance of the office and office building; (ii) for visitors to our offices, name, ID number, and mobile phone number, which are required by the property management of the office building; and (iii) for contacts of our distributors, customers and suppliers, e.g., name and mobile phone number.

The collection and storage of such personal information are carried out solely to support our business operations and commercial activities, and the scope of data collected is consistent with general business practices. All personal data is obtained voluntarily and with the consent of the individuals concerned, and we do not transfer such data across borders or provide it to third parties. We do not collect personal information for the purpose of offering data storage or data operation services to external users. As of the date of this document, we neither collect, manage, use, process, or transmit user location data, images, or other personal data through our products or services. We do not provide or sell personal data to third parties. We are not a network platform operator and have not been identified by regulators as an operator of critical information infrastructure. During the Track Record Period and up to the Latest Practicable Date, we have not encountered disputes, litigation, or administrative penalties arising from personal data leakage or misuse. As advised by our PRC Legal Adviser, we complied in all material respects with all applicable PRC laws and regulations on data privacy, data security and cyber security during the Track Record Period and up to the Latest Practicable Date.

We believe the storage and protection of our customer data and related information is crucial to us. We have implemented a comprehensive data security and protection system that provides security and protection over operation, technology and management. We continually develop and protect our information security infrastructure from multiple dimensions including the following aspects. First, data security. We establish a set of protocols on data security including cloud storage, redundancy policies and backup policies to prevent accidental data loss. We also leverage encryption technology and digital signature to ensure the authenticity, integrity and accountability of the data in our solutions. Second, infrastructure physical security. Our information infrastructure has been deployed in professional private clouds, which are advanced data centers in China, equipped with professional protection capacities in physical security, hardware security, software and network security. Third, privacy protection. We implement hierarchical protection of customer information and data, and apply privacy policies including access authorization, encrypted storage, encrypted transmission and de-identification to prevent the loss or leak of personal privacy

information. Meanwhile, we have established a complete privacy management mechanism to provide a full range of personal privacy information protection under different settings such as software development, utilization of systems, daily inspection and emergency response.

QUALITY CONTROL STANDARDS

We place great emphasis on quality control across all stages of our operations. We have established a comprehensive set of internal quality control standards, and built a well-developed quality management and product traceability system that covers procurement, R&D, production, and sales processes. As of June 30, 2026, we have obtained certifications for ISO 9001 (Quality Management System), ISO 45001 (Occupational Health and Safety Management System), and ISO 14000 (Environmental Management System, EMS). Our quality control processes are highly structured and standardized, with dedicated personnel assigned to oversee quality at each critical stage. We have also implemented a range of preventive measures and systems to mitigate product quality risks. These include continuous process monitoring and the application of advanced quality management tools such as Failure Mode and Effects Analysis (FMEA), which help us proactively identify and address potential issues. In addition, accredited third-party institutions conduct annual audits and provide guidance to ensure that our systems remain effective and up to date. During the Track Record Period and up to the Latest Practicable Date, there were no occurrences of material recalls or defect issues for our products, nor any material complaints regarding the quality of products we provide.

SEASONALITY

While our primary products are not heavily impacted by seasonality, there are certain seasonal patterns in both the Chinese and international markets, partly due to the influence of major holidays and shopping events in the downstream market.

THE IMPACT OF COVID-19 PANDEMIC

During the COVID-19 period, we experienced short-term production suspensions for less than one month in aggregate at our Shenzhen testing facility in 2022 in accordance with the relevant control measures, and certain delivery delays arising from the temporary suspension of logistics services. These suspensions and delays did not have any material adverse impact on our operating results. According to Frost & Sullivan, COVID-19 led to a significant increase in downstream demand in China's semiconductor industry, driven by the rapid growth of remote working, online education, and other digital applications. This surge in downstream demand stimulated the need for semiconductor memory products and contributed to an overall increase in industry prices for memory products. As a result, demand for our products also increased, resulting in higher customer order volumes and contributing to an increase in the average selling prices of our products during the period.

OUR CUSTOMERS

Our major customers primarily comprise enterprises and brand owners in downstream segments of the semiconductor industry, and our distributors. In 2023, 2024, 2025 and the six months ended June 30, 2026, our five largest customers in each year/period during the Track Record Period contributed 45.0%, 49.3%, 30.2% and 37.1%, respectively, to our total revenue in the same year/period. In addition, our single largest customer in each year/period during the Track Record Period contributed 21.0%, 14.8%, 9.7% and 17.1%, respectively, to our total revenue in the same year/period. The downstream applications of our major customers during the Track Record Period primarily include smartphones, laptops, tablets, educational devices, smart home systems, wearables, etc. The following tables set forth the details of our five largest customers during the Track Record Period.

For the year ended December 31, 2023

Customer	Principal business	Product provided	Business relationship since	Amount of revenue	% of the total revenue	Credit terms*	Payment methods	Registered capital
				(RMB'000)				
Customer A	Components Distribution	DRAM and NAND flash products	2020	504,575	21.0%	Prepayment/Payment due upon delivery	Wire transfer	~RMB1.0 billion
Customer B	Design, development, production, sales and service of ICT industry products and solutions	DRAM and NAND flash products	2021	231,923	9.7%	Payment due 60 days from month-end	Wire transfer	~RMB4.8 billion
Customer D	Components Distribution	DRAM and NAND flash products	2021	174,690	7.3%	Prepayment/Payment due at month-end	Wire transfer	~RMB0.4 billion
Customer F	Components Distribution	DRAM and NAND flash products	2023	98,688	4.1%	Prepayment/Payment due upon delivery	Wire transfer	~RMB0.3 billion
Customer G	R&D, production and sales of mobile terminal products such as smartphones	DRAM and NAND flash products	2019	71,879	3.0%	Payment due 30 days after delivery	Wire transfer	~RMB0.08 billion
Total				**1,081,755**	**45.0%**			

* Based on each customer's credit history and the details of each order, we evaluate on a case-by-case basis whether to extend payment terms for certain orders.

For the year ended December 31, 2024

Customer	Principal business	Product provided	Business relationship since	Amount of revenue	% of the total revenue	Credit terms*	Payment methods	Registered capital
				(RMB'000)				
Customer A	Components Distribution	DRAM and NAND flash products	2020	549,242	14.8%	Prepayment/Payment due upon delivery	Wire transfer	~RMB1.0 billion
Customer B	Design, development, production, sales and service of ICT industry products and solutions	DRAM and NAND flash products	2021	427,615	11.5%	Payment due 60 days from month-end	Wire transfer	~RMB4.8 billion
Customer H	Components Distribution	DRAM and NAND flash products	2024	424,521	11.4%	Payment due 60 days after delivery	Wire transfer	~HKD10,000
Customer D	Components Distribution	DRAM and NAND flash products	2021	301,153	8.1%	Prepayment/Payment due upon delivery	Wire transfer	~RMB0.4 billion
Customer G	R&D, production and sales of mobile terminal products such as smartphones	DRAM and NAND flash products	2019	131,279	3.5%	Payment due 30 days after delivery	Wire transfer	~RMB0.08 billion
Total				**1,833,810**	**49.3%**			

* Based on each customer's credit history and the details of each order, we evaluate on a case-by-case basis whether to extend payment terms for certain orders.

For the year ended December 31, 2025

Customer	Principal business	Product provided	Business relationship since	Amount of revenue	% of the total revenue	Credit terms*	Payment methods	Registered capital
				(RMB'000)				
Customer A	Components Distribution	DRAM and NAND flash products	2020	575,971	9.7%	Prepayment/Payment due upon delivery	Wire transfer	~RMB1.0 billion
Customer B	Design, development, production, sales and service of Information and Communication Technology (ICT) industry products and solutions	DRAM and NAND flash products	2021	553,651	9.4%	Payment due 60 days from month-end	Wire transfer	~RMB4.8 billion
Customer I	Semiconductor display, new energy photovoltaic, R&D and production of smart terminal products, component trading and so forth	DRAM and NAND flash products	2021	238,446	4.0%	Payment due 60 days from month-end	Wire transfer	~RMB20.8 billion
Customer D	Components Distribution	DRAM and NAND flash products	2021	222,152	3.8%	Prepayment/Payment due upon delivery	Wire transfer	~RMB0.4 billion
Customer H	Components Distribution	DRAM and NAND flash products	2024	195,340	3.3%	Payment due 60 days after delivery	Wire transfer	~HKD10,000
Total				**1,785,560**	**30.2%**			

* Based on each customer's credit history and the details of each order, we evaluate on a case-by-case basis whether to extend payment terms for certain orders.

For the period ended June 30, 2026

Customer	Principal business	Product provided	Business relationship since	Amount of revenue	% of the total revenue	Credit terms*	Payment methods	Registered capital
				(RMB'000)				
Customer A	Components Distribution	DRAM and NAND flash products	2020	2,058,135	17.1%	Prepayment/Payment due upon delivery	Wire transfer	~RMB1.0 billion
Customer D	Components Distribution	DRAM and NAND flash products	2021	700,855	5.8%	Prepayment/Payment due at month-end	Wire transfer	~RMB0.4 billion
Customer B	Production, sales and service of ICT industry products and solutions	DRAM and NAND flash products	2021	655,421	5.4%	Payment due 60 days from month-end	Wire transfer	~RMB4.8 billion
Customer K	R&D, production and sales of smart home products	DRAM and NAND flash products	2023	596,101	5.0%	Payment due 30 days from month-end/ Prepayment	Wire transfer	~RMB50.0 million
Customer L.	Development of single-board computers and proprietary semiconductor devices, and provision of software and platform services	DRAM and NAND flash products	2025	452,567	3.8%	Prepayment/Payment due 15 days after delivery	Wire transfer	Incorporated in the U.K.; registered capital not applicable
Total				**4,463,079**	**37.1%**			

* Based on each customer's credit history and the details of each order, we evaluate on a case-by-case basis whether to extend payment terms for certain orders.

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest customers in each year during the Track Record Period was an Independent Third Party.

THIRD-PARTY PAYMENT

During the Track Record Period, certain of our customers settled payments with our Company and our subsidiaries through accounts held by parties other than the contractual counterparties under the relevant sales and purchase agreements.

These arrangements primarily fall into the following two categories:

Payment through Customers' Supply Chain Service Providers

During the Track Record Period, some of our customers settled payments with our Company and our subsidiaries through accounts belonging to third-party supplier chain service providers (individually or collectively, the "**Supply Chain Payment Customer(s)**"). Third-party supply chain service providers were primarily entities that, while operating within a larger corporate group with other business lines, offer dedicated supply chain management services. These providers assist with logistics, inventory management, procurement coordination, and other operational functions, enabling Supply Chain Payment Customers to maintain a streamlined and responsive supply chain.

In 2023, 2024, 2025 and the six month ended June 30, 2026, the aggregate amounts of payment from supplier chain service providers to us were RMB99.2 million, RMB215.9 million, RMB197.3 million and RMB385.7 million, respectively, representing approximately 4.1%, 5.8%, 3.3% and 3.2% of our revenue. During the Track Record Period, no individual Supplier Chain Payment Customer made material contribution to our revenue. None of the Group's five largest customers, settled payment to the Group through third-party supplier chain service providers. As of April 1, 2025, we have entered into tri-party agreements with all active supply chain service providers and Supply Chain Payment Customers, ensuring that both parties are direct counterparties to agreements with us. As a result, the use of this kind of third-party payment arrangements has ceased since then. In addition, any customers intending to use supply chain payment are required to sign the relevant tri-party agreements before any transactions can proceed.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) we did not proactively initiate any such payment arrangement; (ii) we did not provide any discount, commission, rebate or other benefit to any of the Supplier Chain Payment Customers to facilitate or incentivize such payment arrangements; and (iii) the pricing and payment terms of the agreements we entered into with the Supply Chain Payment Customers were in line with the agreements with customers not involved in the supply chain payment arrangement.

According to Frost & Sullivan, it is not uncommon for customers in the semiconductor industry to settle their transactions through supply chain service providers. The Supply Chain Payment Customers primarily utilize the supply chain payment arrangement for two reasons. First, some customers prefer to engage third-party supply chain service providers for delivery and transshipment customs declaration, customs clearance and related services of products procured from us. For convenience, some of those customers also settle their transactions with us through the accounts of their third-party supply chain service providers. Second, we typically require customers to make prepayments for products. However, those third-party supply chain service providers may provide credit periods to their customers for payments settled with us through their accounts, depending on the terms and conditions between them. Accordingly, some customers prefer to settle their transactions with us through the accounts of their third-party supply chain service providers for commercial reasons.

Payment through Other Third-parties

During the Track Record Period, certain of our customers, mainly small and medium-sized enterprises, settled payments to our Company through accounts of third parties other than supply chain payment providers (individually or collectively, the "**Other Third-party Payment Customers**"). This was primarily due to customers' considerations of payment convenience. In most cases, the third-party payors were the business partners of such customers. In 2023, 2024, 2025 and the six month ended June 30, 2026, the aggregate amounts of payment from such payment arrangement were RMB5.0 million, RMB6.8 million, RMB2.5 million and nil, respectively, representing approximately 0.2%, 0.2%, 0.0% and nil of our revenue. During the Track Record Period, no individual Other Third-party Payment Customer made material contribution to our revenue.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) we did not proactively initiate any such payment arrangement; (ii) we did not provide any discount, commission, rebate or other benefit to any of such customers to facilitate or incentivize such payment arrangements; and (iii) the pricing and payment terms of the agreements we entered into this arrangement were in line with the agreements with customers not involved in the supply chain payment arrangement and the other third-party payment arrangement.

Implication

Considering that: (a) the Company has obtained confirmations from the Supply Chain Payment Customers and the Other Third-party Payment Customers, together with their designated payors who accounted for the majority of the revenue generated under such payment arrangements during the Track Record Period, confirming that such payment arrangements relating to the transactions during the Track Record Period were based on genuine and lawful transaction backgrounds and accurate transaction amounts, that the funds used by the entrusted payors to make payments to the Company were legitimate and lawful, and that such arrangements did not involve proceeds of money laundering, terrorism, corruption, bribery, smuggling, tax evasion, tax fraud, financial fraud or any other illegal activities, nor were they used to evade or obtain undue tax benefits, and that the relevant parties had no right under any circumstances to claim refund, compensation, recourse or any other form of rights in respect of such entrusted payments; and (b) during the Track Record Period and up to the Latest Practicable Date, the Company had not been requested to make any refunds, and there was no actual or pending dispute or disagreement relating to any supply chain payment arrangement or other third-party payment arrangement; our PRC Legal Adviser is of the view that, (i) the Company does not violate any mandatory provisions of applicable laws or regulations in China as a result of the supply chain payment arrangement and other third-party payment arrangement; and (ii) the risks of the Company and its subsidiary being deemed to have assisted in money laundering or tax evasion, as well as the risks of being subject to claims, refund or compensation arising from the supply chain payment arrangement and other third-party payment arrangement are remote.

As confirmed by the Company, (i) the supply chain payment arrangement and other third-party payment arrangement was initiated by the relevant customers and was not designed by the Company to circumvent applicable tax laws or other regulations in China. All customer payments previously received under the arrangement were duly recorded in accordance with the Company's accounting procedures and policies; (ii) the Company had not been identified as violating any applicable tax laws as a result of such payment arrangement during the Track Record Period; and (iii) payments from the third-party payors are only accepted via remittance from licensed banks, ensuring that the funds comply with the anti-money laundering requirements implemented by such banks; and (iv) the Company had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the supply chain payment arrangement and other third-party payment arrangement during the Track Record Period and up to the Latest Practicable Date.

Our Directors confirm that the Supply Chain Payment Customers and Other Third-party Payment Customers are independent of and not otherwise connected with our Group, our Controlling Shareholders, substantial Shareholders, Directors or senior management.

In accordance with relevant PRC laws and regulations, and supervisory requirements, including the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), and the Counter-Terrorism Law of the People's Republic of China (《中華人民共和國反恐怖主義法》), money laundering includes acts that conceal or disguise the source and nature of proceeds derived from criminal activities such as drug-related crimes, gang-related crimes, terrorist activities, smuggling, corruption and bribery, crimes disrupting financial management order, financial fraud, and other criminal activities, as well as the proceeds generated from such activities; the financing of terrorism includes acts of providing funds to terrorist organizations, terrorists, or for the implementation of terrorist activities or terrorist training.

Taking into consideration that major relevant parties have confirmed and undertaken that all third-party payment arrangements during the Track Record Period were based on genuine and lawful transaction backgrounds and accurate transaction amounts, and did not violate any mandatory or prohibitory provisions of laws and regulations, our PRC Legal Adviser is of the view that the risk of the Company and its subsidiaries being deemed to have assisted in money laundering or tax evasion is remote, and the risk of the Company and its subsidiaries facing recourse, being required to provide refunds, or being held liable for compensation due to such third-party payment arrangements is also remote.

Internal Control Measures

To mitigate the risks relating to the above payment arrangements and prevent future occurrences, we have implemented internal control measures. For Other Third-party Payment Customers, we have ceased such payment since February 10, 2025. In addition, we have enhanced and implemented policies prohibiting any additional other third-party payment arrangements; the cessation did not, and is not expected to in the future, result in any material adverse impact on our Company. For the Supply Chain Payment Customers, we require them to provide relevant information to us, including the identity of the third-party payors, and the confirmation that the relevant customer either delegates its payment obligation under the original agreement to the respective third-party payor, who undertakes to pay directly to us under the same terms, or the third-party payor is jointly liable with the customer for the relevant payments; and, after the third-party payor makes the payment to our account pursuant, the finance department of us will match the payment with the corresponding customer account based on the transaction information.

Internal control measures have been established to preserve the integrity of our Company's financial and accounting information and prevent fraud and money laundering activities. A compilation of financial management system and an information system account, password and authority management system have been established to govern the financial reporting process and the integrity of financial information. Such policies are approved by management and circulated to relevant staff for execution; and code of conduct has been established which has set out the rules or policies that all staff should adhere to.

We conduct regular review on the effectiveness of the aforesaid internal control measures and promptly address any abnormalities and malfunctions. Our legal and financial department is responsible for providing detailed review results and reporting the results to the management periodically. Our Directors are of the view that the foregoing internal control measures are effective and adequate in preventing supply chain payment-related risks, and our Directors will oversee the effectiveness of the aforementioned internal controls in the future.

OUR SUPPLIERS

Our major suppliers primarily include providers of raw materials, such as memory wafer and chip die suppliers, as well as packaging service providers. In 2023, 2024, 2025 and the six month ended June 30, 2026, our five largest suppliers in each year during the Track Record Period contributed 72.5%, 76.0%, 82.0% and 93.1%, respectively, to our total purchase amount in the same year/period. The increase in the proportion of purchase amounts attributable to our five largest suppliers during the Track Record Period was primarily attributable to the increasing purchase amounts from Supplier A, our largest supplier during the Track Record Period. Supplier A is a Singapore-incorporated subsidiary of a leading global memory product manufacturer incorporated in the United States, which is a key supplier to participants in the global memory product industry. Supplier A contributed 46.5%, 53.3%, 68.5% and 82.6%, respectively, to our total purchase amount in 2023, 2024, 2025 and the six months ended June 30, 2026.

During the Track Record Period, we procured DRAM and NAND wafers and memory dies from Supplier A, which is a key supplier to leading participants in the global memory product industry. According to Frost & Sullivan, the DRAM and NAND wafers and memory dies suppliers in the memory product industry is highly concentrated, with the top five suppliers, including Supplier A, accounting for over 90% of total global DRAM and NAND wafers and memory dies supply in terms of shipment in 2025. In practice, it is an industry norm that most memory product manufacturers, particularly independent memory product enterprises engaged in testing and system-level chip integration, such as our Company, procure from these major suppliers or their distributors.

Our Directors are of the view that the relationship between the Group and Supplier A is unlikely to materially and adversely change or terminate. In particular, we have maintained a long-term partnership with Supplier A since 2019. Our long-term commercial relationship with Supplier A is underpinned by a mutually beneficial business model. The collaboration enables us to secure a stable and sufficient supply of raw materials, while allowing Supplier A to extend the application of its wafers and memory dies beyond its core focus on high-performance memory products, such as HBM. By utilizing these wafers and memory dies to develop consumer-grade memory products, we complement Supplier A's product positioning and create a differentiated market offering that expands the reach of its raw materials across a broader range of end markets. During the Track Record Period, we entered into long-term agreements with Supplier A, and as a result, we were exposed to a certain degree of supplier concentration risk. See "Risk Factors — Our purchase of key raw materials and components, concentrates on certain major suppliers. Any disruption in supply or change in our relationships with these suppliers could adversely affect our business, financial condition and results of operations" in this document.

The increase in the percentage of procurement from Supplier A in 2024, 2025, and the six months ended June 30, 2026, was primarily due to our strengthened relationship with Supplier A, which enabled us to secure raw material supply amid the global shortage of raw materials in the memory product industry and meet downstream demand. As we maintain a stable and close relationship with Supplier A, we primarily procure directly from them without engaging intermediaries. The higher supplier concentration therefore reflects the stability of our relationship with Supplier A. In addition, alternative suppliers are available in global markets, and our continued cooperation with Supplier A is primarily a result of our commercial decision. In the event of any disruption to the supply from Supplier A, we would be able to source the required materials from other suppliers at prevailing market prices in a timely manner.

Our Directors are of the view that the Group is capable of engaging other suppliers for DRAM and NAND wafer and memory dies with comparable pricing, product quality and delivery timelines. Such view is supported by the fact that the Group has not been exclusively reliant on Supplier A and has, during the Track Record Period and up to the Latest Practicable Date, also maintained or entered into procurement arrangement through the distributors, representatives, or trading customers of multiple global or PRC leading DRAM and/or NAND wafers and memory dies suppliers ("**Alternative Providers**") in respect of similar products as part of its normal business

operations and procurement arrangements. Such Alternative Providers include Company K, Company L, Company O, Company P and Company Q. In particular, Company K, Company L and Company O, together with Supplier A, were four of the top five global suppliers of DRAM and NAND wafers and memory dies in terms of shipment volume in 2025. In addition, Company P and Company Q were the two largest suppliers of DRAM and NAND wafers and memory dies in Chinese Mainland in terms of shipment volume in 2025. For the background information of these suppliers, please see "Industry Overview — Competitive Landscape of Global Embedded Memory Product Market Among Independent Memory Product Providers" in this document. The Group's procurement from Supplier A reflects primarily the historical continuity and stability of the commercial relationship, and does not preclude the Group from continuing to, or further, diversify its supplier base in accordance with business needs and market conditions. Furthermore, with the ongoing development of both the global and domestic memory industries, we expect a growing number of suppliers to become available, enabling us to further strengthen and diversify our supply chain.

In 2023, there was a media report indicating that Supplier A ceased supplying server chips for data center applications in the PRC. Nevertheless, during the Track Record Period and up to the Latest Practicable Date, we did not procure any raw materials from Supplier A for products used in data center applications. Should we require raw materials for products used in data center applications in the PRC, we could procure them from other suppliers. Our Directors confirm that such media report will not affect Supplier A's supply to the Group. However, in light of the evolving policy landscape and geopolitical environment, the Company cannot assure that its business, suppliers or supply chain will not be affected in the future. See "Risk Factors — Our business is subject to legal, regulatory, political, economic, commercial and other risks associated with our customers from overseas markets" in this document.

The salient terms of the procurement arrangements between the Group and Supplier A during the Track Record Period are summarized as follows:

(i) Products and purchase arrangements: Supplier A supplied memory products to the Group pursuant to the relevant procurement arrangements and purchase orders placed by the Group from time to time. The products, quantities and delivery arrangements were agreed between the parties on an order-by-order basis;

(ii) Pricing terms: The prices of the products were determined through negotiations between the parties from time to time, taking into account the relevant product types and specifications;

(iii) Payment terms: Supplier A provided credit terms for the Group's purchases within a relatively limited amount, while all other purchases were subject to prepayment. Given the Group's substantial procurement requirements for raw materials and its need to secure a stable supply of raw materials, the Group generally made prepayments to Supplier A in practice; and,

(iv) Delivery terms: The delivery terms, including the applicable shipping terms and delivery arrangements, were specified in the relevant purchase orders.

The following tables set forth the details of our five largest suppliers during the Track Record Period.

For the year ended December 31, 2023

Supplier	Principal business	Product/services purchased	Business relationship since	Amount of purchase	% of the total purchase	Credit terms	Payment methods	Registered capital
				(RMB'000)				
Supplier A	R&D, production and sales of memory chips	DRAM, NAND wafers and memory dies	2019	1,091,593	46.5%	Prepayment	Wire transfer	~USD1.1 billion
Supplier F	Chip Trading	DRAM, NAND wafers and memory dies	2022	257,076	11.0%	Payment due 30 days after delivery	Wire transfer	~HKD1 million
Supplier G	Chip Trading	DRAM, NAND wafers and memory dies	2019	158,697	6.8%	Prepayment	Wire transfer	~HKD10,000
Supplier L	Chip Trading	DRAM, NAND wafers and memory dies	2022	109,050	4.6%	Payment due 30 days from month-end	Wire transfer	~RMB0.8 billion
Supplier I	Chip packaging	Chip packaging	2021	84,288	3.6%	Payment due 60 days from month-end	Wire transfer	~RMB3.5 billion
Total				**1,700,704**	**72.5%**			

For the year ended December 31, 2024

Supplier	Principal business	Product/services purchased	Business relationship since	Amount of purchase	% of the total purchase	Credit terms	Payment methods	Registered capital
				(RMB'000)				
Supplier A	R&D, production and sales of memory chips	DRAM, NAND wafers and memory dies	2019	1,942,035	53.3%	Prepayment	Wire transfer	~USD1.1 billion
Supplier F	Chip Trading	DRAM, NAND wafers and memory dies	2022	285,765	7.8%	Payment due 30 days after delivery	Wire transfer	~HKD1 million
Supplier L	Chip Trading	DRAM, NAND wafers and memory dies	2022	277,872	7.6%	Payment due 40 days from month-end	Wire transfer	~RMB0.8 billion
Supplier G	Chip Trading	DRAM, NAND wafers and memory dies	2019	152,191	4.2%	Prepayment	Wire transfer	~HKD10,000
Supplier J	Chip Trading	DRAM, NAND wafers and memory dies	2019	113,013	3.1%	Prepayment	Wire transfer	~HKD0.2 million
Total				**2,770,876**	**76.0%**			

For the year ended December 31, 2025

Supplier	Principal business	Product/services purchased	Business relationship since	Amount of purchase	% of the total purchase	Credit terms	Payment methods	Registered capital
				(RMB'000)				
Supplier A	R&D, production and sales of memory chips	DRAM, NAND wafers and memory dies	2019	5,671,145	68.5%	Prepayment	Wire transfer	~USD1.1 billion
Supplier J	Chip Trading	DRAM, NAND wafers and memory dies	2019	404,544	4.9%	Prepayment	Wire transfer	~HKD0.2 million
Supplier L	Chip Trading	DRAM, NAND wafers and memory dies	2022	278,714	3.4%	Payment due 40 days from month-end	Wire transfer	~RMB0.8 billion
Supplier G	Chip Trading	DRAM, NAND wafers and memory dies	2019	229,030	2.8%	Prepayment	Wire transfer	~HKD10,000
Supplier M*	Chip Trading	DRAM, NAND wafers and memory dies	2023	207,174	2.5%	Payment due 30 days from month-end	Wire transfer	~RMB15 million + ~HKD10,000
Total				**6,790,607**	**82.0%**			

* Supplier M comprises two entities, Company X and Company Y, which share the same controlling shareholder, an independent third-party individual. The registered capital figures represent the registered capital of Company X and Company Y, respectively.

For the period ended June 30, 2026

Supplier	Principal business	Product/services purchased	Business relationship since	Amount of purchase	% of the total purchase	Credit terms	Payment methods	Registered capital
				(RMB'000)				
Supplier A	R&D, production and sales of memory chips	DRAM, NAND wafers and memory dies	2019	11,884,506	82.6%	Prepayment/Payment 30 days after shipping	Wire transfer	~USD1.1 billion
Supplier M* . . .	Chip Trading	DRAM, NAND wafers and memory dies	2023	566,154	3.9%	Payment due 30 days from month-end/Prepayment	Wire transfer	~RMB15 million + ~RMB3 million+ ~HKD10,000
Supplier J	Chip Trading	DRAM, NAND wafers and memory dies	2019	393,993	2.7%	Prepayment	Wire transfer	~HKD0.2 million
Supplier L	Chip Trading	DRAM, NAND wafers and memory dies	2022	324,936	2.3%	Payment due 40 days from month-end	Wire transfer	~RMB0.8 billion
Supplier O	Chip Trading	DRAM, NAND wafers and memory dies	2019	233,194	1.6%	Prepayment	Wire transfer	~HKD10,000
Total				**13,402,783**	**93.1%**			

* Supplier M comprises three entities, Company X, Company Y and Company Z, which share the same controlling shareholder, an independent third-party individual. The registered capital figures represent the registered capital of Company X, Company Y and Company Z, respectively.

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest suppliers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party.

OVERLAPPING CUSTOMERS AND SUPPLIERS

Supplier M comprises three entities, Company X, Y and Z, which share the same controlling shareholder, an independent third-party individual. Company X, Y and Z are trading companies operating in the semiconductor industry. We purchased DRAM, NAND wafers and memory dies from Company X and Y in 2024 and 2025 and Company X, Y and Z in the six months ended June 30, 2026, sold DRAM and NAND flash products to Company Y in separate transactions in the ordinary course of our business in 2023, 2024 and 2025. In 2023, 2024, 2025 and the six months ended June 30, 2026, our purchases from Company X, Y and Z amounted to nil, RMB3.8 million, RMB207.2 million and RMB566.2 million, representing nil, 0.1%, 2.5% and 3.9% of our total purchases in the same year/period, respectively. Our revenue generated from Company Y during the same year/period was RMB0.1 million, RMB1.6 million, RMB19.8 million and nil, representing less than 0.5% of our total revenue in the respective year/period.

Negotiations of the terms with Company X, Y and Z were conducted separately on an arm's length basis, and the sales and purchases were neither connected nor conditional upon each other. In addition, the terms of transactions with our Company mentioned above are in line with market practice and similar to those with our other customers and suppliers. Save as disclosed, to the best of our knowledge, none of our major customers during each year of the Track Record Period was a supplier of ours and vice versa.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We are committed to ESG construction, deeply integrating the principles of sustainable development into the Group's daily operations and long-term strategy to support sustainable corporate development.

ESG Governance Framework

In line with our strategic planning for sustainable development, we are actively promoting the integration of ESG principles into the Group's day-to-day management and operations. We plan to gradually optimize the ESG governance framework from the top down, clarifying the responsibilities of each level and department. This framework will provide organizational support for the implementation of ESG initiatives and fully protect the legitimate rights and interests of shareholders. The chairman of our Board, as the highest person in charge of and decision-maker for the Group's ESG affairs, is responsible for deliberating, approving and making decisions on significant ESG issues, implementation targets, information disclosure and external reporting, and for coordinating the assessment and management of ESG-related impacts, risks and opportunities. We established an ESG Affairs Department, under which an ESG Implementation Group will be set up to cover the entire ESG workflow, to improve resource coordination and further ensure the implementation of targets.

Environmental Indicators and Management

We have established and continuously maintained ISO14001 management systems, achieving international standardization in environmental, energy, occupational health and safety, and quality management. To strengthen ESG management, we have implemented the Procedures for Control of Environmental and Occupational Health & Safety Objectives, Targets, and Management Plans. Each

year, we set specific environmental and occupational health & safety objectives, indicators, and management plans, and undertake corresponding activities to ensure progress toward these targets. Key areas of energy and environmental management include enforcing energy resource control procedures.

Emissions

We prioritize managing emissions in our production. We have established the Ozone-Depleting Substances (ODS) Control Procedures and the Emission Source Inventory Identification Program to reduce ozone-depleting substances and protect the ozone layer. As we only operated less than five commercial vehicles during the Track Record Period, the impact of exhaust emissions is minimal. Wastewater discharge is limited to office domestic sewage, with no involvement in industrial wastewater treatment.

Waste Management Policies and Practices: Our products do not involve reuse, and as a testing facility, our plant does not involve hazardous wastewater or other forms of discharge and utilization. We have implemented the Waste Control Procedures, which provide requirements for the entire lifecycle of waste management — from classification, storage, collection, and transportation to final disposal. A strict classification and storage system is enforced, with dedicated containers and storage areas in place. Waste generated from our operations is classified into recyclable, non-recyclable and hazardous waste. Recyclable waste, including paper, plastic and metal materials, is separately collected and transferred to qualified contractors for further handling. We continuously promote process optimization and resource efficiency to minimize waste generation at the source, including by reducing product defect rates and the use of auxiliary materials such as oil and plastic bags. In addition, regular environmental training is organized for employees to strengthen awareness and operational compliance in waste management.

Resource Consumption

We strictly comply with national regulations, integrating energy and water conservation reviews into business operations and investment decision-making, thereby supporting China's "dual carbon" goals, and promoting the sustainable resource use. We have implemented a resource management policy that covers the efficient use and conservation of energy, water, and raw materials. In accordance with the Energy Resource Management Procedures, we set clear conservation targets, implementation measures, responsibilities, timelines, and budget allocations in our annual energy and environmental management plans.

Electricity Consumption Management: We manage electricity consumption through a combination of control measures across various areas. For equipment, we enforce accountability, set air-conditioning temperatures above 26°C in summer, promote energy-saving lighting, and strictly implement a "power-off when not in use" policy. In offices, we adopt timed power controls, encourage paperless operations and double-sided printing, and reduce elevator usage. In production, we minimize equipment start-up and shutdown frequency by centralizing production scheduling and using high-efficiency electromechanical equipment to reduce unit energy consumption.

Water Consumption Management: We plan to continuously optimize water usage processes and further strengthen facility maintenance and supervision. To this end, we have implemented several measures: water-saving labels have been installed at all water usage points, along with the establishment of regular inspection mechanisms to promptly repair leaks. Additionally, we launched a company-wide water conservation initiative and reinforced control over water-intensive processes.

To fulfill our responsibility for green development, we strictly control the use of packaging materials and continuously monitor water and electricity consumption, with clear performance control targets to manage resource consumption.

The specific resource consumption of the Group during the Track Record Period is as follows:

		Year ended December 31,			Six months ended June 30,
Resource Category	Unit	2023	2024	2025	2026
Electricity	MWh	2,387.4	4,179.2	7,826.4	4,933.2
Water Resources	10,000 tonnes	1.1	1.3	1.8	0.9

Our resource consumption increased in both 2024 and 2025, primarily as a result of the commencement of operations at our Zhongshan testing facility in 2024 and the ramp-up of its operations in 2025. We will actively fulfill our ESG responsibilities by striving to reduce per-unit product consumption, thereby advancing the synergistic development of operations and green sustainability.

Product Energy Efficiency and Green Computing

We incorporate energy efficiency considerations into our product design and development. Through developing low-power memory products and optimizing product performance and power consumption, we seek to improve product energy efficiency and reduce device-level power consumption. Our low-power memory products support applications such as smart terminals and edge computing, where energy efficiency and computing performance are important considerations. We will continue to optimize the energy efficiency of our products and support the development of more energy-efficient applications and products.

Carbon Management

We prioritize carbon emission management and are committed to enhancing environmental performance through systematic reduction initiatives. To achieve effective emission control, we focus on source-control and process-management measures, particularly regarding Ozone Depleting Substances (ODS). This includes prioritizing "CFC-free" products to reduce ODS usage, enforcing refrigerant recovery procedures to prevent leaks, and implementing leak detection and repair systems. We also ensure the proper disposal of outdated appliances by removing CFC and HCFC refrigerants, prohibit methyl bromide-based pesticides, and work with authorities to promote alternatives. Additionally, we strengthen refrigeration maintenance to properly handle recovered refrigerants, eliminate emissions, and conduct routine inspections. The following table sets forth the specific carbon emissions of the Group for the years/period indicated:

		Year ended December 31,			Six months ended June 30,
Category	Unit	2023	2024	2025	2026
Scope 1	tCO_2e	16.9	18.2	23.4	14.0
Scope 2	tCO_2e	1,361.5	2,383.4	4,463.4	2,813.4
Scope 3	tCO_2e	148.0	105.8	99.1	54.9

Note: Scope 3 includes water usage and packaging materials. In 2024, we optimized the packaging materials used for shipments. Each carton can now hold more granule capacity, reducing the consumption of carton materials — the main source of Scope 3 emissions — and thus lowering Scope 3 emissions overall.

We will continue to implement an environmental management strategy, setting annual energy and emission reduction goals and enforcing systematic monitoring mechanisms to ensure a sustained reduction in environmental impact. During the Track Record Period, noise monitoring results consistently complied with national standards. Looking ahead, we will further optimize emission reduction measures and enhance environmental performance.

Identification of Climate-Related Risks and Opportunities

To address the impacts of key climate-related issues, we have formulated the ODS Control Procedures. Through regular identification and assessment of ODS emission sources and implementation corresponding control measures, we manage their potential climate impacts. After evaluation, our business operations have not been directly affected by material climate-related issues. The operating environment remains stable, and climate risks are within a controllable range. Meanwhile, we have established a systematic climate risk management mechanism. Based on the Environmental Context and Risk & Opportunity Identification and Evaluation Matrix, we conduct dynamic identification and assessment of climate risks. Corresponding preventive and control measures are formulated and implemented, thereby continuously enhancing the Group's adaptive capacity to climate change, and ensuring sustainable long-term development.

Social Metrics and Management

In the course of our corporate development, we have always regarded social responsibility as a core development philosophy and a spontaneous action. To ensure full compliance with all laws and regulations related to our operations, we have developed the Compliance Evaluation Form for Laws, Regulations and Other Requirements, and use this form to conduct compliance checks on relevant content to confirm that they meet the requirements.

Employee Employment Status: We prohibit any discriminatory practices arising from race, social class, nationality, religion, disability, gender, sexual orientation, age, specific abilities, and political connections. To this end, we have established the Anti-Discrimination Management Regulations, which stipulate that both internal and external groups and individuals have the right to monitor or file complaints about the Group's actions. As of June 30, 2026, we had 292 female employees and 309 male employees, with women accounting for approximately 48.6% of our workforce. During the Track Record Period, we strictly adhered to relevant laws and regulations, ensuring that no form of forced labor occurred, and that no minors who had not reached the legal minimum employment age were employed to engage in labor activities. In other words, there were no instances of forced labor or child labor. We have established an Employee Promotion Management Policy under which all current employees may apply for promotion based on consistent criteria for length of service, performance and qualifications. Candidates are appointed following nomination, Human Resources review, a promotion presentation, assessment by a review panel and a five-working-day public notice period. This process is designed to ensure transparent procedures and equal promotion opportunities.

Occupational Safety Construction

We have obtained the ISO 9001, and ISO 45001 certifications. In response to potential hazards related to work and processes that may lead to dangerous situations, we have established the Procedure for Identification and Evaluation of Hazards and the Control Matrix for Significant Occupational Health and Safety Hazards and Risk Sources. We adhere to the safety management goal of zero occurrences of fire and explosion accidents. During the Track Record Period, no employee death caused by work-related reasons occurred. To ensure the effective implementation of occupational health and safety management and to enforce the responsibilities of all personnel at different levels in this regard, we have established the Occupational Health and Safety Management Committee. We convene at least one special meeting on production safety every quarter to deliberate on significant issues related to production safety and to coordinate the production safety work of all relevant departments within the Group.

Employee Development and Training: To comprehensively enhance the overall quality and professional skills of our employees, and to promote the improvement of organizational performance and business results, we have established the Training Management System. This system includes company-level training, department-level training, specialized training, and advanced training programs, providing all employees with comprehensive development pathways. We have established the Performance Assessment and Incentive Plan, which clarifies the rules for performance assessment, the criteria for quarterly bonus evaluation, performance feedback, performance appeals, and other relevant standards and procedures. We have set up the System for Incentivizing the Introduction of Outstanding Talents, which prioritizes the recruitment of top talents. We make full use of internal resources to identify outstanding individuals. Employees who refer excellent talents internally are awarded the Bole prize, and we have also established our own internal and external talent maps and talent pools.

Sustainable Supply Chain: We have always integrated the concept of sustainable development into supply chain management. Through scientific supplier selection criteria, a rigorous scoring system, and a dynamic day-to-day management mechanism, we have built a green, efficient, and shared-responsibility supply chain ecosystem, which helps to support the long-term sustainable development of the Group. By establishing the Procurement Operation Management Procedure, we have standardized the material procurement process for all procurement-related business, improved procurement efficiency, clarified the responsibilities of each position, and effectively enhanced cooperation with various departments, thereby reducing procurement costs. Outsourced suppliers must meet requirements including, but not limited to, ISO 9001 certification; wastewater and exhaust gas treatment systems, with volatile organic compound (VOC) emissions meeting applicable standards; relevant management system certifications, such as ISO 14001 and QC 080000; and products that comply with applicable RoHS, WEEE and hazardous substance-free (HSF) requirements. They must also provide supporting documents, including third-party hazardous substance test reports issued by SGS, ITS or CTI. Suppliers that fail to meet these baseline requirements cannot be included in the Approved Vendor List (AVL). See "— Production — Our Outsourcing Production Arrangement" in this section.

Product Responsibility: We fully fulfill our product responsibilities through rigorous product management, excellent innovation in design and research and development, international strategic cooperation, and intellectual property protection. We have adhered to the Responsible Business Alliance Code of Conduct, committing to build, implement, and effectively and continuously improve the labor, safety, environment and ethics system, identify and reduce business risks related to the system, and continuously promote and align the system with the requirements of the above-mentioned Code of Conduct and our customers. During the Track Record Period, we have not had any major product recalls. We are currently actively complying with relevant laws concerning health and safety, advertising, labeling, and/or privacy issues related to the products/services we provide, and there have been no violations. We classify defect products as severe non-conformities, general non-conformities or observation items. The responsible departments implement corrective actions in accordance with our Corrective and Preventive Action Control Procedure, and each case is closed only after the actions have been verified. We have a defined procedure for hazardous substance-free (HSF) and environmental non-conformities. If incoming materials or finished products exceed hazardous substance limits, the relevant production line or production must be stopped immediately. If the materials or products remain non-compliant, they are returned, the supplier's approved status is revoked, and compensation is sought. Affected materials, work in progress and finished products are segregated and scrapped. If affected products have already been shipped, customers must be notified and the products recalled.

Product Qualification Process and Reliability Testing Process: We qualify our products through control plans developed for each stage of Advanced Product Quality Planning (APQP). Special characteristics must be identified and controlled according to their risk level during the prototype, pilot production and mass production stages. The Quality Department leads the development of these plans in consultation with a cross-functional team that includes Engineering and Production. New products and materials must also undergo hazardous substance-free (HSF) assessment, supported by third-party test reports from laboratories accredited to ISO/IEC 17025. We continue to monitor product compliance thereafter.

We have established dedicated Reliability Testing Management Guidelines. Reliability validation is mandatory when introducing a new product, process or packaging method, or making a material change. Testing is conducted in accordance with the JEDEC/JESD22 series of standards and includes, among other items, high- and low-temperature storage testing, and compression testing. The guidelines also set out the procedures for reliability testing, handling failed tests and conducting failure analysis.

Customer Complaint Canagement: We have established a Customer Complaint Handling Procedure covering the full process from receiving complaints and determining responsibility to analysing issues, implementing improvements, taking corrective action and updating records. The Sales Department, Module Business Unit, Quality Department and other relevant departments are responsible for their respective stages of the process.

Community and Public Welfare: We actively fulfill our corporate social responsibility. In 2019, under the leadership of the Futian District Charity Federation, we established the Rayson Charity Public Welfare Fund. We have successively donated educational supplies to Matang Primary School in Hepin County, Heyuan City; medical supplies to Tongji Hospital in Wuhan; built a functional room for the rehabilitation training of special children in Hengyang, Hunan; and donated cooling drinks and alcohol-free antibacterial sprays to elderly care institutions in Futian District. In addition, we have organized our employees to provide charitable activities to the Futian District Yuanling Octagonal Building Care Center and donated to the Hong Kong fire disaster relief fund.

Anti-Corruption: We have established the Detailed Rules for Anti-Fraud Management, which prohibits employees from soliciting or accepting bribes, loans, travel benefits or excessive hospitality, and clarifies the entire process including internal review, preventive measures, reporting procedures, implementation, and supervision. We conduct special anti-corruption training for all senior executives and grassroots employees and carry out anti-corruption due diligence on suppliers and partners, while continuously conducting checks for corruption risks in key business departments, to foster a good ethos of integrity, diligence, and dedication.

WORKPLACE SAFETY, PRODUCTION SAFETY AND OCCUPATIONAL HEALTH

We are subject to relevant PRC laws and regulations that govern the safe operations of our processing plants, including Work Safety Law of the PRC (《中華人民共和國安全生產法》). We have put in a place a rigorous inspection mechanism at our production base to ensure that all regulations are complied with and that the working conditions are safe for our employees. We strictly follow the goals for safety protection and implement the requirements of relevant laws, regulations, rules, and standards for safe operation. We have established a series of safety guidelines covering fire safety, operation safety, warehouse safety, work-related injuries and emergency and evacuation procedures. We have also implemented advanced safety measures for all production lines, as well as suitable and necessary protection equipment to our employees. We fully implement the system of safety production responsibility and carry out all aspects of safety production work.

INTELLECTUAL PROPERTY

We regard our intellectual property rights are critical to our business operation, and we devote significant time and resources to their development and protection. As of June 30, 2026, we held (i) 331 granted patents in the PRC, including 304 invention patents, (ii) 28 software copyrights in the PRC, (iii) 41 trademarks in the PRC and 10 overseas trademarks, (iv) six registered integrated circuit layout design in the PRC, (v) eight domain names in the PRC, and (vi) one design copyright in the PRC. See "Appendix IV — Statutory and General Information — Further Information about the Business of Our Company — 2. Intellectual Property Rights" to this document.

We implement a set of comprehensive measures to protect our intellectual property, in addition to making trademark and patent registration applications. Our key measures include: (i) dedicating personnel to guide, manage, supervise and monitor the daily work regarding intellectual properties; (ii) starting the registration, filing and application process of the intellectual properties timely; (iii) tracking the status of our intellectual properties actively and taking action in a timely manner if any potential conflicts with our intellectual properties are identified; and (iv) stating relevant rights and obligations regarding the protection of intellectual properties in all employment contracts and commercial contracts we enter into.

As of the Latest Practicable Date, except as otherwise disclosed in this document, we had not been subject to any material dispute or claims for infringement upon third parties' trademarks, licenses and other intellectual property rights.

EXPORT CONTROL AND TRADE RESTRICTION IMPLICATIONS

U.S. Export Control Implications

The BIS maintains various lists of entities and individuals subject to enhanced export controls. Among these, the Entity List imposes trade restrictions on designated foreign persons — including companies, research institutions, government and private organizations, and individuals. Listed parties are restricted from accessing certain U.S.-origin items, such as goods, software, and technology, as well as items containing controlled U.S.-origin content and foreign-made products derived from specified U.S. technology or equipment. Two of our previous customers have been listed on the Entity List, one of which has been designated with Footnote 3 (the "**Entity List Customer**"). Nonetheless, considering that (i) items we delivered to the Entity List Customer do not contain any U.S.-origin component or technology subject to the EAR; (ii) the memory products we sold were manufactured in the PRC and do not incorporate any controlled U.S.-origin commodities or are bundled with controlled U.S.-origin software; (iii) transactions with all designated entities on the Entity List were completed before they were listed and no subsequent transactions occurred with such former customers occurred during the Track Record Period and up to the Latest Practicable Date, our International Sanctions Legal Adviser is of the view that transactions with the Entity List Customer would not be subject to the EAR.

International Sanctions and Trade Restrictions Implications

During the Track Record Period, we sold our memory products to several overseas countries and regions. None of the countries and regions fall within the Sanctioned Countries under the Sanctions Guidance, and none of the counterparties has been designated as a Sanctioned Target, nor is located, incorporated, organized, or resident in a Sanctioned Country.

U.S. Sanctions

One of our customers and two suppliers are placed on the list of Entities Identified as Chinese Military Companies Operating in the United States under Section 1260H of the William M. Thornberry National Defense Authorization Act for Fiscal Year 2021 (the "**Section 1260H List**"), also known as the "Chinese Military Companies List" (the "**CMC List**") by the United States Department of Defense (the "**DoD**"). Entities listed on the CMC List may face the implications of prohibition on U.S. defense contracts and prohibition on lobbying services. As we have no nexus or contract for goods, services, or technologies with the DoD of the U.S., we are advised by our International Sanctions Legal Adviser that restrictions associated with the CMC List are inapplicable to the transactions between us and the designated entities.

Other International Sanctions

During the Track Record Period, since we did not conduct business with any parties sanctioned by the U.N., E.U., U.K., or Australia, we are advised by our International Sanctions Legal Adviser that our business activities did not implicate restrictive measures adopted by the U.N., E.U., U.K., or Australia.

Impact of Tariff Policies

In terms of the United States Tariff Policy, during the Track Record Period and up to the Latest Practicable Date, we did not export our products to the United States but certain products may be ultimately diverted to the United States through resale by the downstream customers. As advised by our International Sanctions Legal Adviser, the total U.S. additional tariffs applied to our products are 62.5%, comprising a 50% Section 301 tariff and 12.5% Section 301 forced labor tariff. All the tariffs on products exported to the U.S. are borne by our customers. Furthermore, we are not aware of any of our customers that have significantly reduced their purchases from us due to tariff fluctuations. Meanwhile, we have not received any notifications from our customers stating that their businesses have been or may be adversely affected by U.S. tariff policies, which would lead them to scale back their cooperation with us. Accordingly, our Directors are of the view, and the Joint Sponsors concur that tariff measures implemented by the U.S. government did not have material impact, directly or indirectly, on our business, financial condition, or operating results.

In terms of the European Union Tariff Policy, during the Track Record Period and up to the Latest Practicable Date, we did not export our products to the European Union but certain products may be ultimately diverted to the European Union through resale by the downstream customers. As advised by our International Sanctions Legal Adviser, no E.U. additional tariffs applied to our products. Accordingly, our Directors are of the view, and the Joint Sponsors concur that our business, financial condition, and operating results were not materially affected, directly or indirectly, by E.U. tariff measures.

In terms of the China Import Tariff Policy, during the Track Record Period and up to the Latest Practicable Date, we have procured certain U.S.-originated equipment and commodities into China and bears the relevant import tariffs. As advised by our International Sanctions Legal Adviser, the total China additional tariffs applied to our procured items are 35%, 15%, 20% and 20% respectively, comprising 10%, 10%, 10%, and 10% 2025 retaliatory tariff rate and 25%, 5%, 10% and 10% 2019 additional tariff rate. Among such, we are entitled to submit applications to the Ministry of Finance of China for market-based exclusions in respect of the 2019 additional tariff rates. If the applications are approved, we shall be exempted from paying such additional tariffs. Furthermore, our procurement volume from the U.S. is extremely small, accounting for a very limited proportion of our total annual procurement amount from all suppliers. During the Track Record Period and up to the Latest Practicable Date, our purchases from Supplier A were not affected by China's import tariff policies applicable to U.S.-origin equipment and commodities, as the products we purchased from Supplier A were not of U.S. origin and Supplier A is incorporated in Singapore, notwithstanding that its parent company is incorporated in the United States. Accordingly, our Directors are of the view, and the Joint Sponsors concur that the tariff measures imposed by the Chinese government on U.S.-origin products during the Track Record Period and up to the Latest Practicable Date did not affect our procurement costs or supply chain stability.

Going forward, we will continue to monitor tariff policies and adjust our export and import strategies as necessary to minimize any potential impact.

U.S. Outbound Investment Rules Implications

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the "**Outbound Investment Rule**"), which became

effective on January 2, 2025. The Outbound Investment Rule provides that certain investment activities, when engaged by a U.S. person involving a "person of a country of concern," can result in either a "notifiable transaction" or a "prohibited transaction." Prohibited transactions in the semiconductors and microelectronics sector in 31 C.F.R. §850.224 include (i) developing or producing electronic design automation software, (ii) developing or producing (a) certain semiconductor fabrication equipment, (b) equipment for volume advanced packaging, or (c) a commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment; (iii) designing an integrated circuit meeting the parameters of Export Control Classification Number ("**ECCN**") 3A090, (iv) fabricating certain advanced ICs (e.g., with a production technology node of 16/14 nanometers or less), or (v) packaging ICs using advanced packaging techniques. Notifiable transactions in the semiconductor and microelectronics sector include activities (i) designing any integrated circuit, (ii) fabricating any integrated circuit, or (iii) packaging any integrated circuit, that are not covered by the prohibited transactions.

As advised by our International Sanctions Legal Advisor, our business constitutes "covered activities," and investments by U.S. persons in us constitute "notifiable transactions" under the Outbound Investment Rule, as we conduct the "design" of integrated circuit, specifically the design, R&D, testing, and sales of controller chips. Moreover, though we engage in the design of integrated circuits, given that (i) our business does not involve developing or producing the electronic design automation software, fabrication or packaging equipment; (ii) we outsource the IC fabrication and packaging processes to external contractors and therefore do not involve the "fabrication" and "packaging" sectors during the IC production; (iii) our products do not meet the parameters of ECCN 3A090 and are not designed for operation at or below 4.5 Kelvin*, our International Sanctions Legal Advisor is of the view that we do not engage in any covered activities that would result in a "prohibited transaction" under the Outbound Investment Rule. There is no assurance that the Treasury will take the same view as ours.

While our business activities fall within the definition of "covered activities" that give rise to a notifiable transaction, the corresponding notification obligation rests with the U.S. person, not us, or any other parties in connection with the [**REDACTED**]. A U.S. person has the obligation to submit a notification to the Treasury within 30 calendar days following the completion of the transaction. However, pursuant to 31 C.F.R. §850.501(a), an excepted transaction includes an investment by a U.S. person in any publicly traded security, where "security" refers to instruments that trade on a securities exchange or through over-the-counter markets in any jurisdiction. Accordingly, following the [**REDACTED**], a U.S. person could purchase Shares [**REDACTED**] on the [**REDACTED**] without any notification obligation to the Treasury. Any follow-on [**REDACTED**] of our H-shares would likewise qualify as excepted transactions, provided that the shares issued in such [**REDACTED**] remain [**REDACTED**].

Based on the advice of our International Sanctions Legal Advisor, our Directors are of the view, and the Joint Sponsors concur, that although our business activities fall within the definition of "covered activities" that give rise to a "notifiable transaction" under the Outbound Investment Rule, they do not involve any activities that would result in a "prohibited transaction" under the Rule. The corresponding notification obligation rests with the relevant U.S. person, not our Company or any other parties in connection with the [**REDACTED**]. Furthermore, following completion of the [**REDACTED**], investments by U.S. persons in our [**REDACTED**] Shares on the [**REDACTED**] would qualify as "excepted transactions" under 31 C.F.R. §850.501(a) and would therefore not be subject to any notification obligation under the Outbound Investment Rule. Accordingly, our Directors are of the view, and the Joint Sponsors concur, that the Outbound Investment Rule will not have any material impact on our operations, financial performance or investment prospects.

* Kelvin (K) is a unit of temperature. A temperature of 4.5 K is equivalent to −268.65°C, representing an extremely low operating temperature.

AWARDS AND RECOGNITION

Our leading market position and brand recognition are reflected in the numerous awards we have received. The following table sets forth a selection of the notable awards and accreditations we received in the recent years:

No.	Year	Awardee	Award/recognition	Granting authority
1.	2026	Our Company	Advanced Packaging and Testing Engineering Research Center for High-Performance Memory	Department of Science and Technology of Guangdong Province
2.	2026	Our Company	Popular IC Product Award for Best Memory (LPDDR5X) of the 2026 China IC Design Achievement Award	AspenCore
3.	2025	Our Company	Top 10 Innovative Enterprises in China's Memory Industry 2025	Committee of the World Semiconductor Conference, World Integrated Circuit Association
4.	2025	Our company	20th China Chip Excellent Market Performance Award 2025	China Center for Information Industry Development, CCID
5.	2025	Our company	Industry Innovation Leader of 2025	International Science and Technology Innovation Festiva
6.	2025	Our company	Best Overall Performance Award	ZTE Corporation
7.	2025	Our Company	"LPDDR5 Chip Based on Y42M Wafer" Recognized as Guangdong High-Quality High-Tech Product Enterprise	Guangdong High-Tech Enterprise Association
8.	2024	Our Company	"LPDDR4 Chip Based on Z42M Wafer" Recognized as Guangdong High-Quality High-Tech Product Enterprise	Guangdong High-Tech Enterprise Association
9.	2024	Our Company	Annual IHV Strategic Partner	Qualcomm
10.	2024	Our Company	Best Partner Award	Baidu
11.	2024	Our Company	Best Service Support Award	ZTE Corporation
12.	2023	Our Company	Best Deliver Award	ZTE Corporation
13.	2026	Artmem Technology	Guangdong Provincial Manufacturing Single Champion Enterprise	Department of Industry and Technology of Guangdong Province
14.	2025	Artmem Technology	Best Product in China's Memory Controller Chip Market 2025	World Semiconductor Integration Committee, World Integrated Circuit Association
15.	2025	Artmem Technology	Key "Little Giant" Enterprise	Department of Industry and Information Technology of Guangdong Province
16.	2024	Artmem Technology	Outstanding Market Performance Product, 19th "China IC" Awards 2024	China Academy of Information and Communications Technology
17.	2024	Artmem Technology	Guangdong Engineering Technology Research Center for Memory Products	Department of Science and Technology of Guangdong Province

COMPETITION

The global semiconductor memory product industry is a large and rapidly growing market. According to Frost & Sullivan, the global semiconductor memory product market size by shipment reached 14.8 billion units in 2025. With new memory demands driven by breakthroughs in AI technology and the technical product upgrades of memory products, the global semiconductor memory product market size, by shipment, is expected to grow to 19.5 billion units by 2030, with a CAGR of 5.7% from 2025 to 2030.

We primarily participated in the global embedded memory product market within the global semiconductor memory product industry. The global embedded memory product market size, by shipment, reached 9.3 billion units in 2025, and is expected to grow to 12.7 billion units by 2030, with a CAGR of 6.6% from 2025 to 2030.

The global embedded memory product market is highly concentrated and can be broadly divided into the non-independent memory product enterprise market and the independent memory product enterprise market, both of which are also highly concentrated. Among all market players, including non-independent companies and independent companies, the top five players in global embedded memory product market held a combined market share of approximately 70% in terms of revenue in 2025. The Company ranked 16th and had a market share of 0.6% in terms of revenue. The top five players in global embedded memory product market held a combined market share of over 60% in terms of shipment in 2025. Our Company ranked the tenth in the market with shipment of 167 million and a share of 1.8%.

As of the end of 2025, the global embedded memory product market had over 410 participants, comprising over ten participants in the non-independent memory product enterprise market and over 400 participants in the independent memory product enterprise market. In 2025, non-independent companies contributed approximately 81% of revenue and approximately 55% of shipments of the global semiconductor memory product market, while the independent companies contributed approximately 19% of revenue and approximately 45% of shipments of the same market. We primarily compete against global and local independent memory product enterprises within this market. In terms of revenue in 2025, the top five independent embedded memory enterprises accounted for 26.0% of the market share among independent memory product enterprises. We ranked sixth in terms of revenue in 2025 among all independent memory product enterprises in the global embedded memory market, and fourth in the Chinese Mainland embedded memory market. In terms of shipment in 2025, the top five independent embedded memory providers accounted for 35.8% of the market share among independent memory product enterprises. We ranked first in terms of shipment in 2025 among all independent memory product enterprises in the global embedded memory market, holding a market share of 8.8% among independent memory product enterprises. See "Industry Overview" in this document.

The principal competitive factors in the market where we compete include technological and R&D capabilities, product development capabilities, stable and high-quality upstream supply resources, and supply chain integration capabilities. We have significant in-house capabilities across critical areas of memory product development, production and commercialization. We offer a wide range of memory products to meet diverse customer needs in various segments. We continue to enhance our existing product portfolio, increase investment to expedite the mass production of advanced products. In addition, we have established strong partnerships with customers and suppliers in the semiconductor memory product value chain, which enhanced our competitiveness.

EMPLOYEE

As of June 30, 2026 we had 601 full-time employees in China. The following table sets forth a breakdown of our employees by business function as of June 30, 2026:

Responsibilities	Number of Employees	Percentage
Technical and R&D Personnel	151	25.1

Responsibilities	Number of Employees	Percentage
Production personnel	235	39.1
Sales personnel	78	13.0
Management and administrative personnel	137	22.8
Total	**601**	**100.0**

The following table sets forth a breakdown of our employees by geographic locations as of June 30, 2026:

	Number of Employees	Percentage
Shenzhen	326	54.2
Zhuhai	152	25.3
Zhongshan	120	20.0
Others	3	0.5
Total	**601**	**100.0**

We believe that our professional workforce is the foundation of our long-term growth. As part of our human resources strategy, we offer employees competitive salaries, performance-based bonuses, and other incentives and continually refine our remuneration and incentive polices through market research. We primarily recruit our employees in China through internal references and recommendations and online channels. As matter of policy, we provide a robust training program for new employees that we hire. We also provide regular and specialized trainings both online and offline, tailored to the needs of our employees in different departments.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including pension, medical, work-related injury, maternity, and unemployment benefit plans. We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethic policies, and non-competition with most of our executive officers, managers and employees. As of the Latest Practicable Date, we have formed a labor union. We believe that we maintain good working relationships with our employees and we had not experienced any strikes or labor disputes that had any material adverse effect to our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We consider our insurance coverage is adequate as we have in place all mandatory insurance polices required by PRC laws and regulations and in line with general market practice. Our employee-related insurance includes pension insurance, maternity insurance, employment insurance, work-related injury insurance, medical insurance and housing funds, as required by PRC laws and regulation. We also purchase supplemental accident insurance for our employees. During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not fully protect us against all potential business risks" in this document.

PROPERTIES

Our corporate headquarters is located in Shenzhen, Guangdong Province. As of June 30, 2026, we were leasing ten properties in Shenzhen, Zhongshan, Zhuhai and Shanghai with an aggregate gross floor area of approximately 18,800 square meters for production, warehouse, business and office purposes, and one property in Hong Kong for business and warehouse purposes. As of June 30, 2026, we owned the land use right to a parcel of land in Zhongshan, Guangdong Province, with a site area of approximately 13,333 sq.m., which is intended for the future construction of our production facilities.

Lease Registration

As advised by our PRC Legal Advisers, under the PRC laws and regulations, lease agreements in general are required to be registered with the local land and real estate administration bureau. As of June 30, 2026, two of our lease agreements have not been registered and filed with the relevant real estate administration bureaus in the PRC, as required by applicable laws and regulations, primarily due to the lack of cooperation from the lessors. According to our PRC Legal Advisers, while the failure to register does not invalidate the lease agreement, it may expose both the lessor and lessee to potential fines if such non-compliance is not rectified within the prescribed time frame after receiving notice from the relevant PRC authorities. Under the PRC law, fines for unregistered leases may range from RMB1,000 to RMB10,000 per lease agreement. In the event that any fine is imposed on us for our failure to register our lease agreement, we may not be able to recover such losses from the lessor. Therefore, the maximum amount of administrative penalties in relation to such non-compliance would not exceed to RMB20,000. However, as of the Latest Practicable Date, we had not been ordered to register our lease agreement or fined by the relevant authorities in China with respect to the lease agreement. In view of the foregoing, our Directors are of the view that non-registration of the lease agreement will not materially and adversely affect our business operations.

Exceeding Scope of Permitted Use

In addition, as of June 30, 2026, the use of one leased property exceeds the scope of permitted use as recorded on the property ownership certificate. As a result, there is a risk that the relevant authorities may require the restoration of the original use of the property, which may result in our inability to continue leasing the property. As advised by our PRC Legal Advisers, under the PRC law, we would not be subject to any administrative penalties with respect to this leased property, but our lease may be affected, and, as a result, we may be required to vacate the relevant property and relocate. We may be required to vacate the relevant property and relocate. Our Directors expect the relocation costs to be below RMB130,000, mainly comprising one-time moving expenses, restoration of the current premises, and setup costs for the new location. A relatively broad selection of suitable sites is available for the relocation close to the existing site. Suitable alternative locations would need to be of a similar size of approximately 200M^2, free from any title defect, and offer comparable rental costs.

If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no obstacle to find suitable alternative properties.

Internal Control Measures

We have adopted the following on-going measures. For lease agreements that have not yet been registered, we are actively engaging with the lessors to complete the registration process. Before entering into any future lease agreements, we will ensure that the lessor's property ownership certificate is reviewed and verified, and require the lessor's cooperation to complete proper property registration. Before entering into any future lease agreements, we will ensure that the premises are not used beyond the permitted scope. No single property interest of our non-property activities has a carrying amount of 15% or more of our total assets.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become involved in legal proceeding in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, except as disclosed below, there were no litigations, arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would individually or in the aggregate, had material adverse effect on our business, financial condition and results of operations. In particular, except as disclosed below, there were no legal proceedings relating to intellectual property rights during the Track Record Period and up to the Latest Practicable Date.

Trade Secret Legal Proceeding

Background

During the Track Record Period, we were involved in a trade secret legal proceedings in China, where a third party (the "**Plaintiff**"), Shenzhen Longsys Electronics Co., Ltd, filed a claim against our Company and two of our employees, alleging misappropriation of its trade secrets and seeking joint compensation as well as an injunction to cease the alleged unfair competition.

The trade secrets at issue primarily relate to a testing method for LPDDR 3 products, which we utilized prior to the commencement of this legal proceeding. We have suspended the use of such testing method since late 2019, primarily because it has been replaced by more advanced automated testing methods. The Company's revenue from LPDDR3 products during the Track Record Period, which were not produced using the disputed LPDDR3 testing technologies, accounted for approximately 0.6%, 0.002%, nil and nil of the Company's total revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, while the gross profit contribution from such products was less than 0.5% in both 2023 and 2024. The Company further confirmed that it had not used and would not use the alleged trade secrets in testing LPDDR4/4X or more advanced products, as such alleged trade secrets were not applicable in practice to the testing of these products. The Company's LPDDR products are used across a broad range of downstream SoC platforms, each with its own technical architecture and evolving performance requirements. As these platforms undergo technological upgrades and iterations, the Company continuously updates its testing technologies and methodologies to ensure compatibility with the relevant platforms and their evolving technical standards. Accordingly, the Company developed its testing technologies for LPDDR4/4X and more advanced products based on a range of SoC platforms, rather than using the alleged trade secrets.

In November 2023, the first-instance court rendered a first-instance judgment (the "**First-instance Judgement**") partially in favor of the Plaintiff and ordered (i) our Company, and the two employees to immediately cease any acts of misappropriation of trade secrets belonging to the Plaintiff; (ii) our Company to pay compensation of approximately RMB14.2 million and (iii) all other claims by the Plaintiff were dismissed.

As we disagree with this judgement, we subsequently filed an appeal with the appellate court, denying infringement of the plaintiff's trade secrets and seeking to set aside items (i) and (ii) of the First-instance Judgment and dismiss all claims brought by the Plaintiff in the first instance court; and set aside the first-instance court's determination on the allocation of case acceptance fees, property preservation fees, appraisal fees and appraiser appearance fees (the "**Relevant Expenses**"), and instead order that all litigation costs and Relevant Expenses at first instance be borne by the Plaintiff, with the costs of the second-instance proceedings borne by the Plaintiff.

The Plaintiff also filed an appeal with the appellate court, seeking to uphold item (i) of the First-instance Judgment, set aside items (ii) and (iii), and order the three defendants to jointly compensate economic losses in the amount of RMB132,044,822.64, and to bear all Relevant Expenses in both the first-instance and second-instance proceedings.

We engaged an external intellectual property litigation counsel (the "**IP Litigation Counsel**"), Tiantong Law Firm (天同律師事務所), to represent us in the relevant legal proceedings.

According to the IP Litigation Counsel, given the trade secret nature of the matters involved, the first-instance trial was conducted in private, and the second-instance trial is also conducting in private. The second-instance trial was held in April 2026 and no decision was issued by the second-instance court until September 1, 2026 as mentioned below. Each of the Plaintiff, the Company and the two employees was subject to confidentiality obligations imposed by the first-instance and second-instance courts in respect of, among other things, the evidence and arguments presented in the relevant legal proceedings, and such obligations remain in effect notwithstanding the conclusion of the relevant legal proceedings.

Settlement and Final Decision

On August 20, 2026, the Plaintiff, our Company, and the two employees entered into a settlement agreement (the "**Settlement Agreement**") to resolve all disputes relating to the alleged infringement of the Plaintiff's trade secrets. The key terms of the Settlement Agreement include, among others, that: (i) the Plaintiff confirmed that our Company and the two employees had not infringed its trade secrets; (ii) the parties agreed to waive any further claims against each other and undertook not to initiate any new litigation, administrative complaints or criminal reports in any jurisdiction in respect of the matters covered by the Settlement Agreement; and (iii) the parties agreed to jointly apply to the court for settlement of the proceedings by way of mediation and the Plaintiff to withdraw its claims, so as to ensure that the first-instance judgment would not become legally effective.

The Company understands, to the best of its knowledge, that the Plaintiff, the Company and the two employees entered into the above Settlement Agreement taking into consideration the prolonged nature of the dispute, the limited commercial significance of the disputed testing technologies and the commercial benefits of resolving the dispute without further litigation. In particular, the civil litigation had been ongoing since 2020, requiring all parties to devote substantial time and resources to the dispute. By August 2026, both the Plaintiff and the Company were focused on their respective business development objectives and considered that their time and resources would be better spent pursuing those objectives.

Although the Company maintained that it had not infringed the Plaintiff's trade secrets and considered that the additional evidence obtained by the second-instance court further supported its position, the Company determined that accepting the settlement was a more efficient and commercially favorable means of resolving the dispute than continuing the litigation.

The Settlement Agreement contemplated that the parties would jointly apply to the court for settlement of the proceedings by way of mediation. However, the actual procedure adopted was slightly different. Following the execution of the Settlement Agreement, the parties submitted the Settlement Agreement to the appellate court for its review. In light of the fact that the disputes between the parties had already been resolved pursuant to the Settlement Agreement, the parties considered that it was no longer necessary to pursue the additional court mediation procedure and that withdrawing their respective claims would achieve the same substantive outcome in a more efficient manner. Accordingly, the parties subsequently submitted applications to withdraw their respective claims to the appellate court.

On September 1, 2026, the Higher People's Court of Guangdong Province as the appellate court, issued its final decision (the "**Final Decision**"), pursuant to which the First-instance Judgment was vacated and the Plaintiff's application to withdraw its claims was granted. Accordingly, the relevant proceedings have been finally concluded and all disputes relating to the above matter have been resolved. According to our IP Litigation Counsel, although the actual procedure adopted differed from that originally contemplated under the Settlement Agreement, i.e., the conclusion of the proceedings by way of court mediation, it achieved the same substantive outcome, namely, the resolution of the disputes between the parties and the formal conclusion of the relevant court proceedings through the Final Decision.

As advised by our IP Litigation Counsel, the Final Decision finally concluded the relevant court proceedings, and the Settlement Agreement provides for the parties to waive any further claims against each other in respect of the matters covered by the Settlement Agreement and undertake not to initiate any new litigation, administrative complaints or criminal reports in any jurisdiction in respect of such matters, and therefore, the trade secret proceedings have been fully and finally concluded.

Our Company bears no compensation obligation arising out of or in connection with the settlement of the aforesaid trade secret legal proceedings with the Plaintiff. In addition, our Company has no obligation to indemnify or compensate any third party in connection with the trade secret legal proceedings or the settlement of the trade secret legal proceedings. The Directors confirmed that the settlement and conclusion of the proceedings have not had, and are not expected to have, any material adverse impact on our business operations, financial position or results of operations.

No Infringement and No Adverse Impact

Our Directors and the IP Litigation Counsel are of the view that neither the Company nor the two employees had historically infringed the Plaintiff's alleged trade secrets. According to the IP Litigation Counsel, the Plaintiff had failed to establish the requisite elements of its alleged trade secret infringement claims under applicable PRC law. The details of the Company's position and the supporting legal analysis were subject to the confidentiality obligations imposed by the first-instance and second-instance courts.

The following sets out responses to potential concerns regarding the legal proceedings and their impact on the Company's operations:

(i) as to LPDDR3 testing methods, the IP Litigation Counsel confirms that (a) the alleged trade secrets include technical information owned by third parties, and the Plaintiff has been unable to establish the scope of the trade secrets to which it is entitled or demonstrate that it holds complete rights thereto; (b) there were publicly disclosed technical features contained in the alleged trade secrets, which therefore do not satisfy the non-publicity requirement for trade secret protection under applicable PRC laws. Accordingly, such technical features do not constitute protectable trade secrets under applicable PRC laws; and (c) the Company lawfully obtained from legitimate sources the testing equipment used to implement the relevant testing methods. According to the IP Litigation Counsel, the Company's use of such equipment did not constitute infringement, regardless of whether the alleged testing methods qualified as trade secrets. Although the first-instance court partially upheld the Plaintiff's claims in relation to LPDDR3 testing methods, the IP Litigation Counsel is of the view that the first-instance court had not had the benefit of all key evidence relevant to the dispute, particularly evidence regarding the legitimate sources from which the Company obtained the testing equipment;

(ii) in any event, the Company is of the view that the potential business impact of the dispute relating to LPDDR3 testing methods was limited. The Company had suspended the use of such testing methods in late 2019, primarily because they had been replaced by more advanced automated testing methods. In addition, LPDDR3 products accounted for a minimal portion of the Company's revenue during the Track Record Period, and the LPDDR3 products sold during the Track Record Period were tested using other testing methods. Accordingly, even if the disputed LPDDR3 testing methods were considered to involve infringement, the potential impact on the Company's business would have been limited;

(iii) as to LPDDR4/4X testing technologies and more advanced products, the Company independently developed the relevant testing technologies based on the technical architectures and evolving requirements of different SoC platforms, without using the Plaintiff's alleged trade secrets. The first-instance court also rejected the Plaintiff's attempt to extend its claims to the Company's LPDDR4/4X testing technologies; and

(iv) according to the IP Litigation Counsel, the First-instance Judgment never took effect as both parties appealed. Pursuant to the Final Decision, the First-instance Judgment was vacated and the Plaintiff's application to withdraw its claims was granted. As advised by

the IP Litigation Counsel, the Final Decision concluded the relevant court proceedings, and the Settlement Agreement provides for the parties to waive any further claims against each other in respect of the matters covered by the Settlement Agreement and undertake not to initiate any new litigation, administrative complaints or criminal reports in any jurisdiction in respect of such matters. Accordingly, the trade secret proceedings have been fully and finally concluded, and all disputes relating to the above matter have been resolved.

Having considered the foregoing and the fact that the Company's testing technologies were independently developed or lawfully obtained, the Directors are of the view that the trade secret proceedings have not had and will not have any material adverse impact on the Group's business operations or financial position.

Based on the independent due diligence work performed by the Joint Sponsors, the Joint Sponsors concur with the view of the Company and the IP Litigation Counsel that neither the Company nor the two employees had infringed the Plaintiff's alleged trade secrets. Taking into account the foregoing, our Directors and the IP Litigation Counsel are of the view, and the Joint Sponsors concur, that the relevant proceedings and their settlement did not have any material adverse impact on the Company's operations, financial condition or results of operations during the Track Record Period and up to the Latest Practicable Date, and are not expected to have any material adverse impact going forward, particularly given that the relevant proceedings have been fully and finally concluded.

Internal Control Methods

To ensure proper management of our intellectual property and trade secret and avoid litigation concerning intellectual property and trade secret infringement, we have implemented various internal policies and established an internal intellectual property management system. We have established and implemented robust internal policies for the management of intellectual property rights and trade secrets, with dedicated personnel responsible for application, implementation, maintenance and oversight. We also conduct regular reviews of our intellectual property management framework to ensure its continued relevance and effectiveness. To support effective management of our intellectual property and trade secrets, we operate an internal intellectual property management system covering the full lifecycle of our proprietary rights, including, among others, patent applications, maintenance and valuation. To safeguard against potential infringements of both our own intellectual property rights and trade secrets and those of others, our legal department, conducts comprehensive searches and analyses of our R&D outcomes upon completion of research projects and technology development. This process includes assessing potential infringement risks and preparing detailed inspections of research results. Moreover, we provide regular training to our employees to ensure thorough understanding of and compliance with intellectual property policies. In addition, we conduct background checks on candidates to confirm whether they are subject to any non-competition restrictions with previous employers, in order to mitigate potential intellectual property infringement risks. We require employees to comply with confidentiality obligations relating to trade secrets, sign confidentiality and non-compete agreements, and follow our internal confidentiality policies, which set out specific responsibilities regarding the protection of intellectual property.

Regulatory Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, as confirmed by our PRC Legal Adviser, we had been in compliance with all applicable laws and regulations in all material aspects.

Social Insurance and Housing Provident Fund

Background

According to the relevant PRC Law, we are required to make contributions to social insurance and housing provident fund for the benefit of our employees in Chinese Mainland. During the Track Record Period, certain subsidiary of our Company did not make full contribution to the social insurance and housing provident funds for some of their employees in accordance with the relevant PRC Law. We estimate that the shortfall of social insurance and housing provident fund payments in 2023, 2024, 2025 and the six months ended June 30, 2026 amounted to approximately RMB2.9 million, RMB4.5 million, RMB5.5 million and RMB3.2 million, respectively.

Our Directors confirm that the non-compliance was mainly due to (i) certain employees were unwilling to pay the social insurance and housing provident fund contributions in full as it requires additional contributions from the employees; and (ii) certain employees prefer participation in the rural social security contribution plans in their residential places or their hometowns.

Potential Legal Consequences and Impact

As advised by our PRC Legal Adviser, pursuant to relevant PRC Law, (i) the under-contribution of social insurance within a prescribed period may be subject to and overdue charge of 0.05% of the delayed payment amount per day and the competent authority may further impose a fine of one to three times of the overdue amount if such payment is not made within the stipulated period; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. An application may be made to a people's court for compulsory enforcement if the payment of the outstanding housing provident fund contributions is not made after the expiration of the time limit. As advised by our PRC Legal Adviser, there is no expressed legal provision or regulation that imposes a penalty on the Group for such non-payment of housing provident fund contributions but we may be ordered to pay the outstanding amount of our housing provident fund within the prescribed period.

On July 31, 2025, the Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "Judicial Interpretation (II)"), which took effect on September 1, 2025. Article 19(1) of the Juridical Interpretation (II) stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Further, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law. According to the Judicial Interpretation (II), any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be determined as void by the people's court.

Considering that during the Track Record Period and up to the Latest Practicable Date, (i) no employee has brought a lawsuit or arbitration in respect of payment of social insurance; (ii) no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions, our Directors believe that the implementation of the Judicial Interpretation (II) would not have a material adverse effect on our business or financial results.

With a view to prevent potential future non-compliances, we plan to organizing regular legal compliance training on the relevant laws and regulations to our employees to enhance their awareness of and encourage their participation in the social welfare scheme.

Our PRC Legal Adviser is of the view that (i) the Judicial Interpretation (II) does not repeal the social insurance laws and regulations currently in force of the PRC; and (ii) no employee has brought a lawsuit or arbitration in respect of payment of social insurance and therefore no pending litigation or arbitration of the Company is applicable to the Judicial Interpretation (II).

As of the Latest Practicable Date, no administrative action, fine or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions and housing provident funds, nor had we received any order or been informed to settle the deficit amount. We were also not aware of any employee's complaints or demands for payment of social insurance or housing provident fund contributions.

We have obtained special credit reports, each stating that the relevant subsidiary had not subject to any administrative penalty during the Track Record Period. As confirmed by our PRC Legal Adviser, special credit reports were issued by credit institutions authorized by competent government authorities as NDRC and other government authorities have been promoting the use of credit reports to replace the written compliance certificates.

Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources & Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance arrears without permission.

In view of the above, our PRC Legal Adviser is of the view that provided there are no significant changes in the current policies, regulations and local government enforcement and supervision requirements related to social insurance and housing provident fund: (i) the risk of us being penalized for failing to make social insurance and housing provident fund in full is remote, and (ii) the risk of us being required by relevant PRC authorities to pay the shortfall of social insurance and housing provident fund contributions is remote. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

Internal Control and Rectification Measures

We have adopted on-going measures, including continuing to regularly communicate with the relevant local government authorities and, where necessary, consult the PRC Legal Adviser, as to the applicable bases for calculation of the social insurance and housing provident fund contributions at the rate as approved by the relevant government authorities and the relevant contribution policies shall be updated in accordance with the outcome of such consultations; having provided and continuing to provide regular trainings to our human resources staff regarding social insurance and housing provident fund contributions compliance requirements and the relevant laws and regulations; having enhanced our human resources management policies in accordance with applicable laws and regulations; and, having designated our human resources staff to review and monitor the reporting and contributions of social insurance and housing provident fund on a monthly basis.

If relevant authorities order us to fully contribute to the social insurance and/or housing provident funds going forward, we undertake to make full contributions and/or make such rectification measures promptly within the specified period.

CERTIFICATES, PERMITS AND LICENSES

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, approvals and permits necessary to conduct our business in all relevant jurisdictions. As advised by our PRC Legal Advisers, if there are no significant changes in the current laws and regulations, we do not expect any material legal obstacles in renewing any licenses, approvals and permits if needed in the PRC.

The following table sets out a list of material licenses, approvals and permits currently held by us:

Entity	Name of the license, approval and permit	Expiry date
Our Company	Entry-Exit Inspection and Quarantine Declaration Enterprise	N/A
Our Company	Customs Declaration Enterprise Registration Certificate	N/A
Artmem Technology . .	Entry-Exit Inspection and Quarantine Declaration Enterprise	N/A
Artmem Technology . .	Customs Declaration Enterprise Registration Certificate	N/A
Rayson Technology . . .	Customs Declaration Enterprise Filing Certificate	N/A
Zhongshan Rayson . . .	Customs Declaration Enterprise Filing Certificate	N/A
Artmem HI-TECH . . .	Customs Declaration Enterprise Filing Certificate	N/A

In addition, if there are no significant changes in the current laws and regulations, we do not expect any material legal obstacles in renewing our licenses, approvals and permits, as necessary in all relevant jurisdictions.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established, and currently maintain, risk management and internal control systems comprising policies and procedures that we consider appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business and operations such as information technology, financial reporting, and internal control. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiaries and functional departments.

To monitor the ongoing implementation of our risk management policies and corporate government measures after the [**REDACTED**], we have adopted, or will continue to adopt, among other things, the following risk management measures: establishing an Audit Committee to review and supervise our financial reporting process and internal control system. For more details of the qualifications and experience of the committee members, see "Directors, Supervisors and Senior Management" in this document; strengthening reporting and record-keeping systems, including the implementation of a sales management reporting and recording system, with centralized order control and customer management; providing training periodically to our senior management and employees on professional behavior requirements and ethics standards to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against

noncompliance in our employee discipline measures and supervision guidelines; and organizing training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies Listing in Hong Kong.

To ensure the above compliance culture is embedded into everyday workflow and set the expectations for individual behavior across the organization, we will regularly review our risk management policies and internal management procedures, adopt strict accountability internally and conduct compliance training.

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising four executive Directors, one non-executive Director and four independent non-executive Directors. Our Board serves a term of three years, which is renewable upon re-election and re-appointment and is responsible for, and has general powers for, the management and conduct of our business.

The following table sets forth general information regarding our Directors:

Name	Age	Position(s)	Date of appointment as Director	Date of joining our Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. Wen Jianwei (文建偉)	48	Executive Director, chairman of our Board and general manager	June 2024	July 2018	Responsible for the strategic planning, business directions and management of our Group	None
Mr. Gong Hui (龔暉)	59	Executive Director and deputy general manager	June 2024	December 2020	Responsible for managing the daily operations of our Group	None
Mr. Cheng Yimin (程義敏)	42	Executive Director and deputy general manager	June 2024	August 2018	Responsible for managing the daily operations of our Group	None
Mr. Lai Nai (賴鼐)	44	Executive Director and deputy general manager	August 2025	January 2022	Responsible for managing the daily operations of our Group	None
Mr. Wang Zanzhang (王贊章)	41	Non-executive Director	June 2024	August 2022	Responsible for giving strategic advice and making recommendations on the operation and management of our Group	None
Mr. Xie Chunhua (謝春華)	53	Independent non-executive Director	June 2024	June 2024	Responsible for providing independent advice and judgment to our Board	None
Ms. Wu Bihong (吳碧虹)	41	Independent non-executive Director	June 2024	June 2024	Responsible for providing independent advice and judgment to our Board	None

Name	Age	Position(s)	Date of appointment as Director	Date of joining our Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Ms. Han Yan (韓雁)	67	Independent non-executive Director	June 2024	June 2024	Responsible for providing independent advice and judgment to our Board	None
Mr. Yuan Chenjie (袁陳杰)	44	Independent non-executive Director	August 2025	August 2025	Responsible for providing independent advice and judgment to our Board	None

The following sets forth the biographies of our Directors:

Executive Directors

Mr. Wen Jianwei (文建偉), aged 48, is one of our founders, executive Director, chairman of our Board and general manager, and is responsible for the strategic planning, business directions and management of our Group. Mr. Wen Jianwei is also a director of the subsidiaries of our Company, namely, Artmem Technology, Artmem HI-TECH, Rayson Technology, Zhongshan Rayson and Rayson Hong Kong.

Mr. Wen has profound experiences in the memory product industry. Mr. Wen served as the executive director of Shenzhen Weizhixin Electronics Technology Co., Ltd. (深圳市煒志新電子科技有限公司) from August 2002 to April 2010. He also founded Shenzhen Raysun Electronics Co., Limited (深圳市智諾達電子有限公司) in January 2010 and served as the executive director of the company from January 2010 to January 2019.

Mr. Wen graduated from Hengyang Radio & TV University Affiliated Vocational Secondary School (衡陽市電大附屬中專學校) (now known as Hunan Open University Affiliated Vocational Secondary School (湖南開放大學附屬中等專業學校)) in June 1996.

Mr. Gong Hui (龔暉), aged 59, is our executive Director and deputy general manager. He is responsible for managing the daily operations of our Group. Mr. Gong has been appointed as a director of Artmem Technology since November 2017.

Before joining our Group in December 2020, he was a director at Allwinner Technology Co., Ltd. (珠海全志科技股份有限公司) ("**Allwinner Technology**"), a company listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300458), from May 2014 to July 2017 and a deputy general manager at Allwinner Technology from May 2014 to February 2018.

Mr. Gong obtained a bachelor's degree in electrical engineering from Hunan University (湖南大學) in the PRC in July 1989.

Mr. Cheng Yimin (程義敏), aged 42, is our executive Director and deputy general manager. He is responsible for managing the daily operations of our Group.

Mr. Cheng has served as the deputy general manager of our Company since August 2018. Mr. Cheng began his career at Shenzhen Futaihong Precision Industrial Co., Ltd. (深圳富泰宏精密工業有限公司) in August 2005 and then worked as a sales engineer at Intelligent Eyes Automation

Technology (Guangzhou) Co., Ltd. (慧眼自動化科技(廣州)有限公司) from March 2009 to December 2009. After that, Mr. Cheng served as the sales director of HISTORE TECHNOLOGY (HK) LIMITED (海存科技(香港)有限公司) from July 2010 to May 2015. He then served as the director and general manager at Neptune (HK) Technology Limited (海王星(香港)電子科技有限公司) from August 2016 to April 2020.

Mr. Cheng obtained a bachelor's degree in mechanical design & manufacturing and automation from Nanchang University (南昌大學) in the PRC in June 2005.

Mr. Lai Nai (賴黨), aged 44, is our executive Director and deputy general manager. He is responsible for managing the daily operations of our Group. He is also currently a director of ArtMem Technology.

Mr. Lai first joined the Group as the deputy general manager of Artmem Technology in January 2022 and became the general manager of Artmem Technology since January 2024. He began his career as a senior engineer at Actions Semiconductor Co., Ltd. (炬力集成電路設計有限公司) from April 2006 to March 2012. After that, he served as a MTS ASIC/layout design engineer (專家工程師) at AMD (Shanghai) Co., Ltd (超威半導體(上海)有限公司) from April 2012 to September 2015. He then worked as a research and development director at Allwinner Technology from September 2015 to April 2018, a director of application specific integrated circuit engineer at XDL Technologies Inc. (珠海市芯動力科技有限公司) from February 2019 to April 2021, and the general manager at Deep Digital Intelligence Technology (Zhuhai) Co., Ltd. (深度數智科技(珠海)有限公司) from June 2021 to December 2021.

Mr. Lai obtained a bachelor's degree in electronic science and technology from Zhejiang University (浙江大學) in the PRC in June 2003 and a master's degree in electronic science and technology from Zhejiang University (浙江大學) in the PRC in March 2006.

Non-executive Director

Mr. Wang Zanzhang (王贊章), aged 41, is our non-executive Director and is responsible for giving strategic advice and making recommendations on the operation and management of our Group. Mr. Wang is a Board representative of the Dachen Entities. For further details of the Dachen Entities, see "History, Development and Corporate Structure" in this document.

Mr. Wang began his career by working at Ernst &Young Guangzhou Branch (安永華明會計師事務所廣州分所) from August 2009 to March 2011. He then served as the business director at China Science & Merchants Investment Management Group Co., Ltd. (中科招商投資管理集團股份有限公司) from April 2011 to May 2012 and the senior investment manager at Shenzhen Fortune Venture Capital Co., Ltd. (深圳市達晨創業投資有限公司) from May 2012 to July 2016. He then became a business partner (業務合夥人) at Shenzhen Dachen Caizhi Venture Capital Management Co., Ltd. (深圳市達晨財智創業投資管理有限公司) since July 2016.

Mr. Wang has been appointed as a director at Chnv Technology Co., Ltd. (東莞市漢維科技股份有限公司), a company listed on the Beijing Stock Exchange (stock code: 836957) from May 2018 to October 2024; a director at Biwin Storage Technology Co., Ltd. (深圳佰維存儲科技股份有限公司), a company listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688525), from December 2018 to June 2024; and a director at Shenzhen Hemei Jingyi Semiconductor Technology Co., Ltd. (深圳和美精藝半導體科技股份有限公司) from May 2020 to December 2023.

Mr. Wang obtained his bachelor's degree in accounting from Shaanxi University of Science & Technology (陝西科技大學) in the PRC in July 2007, and a master's degree in accounting from Sun Yat-sen University (中山大學) in the PRC in June 2009.

Independent Non-executive Directors

Mr. Xie Chunhua (謝春華), aged 53, was appointed as an independent non-executive Director on September 8, 2025, with effect from the [**REDACTED**]. He is responsible for providing independent advice and judgment to our Board.

Mr. Xie served as an accountant at DU POINT China Holding Co., Ltd. (杜邦中國集團有限公司) from March 2001 to April 2005. He also served as a finance manager at Guangzhou Baijia Yonghui Supermarket Co., Ltd. (廣州百佳永輝超市有限公司). Mr. Xie joined SF Express (Group) Co., Ltd. (順豐速運(集團)有限公司) in November 2011. He then worked at S.F. Express Co., Ltd. (順豐速運有限公司) from November 2014 to May 2016, where his last positions were finance director and product director of financial services department. Mr. Xie then worked as a vice-president and board secretary at Moso Power Supply Technology Co., Ltd. (茂碩電源科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002660), from April 2017 to August 2018 and a chief financial officer at Linpo Holdings Limited (聯寶控股有限公司) and Shanghai Fengbao Electronic Information Co., Ltd. (上海豐寶電子信息科技有限公司) from August 2021 to May 2023. Mr. Xie has been an independent director of (i) Shenzhen Absen Optoelectronic Co., Ltd. (深圳市艾比森光電股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300389), from December 2019 to November 2025, (ii) executive director and general manager of Ruiyu Investment Consulting (Shenzhen) Co., Ltd. (睿裕投資諮詢(深圳)有限公司) since June 2023, (iii) an independent director of Guangdong Sunram Electronic Technology Co., Ltd. (廣東尚研電子科技股份有限公司) (stock code: 874590), a company listed on the on the National Equities Exchange and Quotations ("**NEEQ**") in the PRC, from March 2024 to November 2026; (iv) an independent director of Shenzhen Daytone Electronics Co., Ltd. (深圳市德同興電子股份有限公司) (stock code: 874908), a company listed on the NEEQ in the PRC, since November 2025; and (v) vice president of investments at Sprocomm Technologies Co., Ltd. (禾苗通信科技(香港)有限公司), a subsidiary of Sprocomm Intelligence Limited (now known as "Future Machine Limited (未來機器有限公司)") whose shares are listed on the Stock Exchange (stock code: 1401), since October 2026. Mr. Xie joined our Company as an independent Director in June 2024.

Mr. Xie obtained a bachelor's degree in accounting from Jinan University (暨南大學) in the PRC in December 2002. He further obtained a bachelor's degree in applied accounting from Oxford Brookes University in July 2008. Mr. Xie is a member of The Chinese Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants.

Ms. Wu Bihong (吳碧虹), aged 41, was appointed as an independent non-executive Director on September 8, 2025, with effect from the [**REDACTED**]. She is responsible for providing independent advice and judgment to our Board.

After graduating from Ningbo University (寧波大學) in the PRC in June 2013, Ms. Wu worked at Wisdom Jiangsu Law Firm Shenzhen Office (江蘇維世德(深圳)律師事務所) and Beijing Huicheng (Shenzhen) Law Firm (北京市惠誠(深圳)律師事務所). She has then become a practicing lawyer of Beijing Yingke Law Firm Shenzhen Office (北京市盈科(深圳)律師事務所) since September 2015. Besides, Ms. Wu was a committee member of Shenzhen Lawyers Association Securities, Funds and Futures Law Committee (深圳市律師協會證券基金期貨法律專業委員會委員) from June 2017 to June 2020, and has become a committee member of Shenzhen Lawyers Association Securities Law Committee (深圳市律師協會證券法律專業委員會) since January 2022 and the deputy secretary-general of Guangdong Lawyers Association Securities and Capital Market Law Committee (廣東省律師協會證券與資本市場法律專業委員會) since April 2022. Ms. Wu joined our Company as an independent Director in June 2024.

Ms. Wu obtained a bachelor's degree in law from Jilin University (吉林大學) in the PRC in July 2006 and a master's degree in civil and commercial law from Ningbo University (寧波大學) in the PRC in June 2013. She also obtained a master's degree in business administration at The Chinese University of Hong Kong (香港中文大學) in October 2026.

Ms. Han Yan (韓雁), aged 67, was appointed as an independent non-executive Director on September 8, 2025, with effect from the [**REDACTED**]. She is responsible for providing independent advice and judgment to our Board.

Ms. Han is currently a professor at the College of Integrated Circuits, Zhejiang University (浙大集成電路學院) in the PRC, where she previously held various positions, including professor and doctoral adviser, since 1982. From December 2013 to December 2019, she served as an independent director of Zhejiang Jiemei Electronic and Technology Co., Ltd. (浙江潔美電子科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002859). Moreover, she has also served as a director of Hangzhou Hualan Microelectronique CO., Ltd. (杭州華瀾微電子股份有限公司) since October 2020 and a legal representative of Qiuyuan Technology (Shanghai) Co., Ltd. (求圓科技(上海)有限公司) since May 2021. Ms. Han has served as an independent director of (i) Jiangsu Gaokai Precision Fluid Technology Co.,Ltd. (江蘇高凱精密流體技術股份有限公司) since March 2025; (ii) Zhejiang Shuangyuan Technology Co., Ltd. (浙江雙元科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688623), since September 2025; and (iii) Applied Power Microelectronics Incorporated (江蘇應能微電子股份有限公司), a company listed on NEEQ, since October 2025. Ms. Han joined our Company as an independent Director in June 2024.

Ms. Han obtained a bachelor's degree in semiconductor device from Zhejiang University (浙江大學) in the PRC in January 1982, a master's degree in engineering from Zhejiang University (浙江大學) in the PRC in June 1990, and a doctoral degree in communications and electronic systems from Zhejiang University (浙江大學) in the PRC in March 1995.

Mr. Yuan Chenjie (袁陳杰), aged 44, was appointed as an independent non-executive director on September 8, 2025, with effect from the [**REDACTED**]. He is responsible for providing independent advice and judgment to our Board.

Mr. Yuan began his career at GE China (通用電氣(中國)有限公司) from 2004 to 2007. He then worked at Boston Scientific (波士頓科學(美國)) from 2009 to 2012. After that, Mr. Yuan worked at PwC Consulting (Shenzhen) Co., Ltd. (普華永道諮詢(深圳)有限公司) from April 2012 to April 2014. Mr. Yuan then joined SAIF Partners (賽富投資基金) in May 2014. He served as the chairman of the board of Shenzhen Saifu Qianyuan Investment Fund Management Co., Ltd. (深圳市賽富前元股投資基金管理有限公司), and has become the executive director and general manager of Shenzhen Zehui Investment Consulting Co., Ltd. (深圳市澤輝投資顧問有限公司). He is also currently a director of Affluence Capital Limited (澤輝資本有限公司) and a partner of Shenzhen Saifuze Hui Private Equity Investment Fund Management Partnership Enterprise (Limited Partnership) (深圳市賽富澤輝私募股權投資基金管理合夥企業(有限合夥)). He also holds various roles in portfolio companies, including serving as a director of Shenzhen Keyto Fulid Technology Co., Ltd. (深圳墾拓流體技術股份有限公司) since January 2021. Mr. Yuan joined our Company as an independent Director in August 2025.

Mr. Yuan obtained a bachelor's degree in physics from Fudan University (復旦大學) in the PRC in July 2004 and a master's degree in operations research from Columbia University in the United States in February 2009. He became a Chartered Financial Analyst (CFA) in October 2019.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders" in Appendix IV to this document, each of our Directors has confirmed that: (1) he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules on September 2, 2025, and understood his/her obligations as a director of a [**REDACTED**]; (2) he/she does not have any existing or proposed service contract with our Group other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation); (3) he/she has no interest in the Shares within the meaning of Part XV of the SFO; (4) he/she has not been a director of any other publicly listed company during the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; (5) other than being a Director and/or member of our Company's senior

management, he/she does not have any relationship with any other Directors, senior management or substantial shareholders of our Company; and (6) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Each of our independent non-executive Directors has confirmed: (1) his/her independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules; (2) that he/she does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and (3) that there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

SUPERVISORY COMMITTEE

Our Supervisory Committee comprises of three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include overseeing the financial and business performance of our Group. They are also entitled to appoint certified public accountants and practicing auditors to re-examine our Company's financial information where necessary.

Name	Age	Position(s)	Date of appointment as a Supervisor	Date of joining our Group	Role and responsibilities	Relationship with Directors, Supervisors and other senior management
Mr. Cui Cheng (崔成)	47	Supervisor and chairman of the Supervisory Committee	June 2024	November 2018	Responsible for supervising the performance of duties by our Directors and our senior management	None
Ms. Liao Yating (廖雅婷)	40	Supervisor	June 2024	November 2018	Responsible for supervising the performance of duties by our Directors and our senior management	None
Mr. Xie Denghuang (謝登煌)	32	Supervisor	June 2024	March 2019	Responsible for supervising the performance of duties by our Directors and our senior management	None

Supervisors

Mr. Cui Cheng (崔成), aged 47, is our Supervisor and the chairman of the Supervisory Committee. He was also appointed as a supervisor of Rayson Technology since January 2022.

Mr. Cui has served as a director of applied R&D department of our Company since November 2018. Mr. Cui worked as a field application engineering manager at the Shenzhen representative office of Korean EXCEL Semiconductor Co., Ltd. (韓國EXCEL半導體有限公司深圳代表處). He then served as a manager of the engineering department of Shenzhen Raysun Electronics Co., Limited (深圳市智諾達電子有限公司) from April 2010 to October 2018.

Mr. Cui obtained a diploma in business enterprise management from The Open University of China (國家開放大學) in the PRC (a distance learning course) in July 2024.

Ms. Liao Yating (廖雅婷), aged 40, is our employee representative Supervisor.

Ms. Liao first served a business assistant at Unimicron Technology (Shenzhen) Corp. (聯能科技(深圳)有限公司) from October 2007 to August 2009. She then worked at Shenzhen Raysun Electronics Co., Limited (深圳市智諾達電子有限公司) from September 2010 to October 2018. She joined our Company as a procurement manager in November 2018.

Ms. Liao obtained the college diploma majoring in visual communication design through the higher education examination program for the self-taught of Shenzhen in December 2024.

Mr. Xie Denghuang (謝登煌), aged 32, is our Supervisor.

Mr. Xie began his career by serving at Zhejiang Guicui Image Co., Ltd. (浙江硅萃影像科技有限責任公司) from July 2015 to January 2019. He then joined our Group as a hardware development engineer in March 2019.

Mr. Xie obtained a bachelor's degree in electronic science and technology from Nanchang Hangkong University (南昌航空大學) in the PRC in July 2015.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders" in Appendix IV to this document, each of our Supervisors has confirmed that:

(1) he/she does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;

(2) other than being a Supervisor of our Company, he/she does not have any relationship with any Directors, Supervisors or members of senior management or substantial shareholders of our Company as of the Latest Practicable Date;

(3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and

(4) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets forth certain information in respect of the senior management of our Company:

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/ joining our Group	Role and responsibilities	Relationship with Directors and other senior management
Mr. Wen Jianwei (文建偉)	48	Executive Director, chairman of our Board and general manager	June 2024	July 2018	Responsible for the strategic planning, business directions and management of our Group	None

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/ joining our Group	Role and responsibilities	Relationship with Directors and other senior management
Mr. Gong Hui (龔暉)	59	Executive Director and deputy general manager	June 2024	December 2020	Responsible for managing the daily operations of our Group	None
Mr. Cheng Yimin (程義敏)	42	Executive Director and deputy general manager	June 2024	August 2018	Responsible for managing the daily operations of our Group	None
Mr. Lai Nai (賴鼐)	44	Executive Director and deputy general manager	June 2024	January 2022	Responsible for managing the daily operations of our Group	None
Mr. Li Jiaxi (李佳熙)	42	Chief financial officer and Board secretary	June 2024	October 2022	Responsible for managing financial matters and capital operations of our Company	None
Mr. Li Zhenqing (栗振慶)	46	Deputy general manager	June 2024	March 2023	Responsible for managing the daily operations of our Company	None

For biographical details of Mr. Wen Jianwei (文建偉), Mr. Gong Hui (龔暉), Mr. Cheng Yimin (程義敏) and Mr. Lai Nai (賴鼐), see "— Board of Directors — Executive Directors" in this section. The details of each of the other senior management members are set out below:

Mr. Li Jiaxi (李佳熙), aged 42, joined our Company in October 2022 as the chief financial officer and Board secretary, responsible for managing financial and capital markets matters, coordinating all matters relating to the Board meetings and corporate governance of our Group.

Mr. Li began his career at KPMG Huazhen Certified Public Accountants (Special General Partnership) Shenzhen Branch (畢馬威華振會計師事務所(深圳分所)) from August 2008 to June 2010 where his last position was an auditor in the audit department. He then joined as manager in investment banking department of Ping An Securities Co., Ltd. (平安證券股份有限公司) from July 2010 to February 2017 where his last position was a senior vice president of Shenzhen branch of the company and the board secretary of Shenzhen Sunvalley Innovation Technology Co., Ltd. (深圳市澤寶創新技術有限公司) from February 2017 to August 2019. After that, he served as the financial controller and board secretary of Shenzhen DO Intelligent Technology Co., Ltd. (深圳市愛都科技有限公司) from September 2019 to May 2020. Mr. Li also served as the deputy general manager and the board secretary at Shenzhen Sanda Cosmetics Co., Ltd. (深圳市仙迪化妝品股份有限公司) from September 2020 to February 2021 and the chief financial officer at Shenzhen Lenkor Technology Development Co., Ltd. (深圳市聯科科技有限公司) from August 2021 to August 2022.

Mr. Li obtained a bachelor's degree in management from Hunan University (湖南大學) in the PRC in June 2006. Moreover, he obtained a master's degree in professional accounting from the University of Sydney in Australia in February 2008 and an executive master's degree in business administration (EMBA) from China Europe International Business School (中歐國際工商學院) in the PRC on a part-time basis in November 2023. Mr. Li is a certified public accountant in the PRC.

Mr. Li Zhenqing (栗振慶), aged 46, joined our Company in March 2023 as a deputy general manager, responsible for managing the daily operations of our Company.

Prior to joining our Company, Mr. Li has worked at Hangzhou Guoxin Technology Ltd. (杭州國芯科技有限公司) (now known as Hangzhou Guoxin Microelectronics Co., Ltd. (杭州國芯微電子股份有限公司)) from July 2002 to June 2013 where he has taken up various positions, including sales manager for Southern China, vice-manager of sales department and general manager of the overseas satellite business department. Mr. Li also served as a general manager at Shenzhen Globalpat Technology Co., Ltd. (深圳市全星創展科技有限公司).

Mr. Li obtained a bachelor's degree in electronic engineering from Zhejiang University (浙江大學) in the PRC in June 2002.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders" in Appendix IV to this document, each of our senior management members has confirmed that: (1) he/she does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date; (2) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any Directors, other members of senior management or substantial shareholders of our Company as of the Latest Practicable Date; (3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and (4) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Mr. Li Jiaxi (李佳熙) was appointed as one of our joint company secretaries with effect from [**REDACTED**].

Ms. Ha Ching Ching (夏正靜), was appointed as one of our joint company secretaries with effect from [**REDACTED**]. Ms. Ha Ching Ching graduated from The University of Adelaide with a Bachelor of Commerce (Accounting) degree. Ms. Ha is a fellow member of Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia. She has over 20 years' experience in auditing, financial management, tax planning and corporate governance, merger and acquisitions and initial public offerings. Ms. Ha has held senior financial position in several multinational companies, including commodities, manufacturing and real estate industries. She is currently a director of Danok Corporate Services Limited.

COMPLIANCE ADVISER

We have appointed Altus Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances: (1) before the publication of any announcements, circulars or financial reports; (2) where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases; (3) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and (4) where the [**REDACTED**] makes an inquiry of us regarding unusual [**REDACTED**] and [**REDACTED**] or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, Altus Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules and new or amended laws and regulations in Hong Kong applicable to us. The terms of the appointment shall commence on the [**REDACTED**] and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the [**REDACTED**].

BOARD COMMITTEES

We have established the following committees on our Board: an audit committee, a remuneration and appraisal committee, a nomination committee and a strategy committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We [have established] an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Audit Committee consists of Mr. Xie Chunhua (謝春華), Ms. Wu Bihong (吳碧虹) and Mr. Wang Zangzhang (王贊章), with Mr. Xie Chunhua (謝春華) being the chairperson of the committee. Mr. Xie Chunhua (謝春華) holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to review the company's financial information and its disclosures, overseeing and evaluating internal and external audit work, and internal controls, which includes amongst other things: (1) proposing disclosure of financial accounting reports and financial information in periodic reports, as well as internal control evaluation reports; (2) proposing appointment or removal of accounting networks and associations responsible for auditing the [**REDACTED**]; (3) proposing appointment or removal the financial officer of the [**REDACTED**]; (4) proposing changes of accounting policies or estimates, or corrections of significant accounting errors, due to reasons other than changes in accounting standards; (5) Other matters stipulated by laws, administrative regulations, the China Securities Regulatory Commission, other securities regulatory rules of the stock exchange where the company is [**REDACTED**], and the Articles of Association.

Remuneration and Appraisal Committee

We [have established] a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of Mr. Xie Chunhua (謝春華), Mr. Wen Jianwei (文建偉) and Ms. Wu Bihong (吳碧虹), with Mr. Xie Chunhua (謝春華) being the chairperson of the committee.

The primary duties of the Remuneration and Appraisal Committee are to develop remuneration and appraisal policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefits, which include amongst other things: (1) making recommendations to the Board on the policy and structure for all Directors' and senior management's remuneration, and on the formal and transparent procedure to be established for developing the remuneration policy; (2) monitoring the implementation of remuneration system of our Company; (3) making recommendations to the remuneration packages of our Directors and senior management; (4) formulating or amending equity incentive plans and employee stock ownership plans, and determining the conditions for the authorized benefits and exercise of such benefits by the incentive participants; and (5) dealing with other matters that are authorized by the Board.

Nomination Committee

We [have established] a nomination committee with written terms of reference in compliance with paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Ms. Wu Bihong (吳碧虹), Mr. Wen Jianwei (文建偉) and Mr. Xie Chunhua (謝春華), with Ms. Wu Bihong (吳碧虹) being the chairperson of the committee.

The primary duties of the Nomination Committee are to formulate the criteria and procedures for selecting directors and senior management, screen and review candidates for these positions and their qualifications, and to provide recommendations to the board of directors on the following matters: (1) nomination or appointment and removal of directors; (2) appointment or dismissal of senior management personnel; (3) other matters stipulated by laws, administrative regulations, the China Securities Regulatory Commission, other securities regulatory rules of the stock exchange where the company is [**REDACTED**], and the Articles of Association.

Strategy Committee

We [have established] the Strategy Committee with written terms of reference in place. The Strategy Committee consists of three members, namely Mr. Wen Jianwei (文建偉), Ms. Han Yan (韓雁) and Mr. Lai Nai (賴鼐), with Mr. Wen Jianwei (文建偉) serving as the chairman of the Strategy Committee. The primary duties of the Strategy Committee include, but not limited to, the following: (1) analyzing and making recommendations on our Company's long-term development strategy; (2) analyzing and making recommendations on major investment, financing, capital operation, asset management, or disposal projects related to our Company's medium and long-term development strategy; (3) analyzing and making recommendations on other major matters affecting our Company's development; (4) monitoring the implementation of the above matters; and (5) other matters authorized by our Board.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders.

Code Provision C.2.1 of the Corporate Governance Code

Under paragraph C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wen Jianwei is the chairman of our Board and the general manager of our Company. With experience in corporate management and having founded our Group, Mr. Wen Jianwei is in charge of the strategic planning, business directions and management of our Group. Despite the fact that the roles of the chairman of our Board and the general manager of our Company are both performed by Mr. Wen Jianwei which constitutes a deviation from paragraph C.2.1 of the Corporate Governance Code, our Board considers that vesting the roles of both the chairman of our Board and the general manager all in Mr. Wen Jianwei has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, each of which comprises experienced and diverse individuals. Upon the [**REDACTED**], our Board will consist of nine Directors, with four executive Directors, one non-executive Director and four independent non-executive Directors. Therefore, our Board possesses a strong independence element in its composition. Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the [**REDACTED**].

Our Board will reassess the division of the roles of chairman and the general manager from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. In particular, our Company currently has [two] female Directors in the Board and will continue to work towards enhancing the gender diversity of the

Board. Our Directors have a balanced mix of knowledge and skills, and we have five non-executive Directors, including four independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. Pursuant to the board diversity policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors and senior management members, who are also employees of our Group, emolument the form of fees, salaries, allowances, benefits in kind, performance related bonuses, share-based compensation 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 aggregate amounts of remuneration (including fees, salaries, allowances, benefits in kind, performance related bonuses, share-based compensation and pension scheme contributions) which were paid or payable to our Directors and Supervisors for the three financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 were approximately RMB3.04 million, RMB3.90 million, RMB15.41 million and RMB8.83 million, respectively.

It is estimated that the aggregate amount of remuneration (including fees, salaries, allowances, benefits in kind, performance related bonuses, share-based compensation and pension scheme contributions) payable to our Directors and Supervisors for the financial year ending December 31, 2026 would be approximately RMB17.7 million under arrangements in force as of the date of this document.

For the three financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, there was nil, nil, two and two Director and Supervisor among the five highest paid individuals, respectively. The aggregate amounts of remuneration (including fees, salaries, allowances, benefits in kind, performance related bonuses, share-based compensation and pension scheme contributions) which were paid or payable by our Group to our five highest paid individuals (excluding Directors and Supervisors) for the three financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 were RMB7.59 million, RMB14.49 million, RMB12.39 million and RMB5.99 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors, Supervisors 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, Supervisors, past Supervisors 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) none of our Directors or Supervisors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors, Supervisors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on remuneration of Directors and Supervisors during the Track Record Period as well as information on the five highest paid individuals, see notes 8 and 9 to the Accountants' Report.

OVERVIEW

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Rayson Management will be entitled to control [**REDACTED**]% of the voting rights of our Company. Rayson Management is owned as to 32.50% by Mr. Wen Jianwei (as the general partner), our executive Director, chairman of our Board and general manager, 17.50% by Mr. Wen Jianxiong, our former Director, and 50.00% by Chuangjia Yongli which is in turn held as to 65.00% by Mr. Wen Jianwei. Jingmiaocun, one of our ESOP Platforms, will be entitled to control [**REDACTED**]% of the voting rights of our Company and is managed by Mr. Wen Jianwei as its general partner. Rayson Erhao, one of our ESOP Platforms, will be entitled to [**REDACTED**]% of the voting rights of our Company and is managed by Mr. Wen Jianwei as its general partner. As such, Mr. Wen Jianwei, Rayson Management, Chuangjia Yongli, Jingmiaocun and Rayson Erhao are expected to be entitled to exercise an aggregate of approximately [**REDACTED**]% voting rights in our Company and will be our Controlling Shareholders as defined in the Listing Rules upon [**REDACTED**].

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the [**REDACTED**], taking into consideration of the factors below.

Management Independence

Our Board comprises nine Directors, including four executive Directors, one non-executive Director and four independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see "Directors, Supervisors and Senior Management" in this document;

(c) we have appointed four independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence with a view to bringing independent judgment to the decision-making process of our Board;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For further details, please refer to the paragraph headed "Corporate Governance Measures" in this section.

In light of the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold all the requisite licenses, intellectual property rights and qualifications that are material to carry on our principal business. We also have independent access to suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and their close associates.

Financial Independence

As of the Latest Practicable Date, our Group's loans of up to RMB6,457.0 million were guaranteed by, among others, our Controlling Shareholders. Our Directors confirmed that all such guarantees will be released immediately before [**REDACTED**]. The Directors further confirmed that our Group does not have any intention to seek Controlling Shareholders to provide securities or guarantees in favour of our borrowings in the foreseeable future. Further, we have an independent financial system and we make financial decisions according to our own business needs. We have established an independent finance department with a team of financial staff and an independent audit, accounting and financial management system. Based on the above, our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders and carrying on our business independently of and do not place undue reliance on our Controlling Shareholders and their close associates after the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders or their associate will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed Altus Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the [**REDACTED**].

INTEREST IN COMPETING BUSINESS OF OUR CONTROLLING SHAREHOLDERS AND THE DIRECTORS

None of the members of our Controlling Shareholders or our Directors was, as of the Latest Practicable Date, interested in or engaged in any business, other than our Company, which, competes or is likely to compete, either directly or indirectly, with our Group's businesses and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and without taking into account any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**], the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the [**REDACTED**] under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

			Immediately after completion of the [REDACTED] and conversion of Unlisted Shares to H Shares and assuming that the [REDACTED] is not exercised	
Name of Shareholder	**Capacity/nature of interest**	**Number of Shares held**	**Approximate percentage of shareholding in the relevant proportion of Shares[(1)(2)]**	**Approximate percentage of shareholding in the total share capital of our Company[(1)(2)]**
			(%)	*(%)*
Mr. Wen Jianwei (文建偉)[(3)(4)(5)]	Interest in controlled corporation	56,159,953	[**REDACTED**]	[**REDACTED**]
Chuangjia Yongli[(3)]	Interest in controlled corporation	38,285,753	[**REDACTED**]	[**REDACTED**]
Rayson Management[(3)]	Beneficial Owner	38,285,753	[**REDACTED**]	[**REDACTED**]
Rayson Erhao[(4)]	Beneficial Owner	10,000,000	[**REDACTED**]	[**REDACTED**]
Jingmiaocun[(5)]	Beneficial Owner	7,874,200	[**REDACTED**]	[**REDACTED**]
Mr. Gong Hui (龔暉)[(6)(7)]	Interest in controlled corporation	12,032,400	[**REDACTED**]	[**REDACTED**]
Jingmiaoxin[(6)]	Beneficial Owner	9,812,400	[**REDACTED**]	[**REDACTED**]

Notes:

(1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

(2) The calculation is based on the assumption that immediately following the completion of the [**REDACTED**], there will be a total number of [**REDACTED**] H Shares (including [**REDACTED**] H Shares converted from Unlisted Shares without taking into consideration the exercise of [**REDACTED**]) in issue.

(3) Rayson Management is a limited partnership established in the PRC, and is controlled by its general partner Mr. Wen Jianwei. Rayson Management is owned as to 50.00% by Chuangjia Yongli (as a limited partner), 32.50% by Mr. Wen Jianwei (as the general partner) and 17.50% by Mr. Wen Jianxiong (as a limited partner). Chuangjia Yongli is controlled by its general partner, Mr. Wen Jianwei, and is owned as to 65.00% by Mr. Wen Jianwei. Therefore, Mr. Wen Jianwei is deemed to be interested in the Shares held by Rayson Management.

(4) Rayson Erhao is a limited partnership established in the PRC, and is controlled by its general partner, Mr. Wen Jianwei. Therefore, Mr. Wen Jianwei is deemed to be interested in the Shares held by Rayson Erhao.

(5) Jingmiaocun is a limited partnership established in the PRC and is controlled by its general partner, Mr. Wen Jianwei. Therefore, Mr. Wen Jianwei is deemed to be interested in the Shares held by Jingmiaocun.

(6) Jingmiaoxin is a limited partnership established in the PRC, and is controlled by its general partner, Mr. Gong Hui, and is owned as to 93.75% by Mr. Gong Hui. Therefore, Mr. Gong Hui is deemed to be interested in the Shares held by Jingmiaoxin.

(7) Xinzhicun is a limited partnership established in the PRC and is controlled by by its general partner, Mr. Gong Hui. Therefore, Mr. Gong Hui is deemed to be interested in the Shares held by Xinzhicun.

SUBSTANTIAL SHAREHOLDERS

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company, see "Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix IV to this document.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), without taking into account the [**REDACTED**] that may be taken up under the [**REDACTED**], have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

This section presents certain information regarding our share capital prior to and upon the completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB102,160,000 comprising 102,160,000 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
H Shares to be converted from Unlisted Shares*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Note: For details of the identities of the Shareholders whose Unlisted Shares will be converted into H Shares upon [**REDACTED**], see "History, Development and Corporate Structure — Capitalization of Our Company" in this document.

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
H Shares to be converted from Unlisted Shares*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Note: For details of the identities of the Shareholders whose Unlisted Shares will be converted into H Shares upon [**REDACTED**], see "History, Development and Corporate Structure — Capitalization of Our Company" in this document.

SHARE CLASSES

Upon completion of the [**REDACTED**] and conversion of [**REDACTED**] Unlisted Shares into H Shares, our Shares will consist of H Shares only. Both Unlisted Shares and H Shares are ordinary shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to

hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] by or [**REDACTED**] among legal and natural persons of the PRC.

Unlisted Shares and H Shares are regarded as one class of shares under our Articles of Association, and Unlisted Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

All our Unlisted Shares are not listed or traded on any stock exchange. The holders of our Unlisted Shares may, at their own option, authorize us to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares. After the conversion of Unlisted Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and the filing procedure with the CSRC shall have been completed. The [**REDACTED**] of such converted Shares on the [**REDACTED**] will also require the approval of the [**REDACTED**]. In addition, such conversion, [**REDACTED**] and [**REDACTED**] shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of all or any portion of our Unlisted Shares on the [**REDACTED**] as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the [**REDACTED**] and delivery of Shares for entry on the H Share register. As any [**REDACTED**] of additional Shares after our [**REDACTED**] on the [**REDACTED**] is ordinarily considered by the [**REDACTED**] to be a purely administrative matter, it will not require such prior [**REDACTED**] for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong.

No class Shareholder voting is required for the [**REDACTED**] and [**REDACTED**] of the converted Shares on the [**REDACTED**]. Any [**REDACTED**] for [**REDACTED**] of the converted Shares on the [**REDACTED**] after our [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Unlisted Shares will be withdrawn from the Unlisted Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the [**REDACTED**] to issue H Shares. Registration on our H Share register will be conditional on (a) our [**REDACTED**] lodging with the [**REDACTED**] a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the Credit of Allotted Shares; and (b) the [**REDACTED**] of the H Shares to [**REDACTED**] on the [**REDACTED**] in compliance with the Listing Rules, the [**REDACTED**] and the [**REDACTED**] in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be [**REDACTED**] as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC, the domestic shareholders of Unlisted Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the Unlisted Shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH A GENERAL MEETING IS REQUIRED

For details of circumstances under which a general meeting of our Company is required, see "Summary of Articles of Association — Shareholders and Shareholders' General Meetings" in Appendix III to this document.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business" in this document.

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024, 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are one of the leading independent embedded memory product enterprises in Chinese Mainland, primarily engaged in the R&D, testing and sales of embedded memory products and other memory products. We procure memory wafers and memory dies from integrated device manufacturers (IDMs). Leveraging our R&D capabilities in flash memory controller chip design, product-level design, R&D testing capabilities, and firmware development, together with our process capabilities, i.e., packaging design and testing, we develop and provide embedded memory products with specifications and features designed to meet the requirements of their intended applications. Our embedded memory portfolio includes DRAM products (DDR, LPDDR), NAND Flash products (eMMC, UFS), as well as MCP embedded memory products (eMCP, uMCP, ePOP). Our other products mainly comprise SSDs and DIMMs. We also provide certain customers with testing services as a supplementary component of our memory solutions. Our core technology team has dedicated approximately two decades to the embedded memory industry, establishing our RAYSON® and ARTMEM® brands with strong customer recognition. Our products serve a diverse range of end applications. They provide these end devices with high-performance, reliable, and durable data access capabilities. In response to the transformative shift driven by AI, we deliver competitive memory solutions for next-generation products such as AI-enabled smartphones, AI-enabled PCs, robotics, and AI-enabled wearables. We focus on the research and innovation of memory application technologies and have successfully developed core technology capabilities. Leveraging our leading innovation capabilities, supply chain ecosystem, production management system, and agile customer service, we continue to maintain a leading position in the industry.

Our revenue increased by 54.6% from RMB2.4 billion in 2023 to RMB3.7 billion in 2024, and further increased by 59.4% to RMB5.9 billion in 2025. Our revenue increased from RMB2.1 billion for the six months ended June 30, 2025 to RMB12.0 billion for the six months ended June 30, 2026. Our net profit amounted to RMB37.0 million, RMB88.9 million, RMB879.9 million, RMB114.8 million and RMB4,032.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with all applicable IFRSs. The preparation of the historical financial information in conformity with IFRSs requires management to make judgements, estimates and assumptions in the process of applying our accounting policies. Judgements made by management in the application of IFRSs that have significant effect on the historical financial information and major sources of estimation uncertainty are set in the Accountants' Report included in Appendix I to this document.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing the semiconductor memory product industry. These factors include macro-economic trends, industry development and competitive landscape in the market. Any adverse development can have a negative impact on our results of operations. In addition to these general factors, our results of operations are affected by the following specific factors:

Market Demand for Memory Products. The memory product industry constantly evolves with technological innovations, while experiences clear cyclicality as the upstream market is highly concentrated and the downstream demand is susceptible to multiple factors. Our operational and financial performance are closely related to the cyclical nature of the industry, along with macroeconomic conditions, technological development, downstream demands, supply structure and capital expenditure trends. In addition, rapid technological evolutions, including the on-device AI applications, and the industrial IoT, the expansion in data centers, and upgrades in consumer electronics, have significantly impacted the market demand for semiconductor memory products. AI-driven devices place higher demands on embedded memory, as they need to efficiently store and run increasingly complex AI models for edge inference within limited volume and power budgets. According to Frost & Sullivan, the global shipments of AI glasses are undergoing explosive growth, increasing from 0.2 million sets in 2021 to 10 million sets in 2025, with a CAGR of 165.9%; and the global embodied AI robot market size also shows a strong growth trend, increasing from RMB43.1 billion in 2021 to RMB94.9 billion in 2025, with a CAGR of 21.8%. To capture the new growth opportunity, we are committed to upgrading and innovating our diverse product portfolio to serve a wider range of end markets, to enhance our resilience against market fluctuations.

Our Ability to Enhance Technological Capabilities. Through sustained investment in research and development, including the upgrading of design capabilities and R&D infrastructure, we have been successfully expanding our product portfolio, applying new technologies to diverse use cases, including smartphones, tablet/laptops and smart home devices, and capturing growth opportunities arising from the rapid growth of emerging sectors. During the Track Record Period, our research and development expenses amounted to RMB56.1 million, RMB77.6 million, RMB97.5 million and RMB64.4 million, respectively. We believe maintaining a dedicated and stable team of talents in R&D is important to the enhancement of our technology and product offerings. Our technological capabilities are backed by a high-caliber R&D team with profound expertise and tremendous experiences in the semiconductor industry. Our R&D efforts are strategically focused, with resources consistently directed toward priority areas that align with our business development needs and long-term growth objectives, enabling us to enhance technological capabilities, improve product competitiveness, and support the sustainable advancement of our core businesses. Leveraging our robust R&D capabilities and our seasoned R&D team, we ranked first globally among all independent memory product enterprises in terms of the shipment volume of LPDDR in 2025 and ranked second among all independent memory product enterprises offering memory production the global market for controllers equipped with self-developed embedded main control chips in terms of the shipment volume in 2025, according to Frost & Sullivan. We will continue to invest resources to attract more talented R&D personnel and further improve our chip design capabilities to expand our product portfolio and roll out our new and existing product lines.

Our Ability to Attract and Maintain Key Customers and Broaden Customer Base. Success of our business is underpinned by our stable relationships with existing customers and our ability to continuously broaden our customer base. Leveraging our solid reputation and strong technological capabilities, direct customer engagement and a robust network of distribution partners, we have been successfully established our presence in the supply chains of various high-profile companies across multiple segments of the consumer electronics industry in China. Moreover, in 2025, under our globalization strategy, we achieved notable progress in expanding our key customer based in overseas markets including the United Kingdom and France and are committed to further expanding our global presence.

In addition, we proactively monitor changes in market and customer demand and leverage our strong planning and technical capability to ensure rigorous quality control throughout the entire production process and to meet higher requirements for the performance, stability and customization of memory products. Such unwavering commitment to quality control and technological innovation solidifies customer loyalty and attract new customer from different segments. Going forward, we will keep strengthening existing customer relationship and expanding our customer base to further capture market share in the rapidly growing memory market and reinforce our competitive position globally.

Fluctuation in Prices of Raw Materials and Supply Chain Management. The costs of raw materials and supply chain management efficiency are critical to our cost of sales and have historically fluctuated significantly. During the Track Record Period, raw materials costs accounted for 92.6%, 92.8%, 90.7% and 92.7% of our cost of sales, respectively. Therefore, changes in the availability and prices of raw materials from upstream suppliers, particularly memory wafers and memory dies, could significantly impact our results of operations. We procure the majority of our key raw material from a limited number of suppliers. In 2023, 2024, 2025 and the six months ended June 30, 2026, our purchase from our five largest suppliers, accounted for 72.5%, 76.0%, 82.0% and 93.1% of our total purchase amount, respectively. See "Risk Factors — Risks Relating to Our Business and Industry — Our purchase of key raw materials and components, concentrates on certain major suppliers. Any disruption in supply or change in our relationships with these suppliers could adversely affect our business, financial condition and results of operations." Our strong cooperative relationships with suppliers render us stable supply in key raw materials. Going forward, we are dedicated to further cementing the resilience of both our international and domestic supply chains and continuing to improve our management of supply chain to quickly and effectively respond to changes within the semiconductor memory product industry. In addition, we devoted to investing in chip design, firmware design, and production capabilities to optimize our raw material utilization efficiency.

Our Ability to Manage and Improve Operational Efficiency. Our profitability and results of operation hinges on our ability to effectively control costs and improve our operational efficiency. Through accurate strategic positioning, focused resource allocation, technological innovation and efficient operational management, we have reduced our operating costs. Meanwhile, we also strengthened our inventory management and implemented real-time inventory monitoring by aligning with customer and market trends to maintain a reasonable inventory level while satisfying our customers' demands. For example, the launch of ATM002 second generation controller has driven up the sales volume of our eMMC products during the Track Record Period. Going forward, we expect to continue to invest in cutting-edge technology research and product development with R&D remaining as a crucial driver for our sustained growth.

The effectiveness of our selling and marketing activities is also critical to our financial performance. We sell our products through both direct sales and distributor sales, allowing us to adapt to various market demands, cement customer relationships, and streamline product distribution. Our selling and distribution expenses amounted to RMB13.3 million, RMB22.5 million, RMB37.0 million and RMB25.2 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 0.6%, 0.6%, 0.6% and 0.2% of our total revenue in the corresponding years. As we continuously expand our business scale and customer base, we anticipate that our selling and distribution expenses will continue to increase in absolute amounts. We are committed to continuously improving our selling and distribution efficiency and benefiting from economies of scale.

We are a leading independent memory product enterprise and have achieved steady business expansion during the Track Record Period. According to Frost & Sullivan report, in terms of the shipment volume in 2025, we ranked first among global independent memory product enterprises in the embedded memory market, first among global independent LPDDR product enterprises; and first among independent memory product enterprises offering memory products with self-developed embedded controller chips based in Chinese Mainland. Our industry-leading position and continuous performance growth evidence the effectiveness of our business operation, which, we believe, would keep playing a critical role in our future development and profitability.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Our Group has identified certain accounting policies that are significant to the preparation of our historical financial information in accordance with IFRSs. Our Group has also made certain accounting judgments and assumptions in the process of applying our accounting policies. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of accounting policies; and (ii) the results to changes in conditions and assumptions. For details, please see Notes 2 and 3 to the Accountants' Report in Appendix I to this document.

RESULTS OF OPERATIONS

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	2,401,888	3,713,804	5,919,483	2,060,469	12,017,622
Cost of sales	(2,188,545)	(3,373,460)	(4,586,297)	(1,763,836)	(6,963,814)
– Cost of goods and services	(2,171,457)	(3,331,815)	(4,429,434)	(1,727,431)	(6,639,955)
– Provision for impairment losses on inventory	(17,088)	(41,645)	(156,863)	(36,405)	(323,859)
Gross profit	213,343	340,344	1,333,186	296,633	5,053,808
Other net income/(loss)	995	18,648	1,614	(10,332)	(46,898)
Selling and distribution expenses	(13,319)	(22,495)	(36,980)	(14,854)	(25,218)
Administrative and other operating expenses	(41,702)	(63,743)	(116,604)	(39,935)	(84,190)
Research and development expenses	(56,059)	(77,556)	(97,474)	(40,897)	(64,396)
Reversals/(provisions) of impairment loss on trade and other receivables	1,521	(11,078)	11,751	1,269	(7,806)
Profit from operations	104,779	184,120	1,095,493	191,884	4,825,300
Finance costs	(52,722)	(74,013)	(92,970)	(52,175)	(53,461)
Profit before taxation	52,057	110,107	1,002,523	139,709	4,771,839
Income tax expense	(15,044)	(21,220)	(122,641)	(24,931)	(739,497)
Profit for the year/period	37,013	88,887	879,882	114,778	4,032,342

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Attributable to:					
Equity shareholders of the Company	36,808	88,625	878,840	114,491	4,028,406
Non-controlling interests	205	262	1,042	287	3,936
Other comprehensive income for the year/period (after tax and reclassification adjustments)					
Exchange differences arising from net investment in foreign operations and translation of financial statements	(5,189)	3,142	(9,540)	(2,074)	(32,834)
Total comprehensive income for the year/period	31,824	92,029	870,342	112,704	3,999,508
Attributable to:					
Equity shareholders of the Company	31,618	91,758	869,329	112,420	3,995,664
Non-controlling interests	206	271	1,013	284	3,844

Non-IFRS Financial Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as additional financial measure, which are not required by, or presented in accordance with, IFRS. We believe the non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

We believe these measures provide useful information to [**REDACTED**] and others in understanding and evaluating our consolidated our results of operations in the same manner as they help our management. However, such non-IFRS financial measures that we presented may not be directly comparable to similar measures presented by other companies.

We define adjusted net profit (non-IFRS measure) for the period as profit for the year adjusted by adding back: changing in carrying amount on redemption liabilities. Changing in carrying amount on redemption liabilities represent the non-cash, interest expense recorded to reflect interest incurred on our obligation to repurchase shares held by previous-round investors, which has been reclassified to equity upon termination of the redemption right. The following table reconciles our adjusted net profit (non-IFRS measure), from our profit for the year in accordance with IFRS indicated for 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit for the year/period	37,013	88,887	879,882	114,778	4,032,342

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Add:					
Changing in carrying amount on redemption liabilities	37,325	46,951	43,968	31,084	–
Adjusted net profit (non-IFRS measure)	**74,338**	**135,838**	**923,850**	**145,862**	**4,032,342**

The use of these non-IFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies.

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was primarily derived from sales of embedded memory products, including (i) DRAM products (DDR, LPDDR), (ii) NAND Flash products (eMMC, UFS), and (iii) MCP Embedded Memory Products (eMCP, uMCP, ePOP). We also generated revenue from other products, mainly SSDs and memory modules. We also offer testing services to certain customers supplementary to our memory solution.

Revenue Breakdown by Business Line

The following table sets forth a breakdown of our revenue by business line, in absolute amount and as a percentage of our total revenue, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Embedded memory products										
DRAM products (DDR, LPDDR)	1,658,683	69.1	2,474,303	66.6	3,744,369	63.3	1,292,364	62.7	9,003,272	74.9
NAND Flash products (eMMC, UFS)	319,339	13.3	673,647	18.1	1,593,344	26.9	572,954	27.8	2,277,643	19.0
MCP embedded memory products (eMCP, uMCP, ePOP)	305,927	12.7	311,770	8.4	160,953	2.7	48,521	2.4	144,583	1.2
Subtotal	**2,283,949**	**95.1**	**3,459,720**	**93.2**	**5,498,666**	**92.9**	**1,913,839**	**92.9**	**11,425,498**	**95.1**
Others*	117,939	4.9	254,084	6.8	420,817	7.1	146,630	7.1	592,124	4.9
Total	**2,401,888**	**100.0**	**3,713,804**	**100.0**	**5,919,483**	**100.0**	**2,060,469**	**100.0**	**12,017,622**	**100.0**

Note:

* Others primarily include SSDs, DIMMs, and testing services.

Embedded memory products

Sales of DRAM products (DDR, LPDDR)

Revenue generated from sales of our DRAM products maintained an overall growth trend during the Track Record Period, primarily attributable to the continuous growth in the revenue contribution from our higher capacity LPDDR products, for example LPDDR4 and LPDDR5. In 2023, 2024 and 2025, revenue from sales of DRAM products amounted to RMB1,658.7 million, RMB2,474.3 million and RMB3,744.4 million, representing 69.1%, 66.6% and 63.3% of our total revenue, respectively. Our revenue from sales of DRAM products increased from RMB1,292.4 million, or 62.7% of our total revenue, for the six months ended June 30, 2025 to RMB9,003.3 million, or 74.9% of our total revenue, for the six months ended June 30, 2026. The growth was primarily attributable to the growth in market demand driven by the advancement of AI applications, continued expansion into major customers' ecosystems, optimization of product mix with increased shipments of large-capacity LPDDR products, and the consolidation of upstream supply chain ensuring stable supply during market upturns.

Our performance was closely related to the cyclicality of market demand and average selling prices. From the second half of 2023 to the first half of 2024, the market started to recover as prior inventory clearance had largely concluded, the market demand had resumed, and market prices for memory products rebounded. In 2025, the market demand for memory products was further driven by the advancement of AI applications. Although the global embedded memory product market experienced a downturn, leading independent memory product enterprises recorded growth in sales volume, according to Frost & Sullivan, demonstrating their resilience to industry fluctuation, supported by deep customer relationships, diverse product portfolio and strong technology capabilities.

Sales of NAND flash products (eMMC, UFS)

Revenue generated from sales of our NAND Flash products exhibited a significant growth trend during the Track Record Period, primarily attributable to the continuous growth in the revenue contribution from our eMMC products. In 2023, 2024 and 2025, revenue generated from sales of our NAND Flash products amounted to RMB319.3 million, RMB673.6 million and RMB1,593.3 million, representing 13.3%, 18.1% and 26.9% of our total revenue, respectively. For the six months ended June 30, 2025 and 2026, revenue generated from sales of our NAND Flash products amounted to RMB573.0 million and RMB2,277.6 million, representing 27.8% and 19.0% of our total revenue, respectively.

The increase was primarily driven by the successful expansion of customer base, the deepening cooperation with existing customers, an improved product mix with higher-capacity eMMC products, the recovery of the semiconductor memory product industry and the rebound in market prices since the second half of 2023. We successfully designed in our NAND flash products into products of our customers from other business lines, and the increased procurement volume renders us enhanced bargaining power to raw material suppliers. In addition, the widening application of NAND flash products in consumer electronics and intelligent devices driven by the advancement of AI applications further supported the revenue growth during the Track Record Period.

Sales of MCP embedded memory products

Revenue generated from sales of our MCP embedded memory products recorded a decreasing trend during the Track Record Period. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, revenue from sales of MCP embedded memory products amounted to RMB305.9 million, RMB311.8 million, RMB161.0 million, RMB48.5 million and RMB144.6 million, representing 12.7%, 8.4%, 2.7%, 2.4% and 1.2% of our total revenue, respectively. The fluctuations in revenue from sales of our MCP embedded memory products during the Track Record Period were primarily attributable to the changes in upstream supply. Meanwhile, we have been developing our own MCP embedded memory products powered by in-house developed controller and have successfully launched such products in the third quarter of 2025.

Others

We also (i) offer SSD and DIMM products, (ii) provide certain customers with technical support and services by utilizing our available production capacity, and (iii) certain one-off transactions in the ordinary course of our business. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, revenue from this segment amounted to RMB117.9 million, RMB254.1 million, RMB420.8 million, RMB146.6 million and RMB592.1 million, representing 4.9%, 6.8%, 7.1%, 7.1% and 4.9% of our total revenue, respectively. The increase in revenue from this segment during the Track Record Period was primarily attributable to the growing customer demand for our SSD and DIMM products and the enhancement of our service capabilities.

Sales Volume and Average Selling Price

The following table sets forth a breakdown of sales volume and average selling prices of our major products for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(thousand units)	*RMB/ unit*	*(thousand units)*	*RMB/ unit*	*(thousand units)*	*RMB/ unit*	*(thousand units)*	*RMB/ unit*	*(thousand units)*	*RMB/ unit*
Embedded memory products										
DRAM products (DDR, LPDDR)	80,059	21	95,702	26	103,998	36	59,941	22	67,785	133
NAND flash products (eMMC, UFS)	26,214	12	41,611	16	60,326	26	28,025	20	21,798	104
MCP embedded memory products (eMCP, uMCP, ePOP)	4,534	67	2,760	113	2,426	66	525	92	1,318	110

DRAM products and NAND flash products: During the Track Record Period, the sales volume of our DRAM products and NAND flash products continuously increase with fluctuation, primarily due to the same reasons for the increase of revenue of these segments. The average selling price for DRAM products and NAND flash products during the Track Record Period continuously increase, primarily due to the price increase in the semiconductor industry and adjustments to our product mix in line with market demand. Our performance was closely related to the cyclicality of market demand and average selling prices. Followed by a recovery phase commenced in late 2023 and continued through mid-2024. A brief price dip occurred from late 2024 to early 2025. The significant increase in the average selling prices of our DRAM and NAND flash products in the first half of 2026 as compared with the same period in 2025 was broadly consistent with overall market trends. This increase was primarily driven by strong demand for memory products from AI-related applications, while the lengthy lead time required for capacity expansion limited the industry's ability to increase supply in response to rising demand, resulting in tighter supply-demand conditions and upward pressure on market prices. According to Frost & Sullivan, such increases in the sales volume and average selling prices of our DRAM and NAND flash products were generally consistent with the growth in market demand and pricing trends in the memory semiconductor market during the same period. See "Industry Overview — Price Analysis of Semiconductor Memory Wafer & DRAM/NAND Products" in this document.

In addition, our strategy of focus on key customers and swift response to shifting market demand supports our sales growth and the capture of additional market demand while stabilizing our average selling price. On one hand, orders from key customers provide recurring demand that mitigates industry cyclicality but we may need to offer pricing incentives in the short term to secure long-term cooperation and customer stickiness. On the other hand, by adjusting our product mix to

address customized product requirements from key customers, we are able to offer key customers with high value-added products, for example our higher capacity LPDDR and eMMC products. In particular, our sales volume growth outperformed the market rebound in 2024 and continued to increase in 2025, supported by our deep customer relationships, diverse product portfolio and strong technology capabilities.

MCP embedded memory products: From 2023 to 2025, the sales volume of our MCP embedded memory products showed a decreasing trend, primarily attributable to the same factors that led to the fluctuations in revenue of this segment, including our strategic reduction of products relying on external suppliers for key components and our planned transition toward promoting self-developed products. For our eMCP products, prior to 2025, we primarily relied on outsourced key components including controller chips and the suppliers of such key components primarily included Supplier A and certain trading companies. Following the successful development, mass production and market validation of our eMMC products equipped with our self-developed controller chips during the Track Record Period, we leveraged the same eMMC flash controller in the development of our eMCP and ePOP products, and commenced mass production of our eMCP and ePOP products equipped with self-developed controller chips in the third quarter of 2025 and the first quarter of 2026, respectively. In 2025, the sales volume of our MCP products decreased compared with 2024, primarily because we significantly reduced sales of MCP products equipped with externally sourced controller chips in 2025, while eMCP products equipped with self-developed controller chips entered mass production and commenced shipments in the second half of 2025, with production capacity ramping up progressively thereafter. As a result of the commercialization and increasing adoption of our self-developed MCP products, the sales volume of our MCP embedded memory products increased in the six months ended June 30, 2026, as compared with the corresponding period of 2025.

The increase in the average selling price of our MCP products in 2024 as compared to 2023 was mainly attributable to overall market price volatility. According to Frost & Sullivan, the overall average price of NAND flash increased by more than 45% in 2024 compared with 2023, while the overall average price of DRAM increased by approximately 5% over the same period, both of which contributed to the increase in pricing of MCP products in 2024.

The decrease in the average selling price of our MCP products in 2025 as compared with 2024 was primarily attributable to changes in our product mix in terms of storage capacity. Generally, MCP products with larger storage capacities have higher average selling prices per unit (i.e., per individual product), as each unit offers greater storage capacity. In 2024, our MCP products mainly comprised eMCP and uMCP products equipped with externally sourced controller chips, with the DRAM and NAND flash contained therein having storage capacities of 8GB+128GB or above in the majority of cases. In 2025, we significantly reduced sales of such products and, as we began commercializing eMCP products equipped with our self-developed controller chips, initially focused on products with DRAM and NAND flash below capacities of 4GB+64GB. As a result, the average storage capacity per unit of our MCP products was lower, leading to a lower average selling price per unit.

The average selling price of our MCP products increased in the six months ended June 30, 2026 as compared with the corresponding period in 2025, primarily due to the overall increase in memory product prices across the semiconductor market. However, the increase in our average selling price was lower than the overall market price increase during the same period, primarily because the average storage capacity per unit of our MCP products was lower, reflecting the contribution of our self-developed MCP products with smaller storage capacities.

Revenue Breakdown by Sales Channel

During the Track Record Period, we generated revenue from both direct sales and distribution channels. See "Business — Sales, Distribution and Marketing" in this document. The following table sets forth a breakdown of our revenue by sales channel in absolute amount and as a percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Direct sales	940,664	39.2	1,525,282	41.1	2,775,722	46.9	1,022,135	49.6	4,489,698	37.4
Distributor sales	1,461,224	60.8	2,188,522	58.9	3,143,761	53.1	1,038,334	50.4	7,527,924	62.6
Total	**2,401,888**	**100.0**	**3,713,804**	**100.0**	**5,919,483**	**100.0**	**2,060,469**	**100.0**	**12,017,622**	**100.0**

During the Track Record Period, revenue from both direct sales and distributor sales generally demonstrated an upward trend in line with our business expansion and our channel strategy. We do not expect significant changes in the revenue contribution from direct and distributor sales in the near future. See "Business — Sales, Distribution and Marketing" in this document.

Revenue Breakdown by Geographic Locations

The following table sets forth our revenue breakdown by geographical location of customers, each expressed in absolute amount and as a percentage of our total revenue, for the year/period indicated. The geographical location of customers is determined based on the place of incorporation of the customers who place order with us. During the Track Record Period, a significant portion of our revenue is generated from Chinese Mainland and Hong Kong. According to Frost & Sullivan, in the semiconductor industry, customers typically prefer to order electronic components through their Hong Kong subsidiaries due to supply chain management considerations.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chinese Mainland	999,807	41.6	1,443,986	38.9	2,641,429	44.6	1,009,439	49.0	3,117,207	25.9
Hong Kong	1,275,784	53.1	2,208,785	59.5	2,924,249	49.4	975,336	47.3	7,527,421	62.6
Korea	54,440	2.3	44,716	1.2	89,611	1.5	22,598	1.1	55,060	0.5
Taiwan	15,398	0.6	16,068	0.4	111,668	1.9	41,199	2.0	570,681	4.7
United Kingdom	–	–	–	–	72,942	1.2	4,307	0.2	485,318	4.0
Others	56,459	2.4	249	0.0	79,584	1.4	7,590	0.4	261,935	2.2
Total	**2,401,888**	**100.0**	**3,713,804**	**100.0**	**5,919,483**	**100.0**	**2,060,469**	**100.0**	**12,017,622**	**100.0**

Cost of Sales

Our cost of sales primarily comprised raw material costs, outsourced service costs, production costs and direct labor costs. Our cost of sales increased from RMB2.2 billion in 2023 to RMB3.4 billion in 2024 and further to RMB4.6 billion in 2025 and increased from RMB1.8 billion for the six months ended June 30, 2025 to RMB7.0 billion in the same period of 2026, in line with the revenue growth for the respective years. During the Track Record Period, our cost of sales increased in line with revenue growth, reflecting the scale effects of our business expansion.

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of total cost of sales, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Raw material costs	2,026,307	92.6	3,130,916	92.8	4,159,536	90.7	1,604,866	91.0	6,455,149	92.7
Outsourced service costs	111,235	5.1	161,332	4.8	223,295	4.9	99,812	5.7	144,457	2.1
Production costs	24,319	1.1	30,824	0.9	37,648	0.8	18,330	1.0	34,856	0.5
Direct labor costs	9,596	0.4	8,743	0.3	8,955	0.2	4,423	0.3	5,493	0.1
Subtotal	**2,171,457**	**99.2**	**3,331,815**	**98.8**	**4,429,434**	**96.6**	**1,727,431**	**97.9**	**6,639,955**	**95.3**
Provision for impairment losses on inventory	17,088	0.8	41,645	1.2	156,863	3.4	36,405	2.1	323,859	4.7
Total	**2,188,545**	**100.0**	**3,373,460**	**100.0**	**4,586,297**	**100.0**	**1,763,836**	**100.0**	**6,963,814**	**100.0**

Cost of raw materials represented the largest component of our cost of sales. Our raw material primarily comprised memory wafer and memory dies. According to Frost & Sullivan, the price of memory wafers and memory dies exhibits cyclicality and the prices of NAND flash and DRAM fluctuated similarly during the Track Record Period. However, prices dipped briefly from late 2024 to early 2025 attributable to inventory overhang, reduced consumer spending amid economic uncertainty, followed by prices rebound driven by the rapid growth of AI applications. For details of the price fluctuation of raw material during the Track Record Period, see "Industry Overview — Price analysis of Semiconductor Memory Wafer & DRAM/NAND products" in this document. Our pricing to customers takes into account prevailing market prices of raw material, enabling us to pass through a substantial portion of the cost fluctuations to our downstream customers and effectively mitigate our exposure to raw material price volatility. We entered into framework agreements with our major customers under which the price of each purchase order is determined when the order is placed, and the then prevailing market prices of raw material. According to Frost & Sullivan, this approach aligns with industry practices.

Outsourced service costs primarily comprise wafer packaging services, performed by qualified third parties in accordance with our specifications and quality standards. See "Business — Production — Our Outsourcing Production Arrangement" in this document. Production costs primarily comprised our plants and production equipment, maintenance expenses of production equipment, and utilities such as water and electricity. Direct labor costs represented salaries, bonuses, and welfare benefits for our production personnel.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our provision for impairment losses on inventory amounted to RMB17.1 million, RMB41.6 million, RMB156.9 million, RMB36.4 million and RMB323.9 million, respectively. The continuous increase was primarily attributable to the changes in market conditions, affecting the net realizable value of our inventories. In 2023, we successfully consumed inventories that were provided for in 2022, and market pricing was relatively stable in late 2023. Therefore, the net realizable value of our inventories rebounded, leading to a lower level of impairment losses. In 2025 and the six months ended June 30, 2026, the increase in the provision for impairment losses on inventory was primarily attributable to the increase in gross inventory balance, which resulted in a larger inventory base being subject to impairment assessment. In addition, during the same periods, the industry-wide increase in price of raw materials led to higher raw material costs within semiconductor memory product industry, which caused the net realizable value of certain existing orders to fall below their inventory cost, resulting in a rise in the amount of provision for impairment losses on inventory for the year/period. For more information, see "— Discussion of Selected Items From Consolidated Statements of Financial Position — Inventories."

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit as a percentage of our revenue.

Gross Profit and Gross Profit Margin by Business Lines

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Embedded memory products										
DRAM products (DDR, LPDDR)	154,617	9.3	178,267	7.2	1,016,658	27.2	226,996	17.6	3,943,399	43.8
NAND flash products (eMMC, UFS)	14,889	4.7	53,859	8.0	224,728	14.1	45,353	7.9	823,680	36.2
MCP embedded memory products (eMCP, uMCP, ePOP)	30,516	10.0	91,907	29.5	48,916	30.4	16,743	34.5	84,808	58.7
Others	13,320	11.3	16,311	6.4	42,884	10.2	7,541	5.1	201,921	34.1
Total/Overall	**213,342**	**8.9**	**340,344**	**9.2**	**1,333,186**	**22.5**	**296,633**	**14.4**	**5,053,808**	**42.1**

DRAM products: From 2023 to 2024, our gross profit derived from our DRAM products increased by 15.3% from RMB154.6 million to RMB178.3 million, while the gross profit margin decreased from 9.3% to 7.2%, primarily driven by a substantial rise in demand from our newly acquired key customers. Nevertheless, when raw material prices increased as compared to 2023 due to the recovery of market demand and prices of the DRAM products, our average raw material costs rose at a slightly faster pace than the average selling prices of our finished products, as we scaled up procurement of raw materials to ensure stable production during the first half of 2024. However, at the second half of 2024, the increase trend of market demand and prices has reversed, leading to a subsequent market downturn, which also negatively affected our gross profit margin. Consequently, while our gross profit increased, our gross profit margin experienced a slight decline.

From 2024 to 2025, our gross profit derived from our DRAM products increased by 470.3% from RMB178.3 million to RMB1,016.7 million, and the gross profit margin also increased from 7.2% to 27.2%, primarily due to (i) the industry-wide increase in average selling price of DRAM products and increase in sales volume brought by expanded customer base, (ii) our continuous management on inventories and supply chain to maintain our cost of sales, and (iii) the explosive market demand brought by AI applications. In particular, our continuous management of inventories and the supply chain included: (a) aligning our raw material procurement strategy with anticipated AI-driven growth in demand for memory products, which has led to upward pressure on raw material prices. We strategically increased our procurement of raw materials when prices were relatively favorable in order to mitigate the risk of rapid cost escalation in raw materials; (b) maintaining long-term and stable cooperation with key upstream suppliers, which supported supply continuity during periods of tighter market conditions; and (c) enhancing production and testing efficiency through improved production capacity and utilization rate, resulting in higher operational efficiency, improved product yield and more stable shipment execution, thereby contributing to overall cost control and gross profit margin improvement.

From the six months ended June 30, 2025 to the corresponding period of 2026, our gross profit derived from our DRAM products increased by 1,637.2% from RMB227.0 million to RMB3,943.4 million, while the gross profit margin increased from 17.6% to 43.8%, primarily driven by (i) the industry-wide increase in average selling price of DRAM products and increase in sales volume brought by expanded customer base, (ii) our continuous management on inventories and supply chain to maintain our cost of sales, and (iii) the explosive market demand brought by AI applications.

NAND flash products: From 2023 to 2024, our gross profit increased by 261.7% from RMB14.9 million to RMB53.9 million, with the gross profit margin increased from 4.7% to 8.0%. This increase was largely attributable to the successful acquisition of new key customers as a result of our growing market reputation, the expansion of orders from our established customer base, and the rise in our average selling prices of NAND flash products in alignment with market trends.

From 2024 to 2025, our gross profit further increased by 317.2% from RMB53.9 million to RMB224.7 million, with the gross profit margin increased from 8.0% to 14.1%, primarily due to (i) the industry-wide increase in average selling price of NAND flash products, (ii) the rapid growth in market demand brought by the advancement of AI applications and (iii) the increase in sales volume from our deepening cooperation relationship with our existing customers and our expansion of new customers.

From the six months ended June 30, 2025 to the corresponding period of 2026, our gross profit increased by 1,716.2% from RMB45.4 million to RMB823.7 million, with the gross profit margin increased from 7.9% to 36.2%, primarily due to (i) the industry-wide increase in average selling price of NAND flash products, (ii) our continuous management on inventories and supply chain to maintain our cost of sales, and (iii) the rapid growth in market demand brought by the advancement of AI applications.

MCP embedded memory products: From 2023 to 2024, gross profit significantly increased by 201.2%, from RMB30.5 million to RMB91.9 million, with the gross profit margin increased significantly from 10.0% to 29.5%, primarily because (i) market demand recovered in the first half of 2024 and (ii) we penetrate into the market for high capacity products at higher-margin, mainly including uMCP 512GB+12GB and uMCP 512GB+16GB products.

From 2024 to 2025, gross profit decreased by 46.8% from RMB91.9 million to RMB48.9 million, while the gross profit margin slightly increased from 29.5% to 30.4%, primarily because we have been adjusting our sales strategy and proactively developing our own MCP embedded memory products powered by self-developed controller and have successfully launched such products in the third quarter of 2025, which expects to experience a ramp-up.

From the six months ended June 30, 2025 to the corresponding period of 2026, gross profit increased by 406.5% from RMB16.7 million to RMB84.8 million, with the gross profit margin increased from 34.5% to 58.7%, primarily due to (i) the industry-wide increase in average selling price of MCP embedded memory products, and (ii) our strategic shift to our own MCP embedded memory products.

Others: The fluctuations in the gross profit and gross profit margin of this category during the Track Record Period were primarily due to (i) our proactive adjustments in output and pricing for our emerging SSD and DIMM products in response to end-market fluctuations, and (ii) certain one-off transactions in the ordinary course of our business.

Other Net Income/(Loss)

During the Track Record Period, our other net income/(loss) primarily comprised interest income from bank deposits, government grants, net foreign exchange (loss)/gain, net (loss)/gain on disposals of property, plant and equipment, and other miscellaneous items. In certain years, our other income was also affected by non-recurring items such as provision for litigation.

The following table sets forth a breakdown of our other net income/(loss) for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest income from bank deposits	1,405	1,460	3,913	1,791	3,349
Government grants	8,194	19,391	34,240	1,084	3,107
Net gain on disposals of equipment and others	15	68	268	95	14
Net foreign exchange gain/(loss)	6,184	(2,242)	(24,353)	(11,838)	(50,070)
Provision for litigation	(14,183)	–	–	–	–
Change in fair value of financial liabilities	–	–	(12,180)	(1,241)	(3,224)
Net (loss)/gain on financial liabilities	(665)	–	–	(1,272)	585
Others	45	(29)	(274)	1,049	(659)
Total	**995**	**18,648**	**1,614**	**(10,332)**	**(46,898)**

In 2023, 2024, and 2025, we had other net income of RMB1.0 million, RMB18.6 million, RMB1.6 million, respectively. The significant increase in other net income from 2023 to 2024 was primarily because that we have received significant government grant in 2024 primarily because Artmem Technology was recognized as a National Specialized, Refined, Differentiated and Innovative Little Giant Enterprise in 2023 and started to receive government grants in 2024, and we received funding under the Hengqin government's policies for promoting the integrated circuit industry and the research and development subsidy scheme for enterprises in the Hengqin New Area. The significant decrease in other net income from 2024 to 2025 was primarily because (i) an increase in net foreign exchange losses, and (ii) an increase in change in fair value of financial liabilities as a result of a decrease in the fair value of the swap incurred by fluctuation of foreign exchange. In the six months ended June 30, 2025 and 2026, we had other net loss of RMB10.3 million and RMB46.9 million, respectively. The increase in other net loss from the six months ended June 30, 2025 to the same period of 2026 was primarily due to an increase in net foreign exchange losses as a result of foreign exchange fluctuations.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of employee compensation, business development expenses, office expenses, depreciation and amortization expenses, and other. The following table sets forth a breakdown of our selling and distribution expenses for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Employee Compensation	7,929	59.5	14,884	66.2	27,428	74.2	10,544	71.0	17,571	69.7
Business development expenses	2,383	17.9	3,690	16.4	4,596	12.4	2,159	14.5	4,243	16.8
Office expenses	1,666	12.5	2,383	10.6	2,963	8.0	1,239	8.3	2,087	8.3

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Depreciation and amortization expenses	1,305	9.8	1,389	6.2	1,932	5.2	830	5.6	1,127	4.5
Other*	36	0.3	148	0.7	61	0.2	82	0.6	190	0.7
Total	**13,319**	**100.0**	**22,495**	**100.0**	**36,980**	**100.0**	**14,854**	**100.0**	**25,218**	**100.0**

Note:

* Primarily includes miscellaneous costs.

During the Track Record Period, employee compensation remained the largest component for our selling and distribution expenses, primarily reflecting salaries, bonuses, benefits and share-based payments for employees involved in sales and distribution activities, representing 59.5%, 66.2%, 74.2%, 71.0% and 69.7% of total selling and distribution expenses in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Business development expenses, which primarily included costs associated with market expansion initiatives, participation in exhibitions and other marketing events, and customer relationship management, formed the next largest component of our selling and distribution expenses. Office expenses primarily comprised costs related to administrative support, including utilities for office operations and expenses for sales-related samples.

Administrative and Other Operating Expenses

Our administrative and other operating expenses primarily consisted of employee compensation, depreciation and amortization, professional service fees, travel and reception expenses, business taxes and surcharges, office expenses and other expenses. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Employee Compensation	22,730	54.5	38,465	60.3	68,353	58.6	28,321	70.9	42,794	50.8
Depreciation and Amortization	5,731	13.7	5,947	9.3	8,202	7.0	3,519	8.8	4,892	5.8
Professional service fees	4,435	10.6	9,272	14.5	4,607	3.9	1,427	3.6	2,693	3.2
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Travel and reception expenses	2,197	5.3	3,074	4.8	4,141	3.6	1,994	5.0	3,380	4.0
Office expenses	1,077	2.6	2,608	4.1	2,317	2.0	1,281	3.2	869	1.0
Business taxes and surcharges	3,419	8.2	3,653	5.7	7,028	6.0	2,076	5.2	15,794	18.8
Others*	2,113	5.1	724	1.1	5,111	4.4	1,317	3.3	6,386	7.6
Total	**41,702**	**100.0**	**63,743**	**100.0**	**116,604**	**100.0**	**39,935**	**100.0**	**84,190**	**100.0**

Note:

* Primarily includes miscellaneous costs.

During the Track Record Period, employee compensation remained the largest component of our administrative and other operating expenses, primarily reflecting salaries, benefits and share-based payments for administrative and management staff, representing 54.5%, 60.3%, 58.6%, 70.9% and 50.8% of our total administrative and other operating expenses in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Professional service fees, largely arising from intermediaries engaged in our financing activities, legal matters and other professional services, represented 10.6%, 14.5%, 3.9%, 3.6% and 3.2% of our total administrative and other operating expenses in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Depreciation and amortization expenses primarily reflected depreciation of office facilities and refurbishment of administrative premises. Office expenses mainly comprised utilities and administrative consumables, while travel and reception expenses primarily related to business travel and costs incurred to support our administrative and management staff's business trips and customer relationship management. Business taxes and surcharges mainly consisted stamp duty and non-deductible value-added tax, and other expenses primarily included miscellaneous costs.

Research and Development Expenses

Our research and development expenses primarily consisted of employee compensation, material consumption, depreciation and amortization, R&D process expenses, and office expenses. The following table sets forth a breakdown of our research and development expenses for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee compensation	31,999	57.1	43,514	56.1	63,250	64.9	25,285	61.8	36,696	57.0
Material consumption	6,098	10.9	8,079	10.4	12,484	12.8	5,640	13.8	12,029	18.7
Depreciation and amortization	12,885	23.0	9,514	12.3	7,506	7.7	3,286	8.0	5,758	8.9
R&D process expenses	2,509	4.5	13,628	17.6	8,396	8.6	5,848	14.3	7,928	12.3
Office and travel expenses	2,568	4.6	2,821	3.6	5,838	6.0	838	2.0	1,985	3.1
Total	**56,059**	**100.0**	**77,556**	**100.0**	**97,474**	**100.0**	**40,897**	**100.0**	**64,396**	**100.0**

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB56.1 million, RMB77.6 million, RMB97.5 million, RMB40.9 million and RMB64.4 million, respectively. Our R&D expenses increased steadily during the Track Record Period, primarily driven by our continued investment in R&D capabilities. We consistently expanded the scale and scope of our R&D projects to strengthen competitiveness and respond to market dynamics, meet the evolving and increasingly sophisticated needs of our customers. These efforts supported the development and optimization of our product offerings, and contributed to the enhancement of customer satisfaction and loyalty, ultimately driving our overall revenue growth.

Employee compensation encompasses salaries, bonuses, and share-based payment paid to our employees involved in R&D activities. Material consumption refers to material used in our internal R&D initiatives. Depreciation and amortization expense represents the amortization of IP licensing and software, and allocation of costs for capital assets, such as lab equipment or facilities, used in our R&D activities over their useful lives. R&D process expenses primarily represent costs related to chip tape-out and product validation activities. Office and travel expenses consist of office supplies, utilities, and business travel incurred in connection with R&D operation.

Reversals/(Provisions) of Impairment Loss on Trade and Other Receivables

Our reversals/(provisions) of impairment loss on trade and other receivables includes primarily credit impairment losses. Credit impairment losses represent provisions made for expected credit risks relating to trade receivables and other receivables. We recorded reversal of impairment losses of RMB1.5 million, RMB11.8 million and RMB1.3 million in 2023 and 2025, and the six months ended June 30, 2025, respectively, and recorded provision for impairment losses of RMB11.1 million, RMB7.8 million in 2024 and the six months ended June 30, 2026, respectively.

Finance Costs

Our finance costs primarily comprise changing in carrying amount on redemption liabilities, interest expenses on bank loans and other borrowings and interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Changing in carrying amount on redemption liabilities	37,325	70.8	46,951	63.4	43,968	47.3	31,084	59.6	–	–
Interest expenses on bank loans and other borrowings	12,521	23.7	23,922	32.3	47,369	51.0	20,362	39.0	52,745	98.7
Interest on lease liabilities	1,462	2.8	1,294	1.7	1,138	1.2	643	1.2	581	1.1
Others	1,414	2.7	1,846	2.5	495	0.5	86	0.2	135	0.2
Total	**52,722**	**100.0**	**74,013**	**100.0**	**92,970**	**100.0**	**52,175**	**100.0**	**53,461**	**100.0**

Changing in carrying amount on redemption liabilities represent the interest associated with our Company's obligation to repurchase shares held by previous-round investors under their redemption rights. See "History, Development and Corporate Structure" in this document. Interest expenses on bank loans and other borrowings primarily include interest expenses on bank loans and loans from other financial institutions. Interest expenses on lease liabilities represent the interest component of our lease obligations arising from lease contracts. The increase in our finance costs during the Track Record Period were mainly in relation to the scale and structure of our financing activities.

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. We recorded income tax expense of RMB15.0 million, RMB21.2 million, RMB122.6 million, RMB24.9 million and RMB739.5 million in 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026.

Chinese Mainland

In accordance with relevant PRC rules and regulations, the PRC Corporate income tax rate applicable to our Company and our subsidiaries registered in Chinese Mainland is principally 25% during the Track Record Period, except that our Company and certain subsidiaries were subject to a preferential tax rate of 15% as "High and New Technology Enterprises", and certain of our subsidiaries were subject to a preferential tax rate of 15% due to their locations and business activities. See Note 7 to the Accountants' Report set out in Appendix I to this document.

Hong Kong

According to the relevant tax rules in Hong Kong, pursuant to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, the two-tiered Profits tax rates regime will be applicable to our Company in any year of assessment commencing on or after April 1, 2018. Under the two-tiered Profits tax rates regime, the first HK$2 million of profits of the qualifying entities are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we had fulfilled all our tax obligations and had no disputes or unresolved tax issues with relevant tax authorities.

Profit for the year/period

In light of the above, we achieved a profit of RMB37.0 million, RMB88.9 million, and RMB879.9 million, in 2023, 2024, 2025, respectively. We recorded a profit of RMB114.8 million and RMB4,032.3 million for the six months ended June 30, 2025 and 2026.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Six months ended June 30, 2026 compared with Six months ended June 30, 2025

Revenue

Our revenue increased by 483.2% from RMB2.1 billion for the six months ended June 30, 2025 to RMB12.0 billion for the six months ended June 30, 2026, primarily due to the growth in revenue from sales of DRAM products and NAND flash products.

Embedded memory products

Sales of DRAM products (DDR, LPDDR)

Our revenue from sales of DRAM products increased by 596.7% from RMB1,292.4 million for the six months ended June 30, 2025 to RMB9,003.3 million for the six months ended June 30, 2026. This growth was driven by the industry-wide increase in average selling price of DRAM products and increase in sales volume as a result of the explosive market demand brought by AI applications.

Sales of NAND flash products (eMMC, UFS)

Our revenue from sales of NAND flash products increased by 297.5% from RMB573.0 million for the six months ended June 30, 2025 to RMB2,277.6 million for the six months ended June 30, 2026, primarily driven by an increase in the average selling price of NAND flash products, driven by stronger industry demand as compared with the corresponding period in 2025 and a higher average storage capacity per unit of the NAND flash products we sold.

Sales of MCP embedded memory products (eMCP, uMCP, ePOP)

Our revenue from sales of MCP products increased by 198.0% from RMB48.5 million for the six months ended June 30, 2025 to RMB144.6 million for the six months ended June 30, 2026, primarily due to the ramp-up of our self-developed MCP embedded memory products powered by our self-developed controller. Following their launch in the third quarter of 2025, such products completed qualification and validation procedures with an increasing number of customers and commenced broader commercial shipments.

Others

Revenue from this segment increased by 303.8% from RMB146.6 million for the six months ended June 30, 2025 to RMB592.1 million for the six months ended June 30, 2026, primarily attributable to the growing customer demand for our SSD and DIMM products as a result of the explosive market demand brought by AI applications.

Cost of Sales

Our cost of sales increased by 294.8% from RMB1.8 billion for the six months ended June 30, 2025 to RMB7.0 billion for the six months ended June 30, 2026, generally corresponding with the increase in revenue during the same years, reflecting the scale effects of our business expansion.

Gross Profit and Gross Profit Margin

Our gross profit increased by 1,603.7% from RMB296.6 million for the six months ended June 30, 2025 to RMB5,053.8 million for the six months ended June 30, 2026, while the overall gross profit margin increased from 14.4% for the six months ended June 30, 2025 to 42.1% for the six months ended June 30, 2026, primarily attributable to a more significant increase in revenue comparing to the increase in cost over the same period. See "— Description of Key Components of Our Results of Operations — Gross Profit and Gross Profit Margin" in this section.

Other Net Loss

Our other net loss increased from RMB10.3 million for the six months ended June 30, 2025 to other net loss of RMB46.9 million for the six months ended June 30, 2026, primarily attributable to an increase in net foreign exchange losses as a result of foreign exchange fluctuations.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 69.8% from RMB14.9 million for the six months ended June 30, 2025 to RMB25.2 million for the six months ended June 30, 2026, primarily due to higher employee compensation expenses and business development expenses, resulting from our continued efforts to expand our customer base and market presence, which is in line with our business expansion.

Administrative and other Operating Expenses

Our administrative and other operating expenses increased by 110.8% from RMB39.9 million for the six months ended June 30, 2025 to RMB84.2 million for the six months ended June 30, 2026, primarily due to (i) higher employee compensation reflecting ongoing recruitment and retention of administrative and management personnel, and (ii) an increase in business taxes and surcharges, primarily due to an increase in relevant taxes and surcharges resulting from our business expansion. See "Business — Intra-Group Transaction" for further details, and (iii) an increase in [**REDACTED**] Expenses.

Research and Development Expenses

Our research and development expenses increased by 57.5% from RMB40.9 million for the six months ended June 30, 2025 to RMB64.4 million for the six months ended June 30, 2026, primarily due to (i) higher employee compensation to support the development and optimization of our product offerings, and (ii) increased material consumption and R&D process expenses resulted from further expansion of R&D projects.

Reversals/(Provisions) of Impairment Loss on Trade and Other Receivables

Our provisions of impairment loss on trade and other receivables changed from a reversal of impairment losses RMB1.3 million for the six months ended June 30, 2025 to a provision of impairment losses of RMB7.8 million for the six months ended June 30, 2026, primarily due to a significant increase in the balance of trade and bills receivables leading to a corresponding increase in credit losses under the ECL model.

Finance Costs

Our finance costs slightly increased from RMB52.2 million for the six months ended June 30, 2025 to RMB53.5 million for the six months ended June 30, 2026, primarily attributed to higher interest expenses on bank loans and other borrowings, reflecting the expansion of our financing activities. The increase was partially offset by the absense of redemption liabilities during the six months ended June 30, 2026.

Income Tax Expense

Our income tax expense increased from RMB24.9 million in the six months ended June 30, 2025 to RMB739.5 million for the six months ended June 30, 2026, primarily attributed to the increase in profit before taxation.

Profit for the Period

As a result of the foregoing, we achieved a profit of RMB114.8 million and RMB4,032.3 million for the six months ended June 30, 2025 and 2026, respectively.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 59.4% from RMB3.7 billion in 2024 to RMB5.9 billion in 2025, primarily due to the growth in revenue from sales of DRAM products and NAND flash products.

Embedded memory products

Sales of DRAM products (DDR, LPDDR)

Our revenue from sales of DRAM products increased by 51.3% from RMB2,474.3 million in 2024 to RMB3,744.4 million in 2025. This growth was driven by the rapid growth in the semiconductor memory product market as a result of the advancement of AI applications, our optimization of product mix through increased shipments of large-capacity LPDDR products in response to rising demand from AI terminals, and our ongoing expansion into major customer ecosystems.

Sales of NAND flash products (eMMC, UFS)

Our revenue from sales of NAND flash products increased significantly by 136.5% from RMB673.6 million in 2024 to RMB1,593.3 million in 2025, primarily driven by the recognition of our large capacity eMMC products by strategic customers with increasing number of orders placed. Moreover, along with the continued improvements in technology and product performance, customers' increasing acceptance of higher-capacity products further elevated the sales volume of our NAND flash products.

Sales of MCP embedded memory products (eMCP, uMCP, ePOP)

Our revenue from sales of MCP products decreased by 48.4% from RMB311.8 million in 2024 to RMB161.0 million in 2025, primarily due to adjusting our sales strategy and focusing on the development of our own MCP embedded memory products powered by self-developed controller, which have been launched in the third quarter of 2025 and expects to experience a ramp-up.

Others

Revenue from this segment increased by 65.6% from RMB254.1 million in 2024 to RMB420.8 million in 2025, primarily attributable to the growing customer demand for our SSD and DIMM products and the enhancement of our service capabilities.

Cost of Sales

Our cost of sales increased by 36.0% from RMB3.4 billion in 2024 to RMB4.6 billion in 2025, generally corresponding with the increase in revenue during the same years, reflecting the scale effects of our business expansion.

Gross Profit and Gross Profit Margin

Our gross profit increased by 291.7% from RMB340.3 million in 2024 to RMB1,333.2 million in 2025, while the overall gross profit margin increased significantly from 9.2% in 2024 to 22.5% in 2025 primarily attributable to a more significant increase in revenue comparing to the increase in cost over the same year. See "— Description of Key Components of Our Results of Operations — Gross Profit and Gross Profit Margin" in this section.

Other Net Income

Our other net income decrease by 91.3% from RMB18.6 million in 2024 to RMB1.6 million in 2025, primarily attributable to (i) a significant increase in net foreign exchange losses, and (ii) change in fair value of financial liabilities as a result of a decrease in the fair value of the swap incurred by fluctuation of foreign exchange.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 64.4% from RMB22.5 million in 2024 to RMB37.0 million in 2025, primarily due to higher employee compensation expenses resulting from our continued efforts to expand our customer base and market presence.

Administrative and other Operating Expenses

Our administrative and other operating expenses increased by 82.9% from RMB63.7 million in 2024 to RMB116.6 million in 2025, primarily due to higher employee compensation reflecting ongoing recruitment and retention of administrative and management personnel, partially offset by decreases in office expenses.

Research and Development Expenses

Our research and development expenses increased by 25.7% from RMB77.6 million in 2024 to RMB97.5 million in 2025. The level of R&D expenditure remained relatively stable, reflecting ongoing investment in R&D capabilities, including personnel and equipment, to support continuous innovation and product development.

Reversals/(Provisions) of Impairment Loss on Trade and Other Receivables

Our reversals/(provisions) of impairment loss on trade and other receivables changed from a provision of impairment losses of RMB11.1 million in 2024 to a reversal for impairment losses of RMB11.8 million in 2025, primarily due to the decrease in trade receivables.

Finance Costs

Our finance costs increased by 25.6% from RMB74.0 million in 2024 to RMB93.0 million in 2025, primarily attributable to higher interest expenses on bank loans and other borrowings, reflecting the expansion of our financing activities and changes in the scale of our debt obligations.

Income Tax Expense

Our income tax expense increased by 478.0% from RMB21.2 million in 2024 to RMB122.6 million in 2025, primarily attributable to the increase in profit before taxation.

Profit for the Year

As a result of the foregoing, we achieved a profit of RMB88.9 million and RMB879.9 million in 2024 and 2025, respectively.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 54.6% from RMB2.4 billion in 2023 to RMB3.7 billion in 2024, primarily due to the growth in revenue from sales of DRAM products and NAND flash products.

Embedded memory products

Sales of DRAM products (DDR, LPDDR)

Our revenue from sales of DRAM products increased by 49.2% from RMB1,658.7 million in 2023 to RMB2,474.3 million in 2024. This growth was driven a substantial rise in demand from our newly acquired key customers, deepening cooperation with existing customers, upgrade of product mix through increased shipments of large-capacity LPDDR products, and the consolidation of upstream supply chain which ensured stable supply during market upturns.

Sales of NAND flash products (eMMC, UFS)

Our revenue from sales of NAND flash products increased significantly by 111.0% from RMB319.3 million in 2023 to RMB673.6 million in 2024, primarily driven by the successful introduction of new customers, as a result of our growing market reputation and the deepening cooperation with existing customers, together with an improved product mix with higher capacity eMMC products, supported by the continued recovery of the semiconductor memory product industry and the rebound in market prices since the second half of 2023.

Sales of MCP embedded memory products

Our revenue from sales of MCP products remained relatively stable at RMB305.9 million in 2023 and RMB311.8 million in 2024.

Others

Revenue from this segment increased by 115.4% from RMB117.9 million in 2023 to RMB254.1 million in 2024, primarily attributable to the growing customer demand for our SSD and DIMM products and the enhancement of our service capabilities.

Cost of Sales

Our cost of sales increased by 54.1% from RMB2.2 billion in 2023 to RMB3.4 billion in 2024, generally corresponding with the increase in revenue during the same years, reflecting the scale effects of our business expansion.

Gross Profit and Gross Profit Margin

Our gross profit increased by 59.5% from RMB213.3 million in 2023 to RMB340.3 million in 2024, while the overall gross profit margin increased from 8.9% to 9.2% for the same years, primarily attributable to an upward trend in the second half of 2023, and the rebound of average selling price of our major products in 2024 generally in line with broader market trends. See "— Description of Key Components of Our Results of Operations — Gross Profit and Gross Profit Margin" in this section.

Other Net Income

Our other net income increased from RMB1.0 million in 2023 to RMB18.6 million in 2024, primarily due to (i) the recognition of the provision for litigation of RMB14.2 million in 2023*, and (ii) an increase in government grants from RMB8.2 million in 2023 to RMB19.4 million in 2024, partially offset by a net foreign exchange loss of RMB2.2 million.

Selling and Distribution Expense

Our selling and distribution expenses increased from RMB13.3 million in 2023 to RMB22.5 million in 2024, representing an increase of 68.9%, primarily due to higher employee compensation and office expenses, reflecting the expansion of our sales team and increased investments in business development activities to support revenue growth.

Administrative and other Operating Expenses

Our administrative and other operating expenses increased from RMB41.7 million in 2023 to RMB63.7 million in 2024, representing an increase of 52.9%. This increase was mainly driven by further growth in employee compensation to support our expanding operations, along with higher professional service fees and office expenses to accommodate business development activities.

* The provision was made in 2023 in connection with the Trade Secret Legal Proceeding, in which the first-instance court rendered a judgment partially in favor of the Plaintiff and ordered the Company to pay compensation of approximately RMB14.2 million. In accordance with the principle of prudence, the Company made a full provision for the compensation amount in 2023. The Company has reversed the provision of RMB 14.2 million in preparing its management account for September 2026 upon the Higher People's Court of Guangdong Province issued the Final Decision. The provision amount was not material in the Company's consolidated financial statements and its reversal does not have a material impact on the Company's financial performance. See "Business — Legal Proceedings and Compliance — Trade Secret Legal Proceeding — Settlement and Final Decision" and Note 34 to the Accountants' Report in Appendix I to this document.

Research and Development Expenses

Our research and development expenses increased from RMB56.1 million in 2023 to RMB77.6 million in 2024, representing an increase of 38.3%. The increase was mainly attributable to further expansion of R&D projects and intensified investment in R&D process activities, and higher employee compensation to support the development and optimization of our product offerings and to meet the increasingly sophisticated needs of our customers.

Reversals/(Provisions) of Impairment Loss on Trade and Other Receivables

Our reversals/(provisions) of impairment loss on trade and other receivables changed by RMB12.6 million from a reversal of impairment losses of RMB1.5 million in 2023 to a provision for impairment losses of RMB11.1 million in 2024, primarily due to a significant increase in the balance of trade and bills receivables leading to a corresponding increase in credit losses under the ECL model.

Finance Costs

Our finance costs increased from RMB52.7 million in 2023 to RMB74.0 million in 2024, representing an increase of 40.4%. The increase was mainly driven by higher carrying amount on redemption liabilities and bank loans and other borrowings, in line with the growth of our financing activities during the year.

Income Tax Expense

Our income tax expense increased from RMB15.0 million in 2023 to RMB21.2 million in 2024, representing an increase of 41.1%, primarily mainly driven by the higher profit before taxation in 2024.

Profit for the Year

As a result of the foregoing, we achieved a profit of RMB37.0 million and RMB88.9 million in 2023 and 2024, respectively.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	42,096	63,560	97,283	114,887
Right-of-use assets	34,309	27,031	34,340	47,370
Intangible assets	7,702	4,461	12,288	14,695
Goodwill	7,086	7,086	7,086	7,086
Prepayments, deposits and other receivables	1,108	2,636	3,511	43,245
Deferred tax assets	10,886	16,259	49,613	105,716
	103,187	**121,033**	**204,121**	**332,999**

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT ASSETS				
Inventories	872,930	1,161,833	4,846,678	12,160,212
Trade and bills receivables	324,529	789,308	137,793	545,547
Prepayments, deposits and other receivables	184,606	86,350	377,875	885,744
Cash and cash equivalents	119,510	285,668	462,846	538,639
Restricted cash	–	–	–	3,324
	1,501,575	**2,323,159**	**5,825,192**	**14,133,466**
CURRENT LIABILITIES				
Trade and bill payables	118,364	146,059	170,952	1,030,514
Financial liabilities at FVTPL	–	–	12,180	–
Other payables and accruals	24,677	18,908	76,458	59,253
Contract liabilities	78,245	3,681	1,307,635	1,293,007
Bank loans and other borrowings	469,792	917,333	1,958,250	4,160,050
Lease liabilities	10,653	11,187	12,442	14,406
Redemption liabilities	482,777	840,260	–	–
Current taxation	8,728	15,902	77,143	674,075
Provisions	22,194	20,730	22,898	22,909
	1,215,430	**1,974,060**	**3,637,958**	**7,254,214**
NET CURRENT ASSETS	**286,145**	**349,099**	**2,187,234**	**6,879,252**
TOTAL ASSETS LESS CURRENT LIABILITIES	**389,332**	**470,132**	**2,391,355**	**7,212,251**
NON-CURRENT LIABILITIES				
Bank loans and other borrowings	–	–	99,600	951,139
Lease liabilities	26,589	19,985	24,690	21,738
Provisions	2,440	2,227	2,617	2,158
Deferred income	3,568	1,356	1,162	1,063
Deferred tax liabilities	853	233	40,446	2,647
	33,450	**23,801**	**168,515**	**978,745**
NET ASSETS	**355,882**	**446,331**	**2,222,840**	**6,233,506**
CAPITAL AND RESERVES				
Paid-in/share capital	88,922	102,160	102,160	102,160
Reserves	266,595	343,535	2,119,031	6,125,853
Total equity attributable to equity shareholders of the Company	355,517	445,695	2,221,191	6,228,013
Non-controlling interests	365	636	1,649	5,493
TOTAL EQUITY	**355,882**	**446,331**	**2,222,840**	**6,233,506**

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of machinery and equipment, office equipment and others, vehicles, leasehold improvements and construction in progress. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Machinery and equipment	23,204	34,404	59,973	60,200
Office equipment and others	3,851	6,600	11,674	19,312
Vehicles	272	189	2,677	2,381
Leasehold improvements	13,661	18,217	10,771	8,908
Construction in progress	1,108	4,150	12,188	24,086
Total	**42,096**	**63,560**	**97,283**	**114,887**

Our property, plant and equipment increased from RMB42.1 million as of December 31, 2023, to RMB63.6 million as of December 31, 2024, primarily due to (i) increase in machinery and equipment, mainly attributable to the investment in equipment for our production line in Zhongshan; and (ii) increase in leasehold improvements as a result of the decoration for our new Zhongshan Integrated Production Base.

Our property, plant and equipment increased from RMB63.6 million as of December 31, 2024, to RMB97.3 million as of December 31, 2025, primarily due to (i) increase in machinery and equipment, mainly attributable to the expansion of production lines in our Zhongshan Integrated Production Base; (ii) increase in office equipment and others in line with our business expansion and (iii) increase in construction in progress as a result of the automation of our production bases which is still at testing phase.

Our property, plant and equipment increased from RMB97.3 million as of December 31, 2025 to RMB114.9 million as of June 30, 2026, primarily due to (i) increase in construction in progress attributable to our increased procurement of production equipment to support production demand, and (ii) increase in office equipment and others in line with our business expansion.

Right-of-Use Assets

Our right-of-use assets primarily consisted of leased buildings for our production bases and offices. Our right-of-use assets decreased from RMB34.3 million as of December 31, 2023 to RMB27.0 million as of December 31, 2024, primarily due to the depreciation charge for our right-of-use assets, partially offset by addition of leased property. Our right-of-use assets increased from RMB27.0 million as of December 31, 2024 to RMB34.3 million as of December 31, 2025, primarily due to the renewal of the lease of our office upon expiration and newly-added warehouses for business expansion. Our right-of-use assets then increased from RMB34.3 million as of December 31, 2025, to RMB47.4 million as of June 30, 2026, primarily as a result of our receipt of new land use rights intended for capacity expansion.

Intangible Assets

Our intangible assets primarily consisted of IP authorization, software, and copyrights and others. Our intangible assets decreased from RMB7.7 million as of December 31, 2023 to RMB4.5 million as of December 31, 2024, primarily due to the accumulation of amortization. Our intangible assets increased from RMB4.5 million as of December 31, 2024 to RMB12.3 million as of December 31, 2025, primarily due to purchase of IP authorization and software. Our intangible assets further increased to RMB14.7 million as of June 30, 2026, primarily due to purchase of IP authorization and software.

Goodwill

As of December 31, 2023, 2024 and 2025 and June 30, 2026, our goodwill remained at RMB7.1 million, respectively. On January 1, 2021, we acquired 94% equity interests in Artmem Technology at a total consideration of RMB50,292,000, that exceeded fair value of 94% identifiable assets and liabilities of Artmem Technology, among which RMB7,086,000 was recognized as goodwill. The goodwill is tested for impairment at the cash-generating units ("**CGU**"s) level. The recoverable amount of the CGUs is determined based on value-in-use calculations, and these calculations use cash flow projections based on financial budgets approved by management covering a five-year period with key assumptions including annual revenue growth rate, gross profit margin, and a pre-tax discount rate. Cash flows growth rate beyond the forecast period remain a constant. The key assumptions used in estimating the recoverable amount are as follows:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Annual revenue growth rate	19.57%	9.14%	19.34%	15.94%
Gross profit margin	10.70%	9.73%	16.20%	24.00%
Growth rate beyond the forecast period	2.20%	2.20%	2.20%	2.20%
Pre-tax discount rate	10.84%	12.54%	12.94%	13.79%

As of December 31, 2023, 2024, 2025 and June 30, 2026, the amounts of headroom calculated based on the recoverable amounts deducting the carrying amount of the CGU are RMB89,669,000, RMB73,614,000, RMB2,358,937,000 and RMB5,289,520,000, respectively. The following table sets forth the hypothetical changes of revenue and changes to the percentage points of pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at December 31, 2023, 2024 and 2025 and June 30, 2026:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Decrease in revenue	10.5%	10.4%	79.4%	82.3%
Increase in discount rate	5.8%	4.2%	63.7%	90.7%

We believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of Artmem Technology to exceed the recoverable amount of it for the years ended December 31, 2023, 2024 and 2025, and for the six months ended June 30, 2026. See Note 14 to the Accountants' Report in Appendix I to this document.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables primarily consist of prepayments for materials and expenses, other deposits and receivables, value-added tax recoverable and other taxes recoverable, and prepayments for property, plant and equipment.

The following table sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Prepayments for materials and expenses	148,786	51,999	143,512	18,894
Other deposits and receivables	9,771	9,905	73,762	432,711
Value added tax recoverable	32,704	28,235	155,736	422,792
Income tax recoverable	136	702	–	–
Deferred expenses	1,154	3,678	14,084	23,937
Loss allowance	(7,945)	(8,169)	(9,219)	(12,590)
Subtotal	**184,606**	**86,350**	**377,875**	**885,744**
Non-current				
Prepayments for purchase of property, plant and equipment and intangible assets-third parties	1,108	2,636	3,511	43,245
Subtotal	**1,108**	**2,636**	**3,511**	**43,245**
Total	**185,714**	**88,986**	**381,386**	**928,989**

Our prepayment, deposits and other receivables decreased from RMB185.7 million as of December 31, 2023 to RMB89.0 million as of December 31, 2024, primarily due to a decrease in prepayments to suppliers, as we reduced procurement by prepayment at the market downturn in the second half of 2024. Our prepayment, deposits and other receivables increased from RMB89.0 million as of December 31, 2024 to RMB381.4 million as of December 31, 2025, primarily due to (i) the increase in prepayments for materials and expenses to suppliers and (ii) the increase in value-added tax recoverable, as we increased our procurement volume in response to the rising demand for our products. Our prepayment, deposits and other receivables subsequent increased to RMB929.0 million as of June 30, 2026, primarily due to (i) the increase in other deposits and receivables attributable to deposits paid to suppliers to secure supply and support our growing production needs, and (ii) the increase in value-added tax recoverable, as we increased our procurement volume in response to the rising demand for our products.

As of October 31, 2026, RMB442.4 million or 47.6% of our prepayments, deposits and other receivables outstanding as of June 30, 2026, was subsequently settled.

Deferred Tax Assets

Our deferred tax assets primarily consist of the provision for inventories and loss allowance and lease liabilities. Our deferred tax assets increased from RMB10.9 million as of December 31, 2023 to RMB16.3 million as of December 31, 2024, primarily due to (i) the increase in the provision for inventories, as the market prices of our inventories declined; and (ii) the increase in unrealized

intra-group profit, in line with our growing sales volume and revenue. Our deferred tax assets increased from RMB16.3 million as of December 31, 2024 to RMB49.6 million as of December 31, 2025, and further increased to RMB105.7 million as of June 30, 2026, primarily due to the increase in unrealized intra-group profit, and increase in inventory provision. See Note 28(b) to the Accountants' Report set out in Appendix I to this document.

Inventories

Our inventories primarily consisted of raw materials, primarily including memory wafers, semi-finished products and work in progress, which includes items still in production, and finished goods, such as embedded memory products after completion of testing and quality verification. The following table sets forth the breakdown of our inventories as of the date indicted:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	63,044	131,704	1,014,137	2,931,485
Semi-finished products and work in progress	288,073	220,834	1,400,673	6,175,790
Finished goods	521,813	809,295	2,431,868	3,052,937
Total	**872,930**	**1,161,833**	**4,846,678**	**12,160,212**

As of December 31, 2023, 2024 and 2025, and June 30, 2026, our balance of inventories was RMB872.9 million, RMB1,161.8 million, RMB4,846.7 million and RMB12,160.2 million, respectively. Such increase generally aligns with our business expansion in response to the increasing demand for our products. The significant increase in semi-finished products and work in progress was primarily because we accelerated our production process and built up semi-finished goods and work in progress to match the production schedule and growing demand of our customers, as a result of the notable recovery in market demand driven by the continued advancement of AI applications. We believe maintaining a reasonable level of inventories enables us to meet customer demand, and facilitates the expansion of our strategic customer base. By aligning with customer and market trends, we have strengthened our inventory monitoring and management capabilities to enhance the liquidity of our inventory. For details of our inventory management, see "Business — Inventory Management" in this document.

The following table sets forth an aging analysis of the inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	852,980	1,130,856	4,795,567	12,222,812
1 year to 2 years	41,252	66,188	136,669	100,916
Over 2 years	9,306	10,799	18,189	61,372
Subtotal	**903,538**	**1,207,843**	**4,950,425**	**12,385,100**
Loss allowance on inventories	(30,608)	(46,010)	(103,747)	(224,888)
Total	**872,930**	**1,161,833**	**4,846,678**	**12,160,212**

The following table sets forth a summary of our inventories turnover days for the years/period indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Inventory turnover days*.	131	111	248	234

Note:

* Inventory turnover days were calculated based on the average of opening and closing inventory balance for the relevant period, divided by the cost of goods and services for the same period, and multiplied by 365 days for 2023, 2024 and 2025 and 183 days for the six months ended June 30, 2026.

Our inventory turnover days decreased from 131 days in 2023 to 111 days in 2024, primarily due to the recovery of the memory market, where we maintained effective inventory control and achieved strong production and sales performance, reflecting the scale effects of our business expansion. Our inventory turnover days increased from 111 days in 2024 to 248 days in 2025, primarily attributable to our proactive increase in inventory in response to prevailing industry conditions and our overall business strategy. In particular, (i) the memory product industry in which we operate entered a period of rapid growth since the second quarter of 2025, and our revenue scale expanded significantly. To support such growth, we strategically increased inventory levels in order to support supply continuity during prolonged periods of tighter market conditions. (ii) a substantial portion of our principal raw materials is sourced from overseas manufacturers, resulting in relatively longer procurement lead times and requiring us to maintain a comparatively sufficient level of inventory to ensure supply continuity; and (iii) following the acquisition of new key brand customers and anticipated continued industry growth, we increased inventories of semi-finished products and work in progress and finished goods to support future customer demand. According to Frost & Sullivan, our inventory turnover days are generally in line with industry standards. Our inventory turnover days decreased from 248 days in 2025 to 234 days in the six months ended June 30, 2026, primarily due to the increase in our sales volume, which led to a higher inventory consumption.

As of October 31, 2026, RMB5,035.8 million or 40.7% of our inventories outstanding as of June 30, 2026, was subsequently utilized. Our inventories are stated at the lower of cost and net realizable value. Cost is calculated using weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

We consider that the provision for impairment of inventories is adequate based on the following factors: (i) our inventories were generally aged within one year during the Track Record Period and there was no significant inventory backlog. In addition, as of October 31, 2026, 40.7% of the inventories as of June 30, 2026 had subsequently been utilized, indicating satisfactory inventory consumption and sales realization, and suggesting that the risk of obsolescence or prolonged stagnation is manageable; (ii) our inventories are generally supported by existing or anticipated orders from our customers, and market demand for our products was generally growing. Our inventory impairment assessment takes into account prevailing industry conditions, including the significant pricing surge of memory products since the second quarter of 2025 and expected demand growth driven by AI-related applications; (iii) we have implemented stringent and effective inventory management measures; and (iv) we have made the best estimate on the net realizable value and the corresponding impairment of inventory. Our loss allowance on inventories increased from RMB46.0 million as of December 31, 2024 to RMB103.7 million as of December 31, 2025, and further to RMB224.9 million as of June 30, 2026, primarily due to the significant increase in our gross inventory balance over the same period, resulting in a substantially larger inventory base being subject to impairment assessment. In addition, procurement prices of raw materials within

semiconductor memory product industry experienced an industry-wide increase in 2025 and the six months ended June 30, 2026, resulting in the net realizable value of inventories relating to certain existing orders being lower than their cost, thereby increasing the loss allowance on such inventories. During the Track Record Period, there had been no material adverse change in the condition of our inventories.

Trade and Bills Receivables

Our trade and bills receivables primarily represented receivables from sales to customers, and bill receivables, net of impairment. The following table sets forth the breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables – third parties	311,511	800,261	139,312	551,096
Bills receivables – third parties	17,327	3,892	–	–
Less: loss allowance	(4,309)	(14,845)	(1,519)	(5,549)
Total	**324,529**	**789,308**	**137,793**	**545,547**

Our trade and bills receivables increased from RMB324.5 million as of December 31, 2023 to RMB789.3 million as of December 31, 2024, primarily driven by the increase in revenue base in 2023 and 2024. Our trade and bills receivable decreased from RMB789.3 million as of December 31, 2024 to RMB137.8 million as of December 31, 2025, primarily because our customers accelerate payments to secure the raw materials for their production process due to market demand recovery and tight market supply in 2025. Our trade and bills receivables significantly increased from RMB137.8 million as of December 31, 2025, to RMB545.5 million as of June 30, 2026, which was generally in line with the our business expansion.

As of December 31, 2023, 2024 and 2025, and June 30, 2026 our loss allowance for trade and bills receivables amounted to RMB4.3 million, RMB14.8 million, RMB1.5 million and RMB5.5 million, respectively. We measure the loss allowance for trade and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

Generally, we offer customers a credit period up to 90 days from the month following the date of invoice. The following table sets forth an aging analysis of the trade and bills receivables, based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 3 months	297,028	629,742	135,985	544,812
More than 3 months but less than 12 months	27,439	155,737	1,808	735
More than 1 year but less than 2 years	4	3,829	–	–
More than 2 years but less than 3 years	58	–	–	–
Total	**324,529**	**789,308**	**137,793**	**545,547**

The following table sets forth a summary of our trade receivables turnover days for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Trade receivables turnover days*.	37	54	28	5

Note:

* Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables less loss allowance for the relevant period, divided by the revenue for the same period and multiplied by 365 days for 2023, 2024 and 2025 and 183 days for the six months ended June 30, 2026.

Our trade receivables turnover days during the Track Record Period was within the credit periods we normally offered to our customers. Our trade receivables turnover days increased from 37 days in 2023 to 54 days in 2024, primarily due to the general increase in our trade and bills receivable as a result of our deepening cooperation with key customers and credit periods granted to newly acquired key brand customers along with business expansion. Our trade receivables turnover days decreased from 54 days in 2024 to 28 days in 2025, and further to 5 days in the six months ended June 30, 2026, primarily because (i) we continuously improved the management of our accounts receivable, (ii) we adjusted the credit term to certain of our customers to quickly respond to the market. We adopt a tiered credit system to support our business growth and customer acquiring, with detailed and comprehensive assessment of our customers' credit profile, and (iii) accelerated payments from our customers to secure the raw materials for their production process in light of tight market supply. See "— Cash Flows — Net Cash Used in Operating Activities" for further details.

As of October 31, 2026, RMB549.8 million or 99.8% of our trade receivables outstanding as of June 30, 2026, was subsequently settled. Our loss allowance for trade receivables was measured at an amount equal to lifetime ECLs, calculated using a provision matrix. We are of the view that sufficient provision had been made. We also do not expect recoverability issue for our trade and bills receivables, as we have recovered most of our trade and bills receivables as of October 31, 2026, and most of our trade and bills receivables as of June 30, 2026 were aged within three months which was within the credit periods we granted to our customers.

Cash and Cash Equivalents

Our cash and cash equivalents amounted to RMB119.5 million, RMB285.7 million, RMB462.8 million and RMB538.6 million as of December 31, 2023, 2024 and 2025, and June 30, 2026, respectively, primarily reflected the use of cash in operating and financing activities. See "— Cash Flows" in this section.

Restricted cash

We recorded restricted cash of RMB3.3 million as of June 30, 2026. Our restricted cash mainly represents bank deposits pledged for issuance of bank acceptances and letters of guarantee for outsourcing production services.

Liabilities

Trade and Bill Payables

Our trade and bill payables primarily represented payables to our suppliers. The following table sets forth the breakdown of our trade and bill payables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	118,364	146,059	170,952	1,019,434
Bill payables	–	–	–	11,080
Total	**118,364**	**146,059**	**170,952**	**1,030,514**

Our trade and bill payables amounted to RMB118.4 million, RMB146.1 million, RMB171.0 million and RMB1,030.5 million as of December 31, 2023, 2024 and 2025, and June 30, 2026, respectively, primarily due to our business expansion along with our enhanced bargaining power and strengthened business relationship with our suppliers as a result of our increased procurement volume.

The following table sets forth an aging analysis of the trade and bill payables based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	118,364	146,018	170,911	1,030,514
1 year to 2 years	–	41	–	–
Over 2 years	–	–	41	–
Total	**118,364**	**146,059**	**170,952**	**1,030,514**

The following table sets forth a summary of our trade and bill payables turnover days for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Trade and bill payables turnover days *	12	14	13	17

Note:

* Trade and bill payables turnover days were calculated based on the average of opening and closing balance of trade and bill payables for the relevant period, divided by the cost of goods and services for the same period, and multiplied by 365 days for 2023, 2024 and 2025 and 183 days for the six months ended June 30, 2026.

Our trade and bill payables turnover days remained relatively stable at 12 days, 14 days and 13 days in 2023, 2024 and 2025, respectively, primarily due to our enhanced bargaining power with our suppliers as a result of our continuous procurement volume. Our trade and bill payables turnover days subsequently increased to 17 days in the six months ended June 30, 2026, primarily due to the increase in our purchases in connection with our business expansion and strengthened business relationship with our suppliers as a result of our increased procurement volume.

As of October 31, 2026, RMB1,017.6 million or 99.8% of our trade and bill payables outstanding as of June 30, 2026, was subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily represented salaries, wages, bonus and benefits payable, other tax payables, other current liabilities and other payables and accruals. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages, bonus and benefits payable	11,505	14,256	56,545	44,796
Other tax payable	2,526	4,156	1,748	10,608
Other payables and accruals	9,382	312	3,133	420
Other current liabilities	1,264	184	15,032	3,429
Total	**24,677**	**18,908**	**76,458**	**59,253**

Our other payables and accruals decreased from RMB24.7 million as of December 31, 2023 to RMB18.9 million as of December 31, 2024, primarily due a decrease in other payables and accruals as we paid dividends, declared in 2021, to Shareholders. Our other payables and accrual increased from RMB18.9 million as of December 31, 2024 to RMB76.5 million as of December 31, 2025, primarily due to the increase in salaries, wages, bonus and benefits payable drive by our business growth. Our other payables and accruals subsequently decreased to RMB59.3 million as of June 30, 2026, primarily due to (i) the decrease in salaries, wages, bonus and benefits payable following the settlement of year-end bonuses accrued, and (ii) the decrease in other current liabilities primarily attributable to a decrease in output VAT associated with advances from customers as the related sales were recognized during the period.

As of October 31, 2026, RMB32.6 million or 55.0% of our other payables and accruals outstanding as of June 30, 2026, was subsequently settled.

Contract Liabilities

Our contract liabilities primarily represent receipts in advance from customers before the delivery of goods recognized. The changes in contract liabilities during the Track Record Period were primarily attributable to the timing of revenue recognition and the fulfillment of related performance obligations. Our contract liabilities decreased from RMB78.2 million as of December 31, 2023 to RMB3.7 million as of December 31, 2024, primarily due to the downturn of the embedded memory product market in the second half of 2024 resulting in customers' low willingness to make advance payments. Our contract liabilities increased from RMB3.7 million as of December 31, 2024 to RMB1,307.6 million as of December 31, 2025, primarily due to (i) we continuously improve the management of our accounts receivable and (ii) we adjusted the credit term to certain of our customers to quickly respond to the market. Our contract liabilities subsequently slightly decreased to RMB1,293.0 million as of June 30, 2026, primarily due to the gradual delivery of products to customers.

As of October 31, 2026, RMB1,033.1 million or 79.9% of our contract liabilities oustanding as of June 30, 2026, was subsequently recognized as revenue.

Redemption Liabilities

Our redemption liabilities represent special rights that we granted to the Pre-[**REDACTED**] investors, including, among others, redemption rights, repurchase rights, rights of first refusal, co-sale rights, anti-dilution rights, information rights and inspection rights. Our redemption liabilities amounted to RMB482.8 million, RMB840.3 million, nil and nil as of December 31, 2023, 2024 and 2025, and June 30, 2026 respectively. See Note 25 to the Accountants' Report included in the Appendix I to this document. See "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this document.

CASH FLOWS

The following table sets forth a summary of our cash flows information for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net cash used in operating activities	**(229,672)**	**(490,619)**	**(849,582)**	**(261,225)**	**(2,810,233)**
Net cash used in investing activities	**(18,839)**	**(35,469)**	**(60,086)**	**(20,077)**	**(92,580)**
Net cash generated from financing activities	**283,467**	**690,822**	**1,094,138**	**433,893**	**2,991,423**
Net increase in cash and cash equivalents	**34,956**	**164,734**	**184,470**	**152,591**	**88,610**
Effect of foreign exchange rate changes	691	1,424	(7,292)	(1,017)	(12,817)
Cash and cash equivalents as of the beginning of the year/period	83,863	119,510	285,668	285,668	462,846
Cash and cash equivalents at the end of the year/period	**119,510**	**285,668**	**462,846**	**437,242**	**538,639**

Net Cash Used in Operating Activities

For the six months ended June 30, 2026, our net cash used in operating activities was RMB2,810.2 million, which primarily consisted of profit before taxation of RMB4,771.8 million, adjusted for certain non-cash and non-operating items. Adjustments for such non cash and non-operating items primarily include (i) provision for write-down of inventories of RMB323.9 million, (ii) finance costs of RMB53.5 million, and (iii) net foreign exchange loss of RMB50.1 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB7,637.4 million, and (ii) an increase in prepayments, deposits and other receivables of RMB510.8 million, and (iii) an increase in trade and bills receivables of RMB465.7 million, partially offset by an increase in trade and bill payables of RMB831.0 million, primarily due to our expansion of business scale, advance procurement of raw materials and production buildup in anticipation of customer demand.

For the six months ended June 30, 2025, our net cash used in operating activities was RMB261.2 million, which primarily consisted of profit before taxation of RMB139.7 million, adjusted for certain non-cash and non-operating items. Adjustments for such non cash and non-operating items primarily include (i) finance costs of RMB52.2 million, (ii) provision for write-down of inventories of RMB36.4 million, and (iii) depreciation of RMB15.7 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB875.9 million, and (ii) an increase in prepayments, deposits and other receivables of RMB90.4 million, partially offset by (i) an increase in contract liabilities of RMB194.8 million, (ii) a decrease in trade and bills receivables of RMB143.4 million, and (iii) an increase in trade and bill payables of RMB96.3 million.

For 2025, our net cash used in operating activities was RMB849.6 million, which primarily consisted of profit before taxation of RMB1,002.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily included (i) finance costs of RMB93.0 million, (ii) provision for write-down of inventories of RMB156.9 million and (iii) depreciation of RMB33.2 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB3,841.7 million and (ii) an increase in prepayments, deposits and other receivables of RMB290.8 million, partially offset by (i) a decrease in trade and bills receivables of RMB641.8 million and (ii) an increase in contract liabilities of RMB1,304.0 million, primarily due to our expansion of business scale, advance procurement of raw materials and production buildup in anticipation of customer demand, as well as increased advance payments received from customers for confirmed orders.

For 2024, our net cash used in operating activities was RMB490.6 million, which primarily consisted of profit before taxation of RMB110.1 million, adjusted for certain non-cash and non-operating items. Adjustment for such non-cash and non-operating items primarily include (i) finance costs of RMB74.0 million, (ii) provision for write-down of inventories of RMB41.6 million and (iii) depreciation of RMB25.6 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and bills receivables of RMB477.4 million and (ii) an increase in inventories of RMB330.5 million, partially offset by a decrease in prepayments, deposits and other receivables of RMB98.0 million, primarily due to our growing business with renowned major customers which required longer credit term and necessitated earlier and larger amount of inventory procurement to anticipated orders.

For 2023, our net cash used in operating activities was RMB229.7 million, which primarily consisted of profit before taxation of RMB52.1 million, adjusted for certain non-cash and non-operating items. Adjustment for such non-cash and non-operating items primarily include (i) finance costs of RMB52.7 million, (ii) depreciation of RMB19.7 million and (iii) provision for write-down of inventories of RMB17.1 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB208.1 million, (ii) an increase in trade and bills receivables of RMB135.1 million and (iii) an increase in prepayments, deposits and other receivables of RMB96.6 million, partially offset by an increase in trade and bill payables of RMB83.7 million, primarily due to the increase in revenue base in 2023 and demand for our products.

We recorded net operating cash outflows throughout the Track Record Period, primarily attributable to (i) the advancement of AI applications has driven an increase in the demand for embedded memory products, resulting in rapid expansion of our business scale and funding requirements for raw materials procurement during the Track Record Period. Our growing business with major customers necessitated earlier and larger amount of inventory procurement to anticipated orders; and (ii) longer credit terms granted to certain major customers and newly acquired key brand customers, which extended the Company's receivables turnover days. In order to (i) strengthen relationship with key customers and enhance customer loyalty, (ii) align with customary credit periods conforming to industry norms to facilitate on-boarding or retention of high-quality customers, and (iii) cement our competitive edge in a capital intensive industry, we adopt a tiered credit term system. We evaluated each of our customers based on corporate information, financial strength, industry risk profile, historical transaction records with us, and external credit check, and will classify the customers into different credit tiers according to the

results of our evaluation. We typically require prepayment or cash-on-delivery for small and medium-sized direct customers. We may grant credit terms to selected customers according to their credit profile and historical performance. During the Track Record Period, our credit terms for major direct customers ranged from month-end to up to three months. As of June 30, 2026, most of our trade and bills receivables were aged within three months. For details of the aging analysis of our trade and bills receivables, see "— Discussion of Selected Items from Consolidated Statements of Financial Position — Trade and Bills Receivables." We expect to improve our net operating cash outflow position in the foreseeable future, through continuously upgrading our ERP system to optimize our inventory level and improving our inventory management policies, continuously expanding our customer base to diversify sources of revenue, expediting the recovering cycle for receivables and proactively follow up with customers to accelerate payment processes and gradually expand our supplier base, obtain multiple payment options and optimize procurement terms.

During the Track Record Period, our cash conversion cycle was 156 days, 151 days, 263 days and 222 days, respectively. The cash conversion cycle is calculated by adding inventory turnover days and trade receivables turnover days, then subtracting trade payable turnover days. Our trade receivables turnover and inventory turnover impacted on our cash conversion cycle given the prolonged period for cash receipt after revenue recognition primarily due to long payment cycles of major customers and our strategic level of inventories to support timely customer delivery. We closely monitor the level of our working capital and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations. Our total cash balance is sufficient to cover our net cash used in operating activities and provide adequate liquidity for our expansion of business operations. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, to meet our present needs and for the next 12 months from the date of the document, taking into account the financial resources available to us.

In addition, we have implemented a series of strategic measures to manage our prolonged cash conversion cycle and ensure adequate working capital and improved liquidity and strengthened our trade receivable management by establishing a credit profile for our customers and classify the customers into different credit tiers according to their corporate information, financial strength, industry risk profile, historical transaction records with us, and external credit records. For customers with prolonged collection periods, we assign dedicated personnel to proactively engage with these customers through structured follow-ups, dynamically monitor their operational status, negotiate repayment plans with such customers and take legal action when necessary. To further optimize and expedite collections, we have promoted the use of commercial bills and factoring arrangements for trade receivables to accelerate cash recovery. We are also improving inventory turnover and supply chain management by negotiating more flexible payment terms with suppliers and coordinating our sales, production and procurement departments to optimize our inventory level. Moreover, We maintain strong relationships with banks and financial institutions to secure and fully utilize available credit facilities, ensuring access to necessary funding.

Net Cash Used In Investing Activities

For the six months ended June 30, 2026, our net cash used in investing activities was RMB92.6 million mainly attributable to payment for the purchase of property, plant and equipment and intangible assets and leasehold land of RMB92.6 million.

For the six months ended June 30, 2025, our net cash used in investing activities was RMB20.1 million mainly attributable to payment for the purchase of property, plant and equipment and intangible assets of RMB20.1 million.

For 2025, our net cash used in investing activities was RMB60.1 million mainly attributable to payment for the purchase of property, plant and equipment and intangible assets of RMB60.1 million.

For 2024, our net cash used in investing activities was RMB35.5 million mainly attributable to payment for the purchase of property, plant and equipment and intangible assets of RMB35.5 million.

For 2023, our net cash used in investing activities was RMB18.8 million mainly attributable to payment for the purchase of property, plant and equipment and intangible assets of RMB18.9 million.

Net Cash Flows Generated From Financing Activities

For the six months ended June 30, 2026, our net cash generated from financing activities was RMB2,991.4 million mainly attributable to proceeds from bank loans and other borrowings of RMB4,914.0 million, partially offset by repayment of bank loans and other borrowings of RMB1,842.7 million.

For the six months ended June 30, 2025, our net cash generated from financing activities was RMB433.9 million mainly attributable to proceeds from bank loans and other borrowings of RMB1,069.5 million, partially offset by repayment of bank loans and other borrowings of RMB606.2 million.

For 2025, our net cash generated from financing activities was RMB1,094.1 million, primarily attributable to proceeds from bank loans and other borrowings of RMB2,618.2 million, partially offset by repayment of bank loans and other borrowings of RMB1,464.2 million.

For 2024, our net cash generated from financing activities was RMB690.8 million, primarily attributable to (i) proceeds from bank loans and other borrowings of RMB949.4 million and (ii) capital injection by investors of RMB289.6 million, partially offset by repayment of bank loans and other borrowings of RMB503.7 million.

For 2023, our net cash generated from financing activities was RMB283.5 million, primarily attributable to proceeds from bank loans and other borrowings of RMB518.2 million, partially offset by repayment of bank loans and other borrowings of RMB211.7 million.

Current Assets and Current Liabilities

The table below sets forth the details of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
CURRENT ASSETS					
Inventories	872,930	1,161,833	4,846,678	12,160,212	12,969,889
Trade and bills receivables	324,529	789,308	137,793	545,547	797,114
Prepayments, deposits and other receivables	184,606	86,350	377,875	885,744	1,103,697
Cash and cash equivalents	119,510	285,668	462,846	538,639	820,359
Restricted cash	–	–	–	3,324	3,324
Financial asssets at FVTPL	–	–	–	–	50,141
Total Current Assets	**1,501,575**	**2,323,159**	**5,825,192**	**14,133,466**	**15,744,524**

	As of December 31,			As of June 30,	As of October 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
CURRENT LIABILITIES					
Trade and bill payables	118,364	146,059	170,952	1,030,514	924,041
Financial liabilities at FVTPL	–	–	12,180	–	–
Other payables and accruals	24,677	18,908	76,458	59,253	71,795
Contract liabilities	78,245	3,681	1,307,635	1,293,007	1,042,303
Bank loans and other borrowings	469,792	917,333	1,958,250	4,160,050	4,082,298
Lease liabilities	10,653	11,187	12,442	14,406	17,451
Redemption liabilities	482,777	840,260	–	–	–
Current taxation	8,728	15,902	77,143	674,075	690,384
Provisions	22,194	20,730	22,898	22,909	16,259
Total Current Liabilities	**1,215,430**	**1,974,060**	**3,637,958**	**7,254,214**	**6,844,531**
NET CURRENT ASSETS	**286,145**	**349,099**	**2,187,234**	**6,879,252**	**8,899,993**

Our net current assets increased from RMB286.1 million as of December 31, 2023 to RMB349.1 million as of December 31, 2024, primarily due to (i) an increase in inventories from RMB872.9 million as of December 31, 2023 to RMB1,161.8 million as of December 31, 2024, (ii) an increase in trade and bills receivables from RMB324.5 million as of December 31, 2023 to RMB789.3 million as of December 31, 2024 and (iii) an increase in cash and cash equivalents from RMB119.5 million as of December 31, 2023 to RMB285.7 million as of December 31, 2024. These were partially offset by (i) an increase in bank loans and other borrowings from RMB469.8 million as of December 31, 2023 to RMB917.3 million as of December 31, 2024 and (ii) an increase in redemption liabilities from RMB482.8 million as of December 31, 2023 to RMB840.3 million as of December 31, 2024.

Our net current assets increased from RMB349.1 million as of December 31, 2024 to RMB2,187.2 million as of December 31, 2025, primarily due to (i) an increase in inventories from RMB1,161.8 million as of December 31, 2024 to RMB4,846.7 million as of December 31, 2025, (ii) an increase in prepayments, deposits and other receivables from RMB86.4 million as of December 31, 2024 to RMB377.9 million as of December 31, 2025 and (iii) an increase in cash and cash equivalents from RMB285.7 million as of December 31, 2024 to RMB462.8 million as of December 31, 2025. These were partially offset by (i) an increase in contract liabilities from RMB3.7 million as of December 31, 2024 to RMB1,307.6 million as of December 31, 2025 and (ii) bank loans and other borrowings from RMB917.3 million as of December 31, 2024 to RMB1,958.3 million as of December 31, 2025.

Our net current assets increased from RMB2,187.2 million as of December 31, 2025 to RMB6,879.3 million as of June 30, 2026, primarily due to (i) an increase in inventories from RMB4,846.7 million as of December 31, 2025 to RMB12,160.2 million as of June 30, 2026, (ii) an increase in prepayments, deposits and other receivables from RMB377.9 million as of December 31, 2025 to RMB885.7 million as of June 30, 2026 and (iii) an increase in trade and bills receivables from RMB137.8 million as of December 31, 2025 to RMB545.5 million as of June 30, 2026. These

were partially offset by (i) an increase in bank loans and other borrowings from RMB1,958.3 million as of December 31, 2025 to RMB4,160.1 million as of June 30, 2026, and (ii) an increase in trade and bill payables from RMB171.0 million as of December 31, 2025 to RMB1,030.5 million as of June 30, 2026.

Our net current assets increased from RMB6,879.3 million as of June 30, 2026 to RMB8,900.0 million as of October 31, 2026, primarily due to (i) an increase in inventories from RMB12,160.2 million as of June 30, 2026 to RMB12,969.9 million as of October 31, 2026, (ii) an increase in cash and cash equivalents from RMB538.6 million as of June 30, 2026, to RMB820.4 million as of October 31, 2026, (iii) a decrease in contract liabilities from RMB1,293.0 million as of June 30, 2026 to RMB1,042.3 million as of October 31, 2026, (iv) an increase in trade and bills receivables from RMB545.5 million as of June 30, 2026, to RMB797.1 million as of October 31, 2026, and (v) an increase in prepayments, deposits and other receivables from RMB885.7 million as of June 30, 2026 to RMB1,103.7 million as of October 31, 2026.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including operating cash flows, our current cash and cash equivalents, our available financing facilities and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have available sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this document.

CAPITAL EXPENDITURE

During the Track Record Period, our Group incurred capital expenditures of RMB18.8 million, RMB35.5 million, RMB60.1 million, RMB20.1 million, and RMB92.6 million in 2023, 2024 and 2025, and the six months ended June 30, 2025 and 2026, respectively, primarily used for the purchase of equipment and intangible assets.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, and June 30, 2026, we had capital commitments of RMB8.4 million, RMB0.4 million, RMB5.0 million and RMB46.0 million, respectively, which were in relation to property, plant and equipment that were contracted for acquisition.

INDEBTEDNESS

Our indebtedness mainly included bank loans and other borrowings, lease liabilities and redemption liabilities during the Track Record Period. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current					
Bank loans and other borrowings	469,792	917,333	1,958,250	4,160,050	4,082,298
Lease liabilities	10,653	11,187	12,442	14,406	17,451
Redemption liabilities	482,777	840,260	–	–	–
Non-current					
Bank loans and other borrowings	–	–	99,600	951,139	921,479
Lease liabilities	26,589	19,985	24,690	21,738	22,031
Total	**989,811**	**1,788,765**	**2,094,982**	**5,147,333**	**5,043,259**

Bank loans and other borrowings

We recorded bank loans and other borrowings of RMB469.8 million, RMB917.3 million, RMB2,057.9 million and RMB5,111.2 million as of December 31, 2023, 2024, and 2025, and June 30, 2026, respectively. During the Track Record Period, we strategically utilized bank borrowings to support our working capital needs, mainly arising from prepayments for raw material procurement and longer credit terms granted to certain major customers. In particular, we significantly increased our bank borrowings since 2025 to fund our increased procurement costs of raw materials, as a result of the increase in market prices of memory products and the expansion of our business scale. We further recorded RMB5,003.8 million of bank loans and other borrowings as of October 31, 2026, being the latest practicable date for the purpose of this indebtedness statement. To manage the risks associated with our bank borrowings, we closely monitor our indebtedness and liquidity position, regularly assess our working capital and financing needs, and prudently manage the scale and maturity profile of our borrowings based on our business development and cash flow position. We also maintain close relationships with our principal banks and adequate banking facilities to support our working capital needs.

During the Track Record Period, all of our bank loans and other borrowings were secured and/or guaranteed. The effective interest rate on our bank loans and other borrowings ranged from 0.65% to 10.80% during the Track Record Period. Certain banking facilities granted to our Group were guaranteed by certain Directors. Our Directors have confirmed that all such guarantees will be released immediately before [**REDACTED**]. No additional guarantee will be required in connection with such release. For details, including maturity analysis of financial liabilities, see Note 23 and Note 32 to the Accountants' Report in Appendix I to this document.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining bank loans and other borrowings, credit facilities, or withdrawal of facilities or requests for early repayment. Our Directors confirm that there has not been any material change in our indebtedness since October 31, 2026 and up to the date of this document.

As of October 31, 2026, our unutilized banking facilities amounted to RMB3,429.5 million. These banking facilities are committed and unrestricted as they have been approved and formally confirmed by the relevant banks in the relevant agreements. We can draw down specific loans under these banking facilities if we meet certain conditions typically including (i) the drawdown amount being within the upper limit under the credit facility agreements, (ii) no default under the banking facilities agreements with the relevant lending banks, (iii) no material and significant adverse changes in our operations and financial condition, (iv) if any guarantee or pledge is required by the lending bank, the completion of the required procedures of such guarantee or pledge by us, and/or (v) our compliance with the requirements of obtaining approvals, permits and/or registration with competent government authorities (if applicable), which are based on the form agreements of these banks. Our PRC Legal Advisers are of the view that the relevant banking facility agreements are legal, valid, binding and enforceable in accordance with their terms under the applicable PRC laws, and that there are no legal impediments to our utilization of such banking facilities subject to satisfaction of the drawdown conditions set out therein. Therefore, our Directors are of the view that these banking facilities are highly certain. The expiration dates for our banking facilities (i.e., the end of the periods specified in the relevant agreements during which we can apply to utilize the credit facilities and withdraw funds) range from 2026 to 2028. The specific borrowing periods will generally be detailed in separate loan agreements under these banking facilities. We typically will seek to renew these credit facilities upon expiration considering our needs. Given our stable relationship with the banks and our historical track record of compliance with no defaults and successful renewals, and drawdowns under multiple facilities from multiple banks, our Directors are of the view that the likelihood of continued cooperation with these banks is high. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in obtaining banking facilities. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Based on the independent due diligence work performed by the Joint Sponsors, the Joint Sponsors concur with the view of the Company and the PRC Legal Advisers that the relevant banking facility agreements are legal, valid, binding, and enforceable under PRC law, and that given the Company's stable banking relationships, the Company has a high degree of certainty regarding the continued availability of these facilities to fund operations.

Lease Liabilities

Our lease liabilities, including current and non-current portions, primarily relate to our leased office buildings, and production facilities. As of December 31, 2023, 2024, 2025, June 30 and October 31, 2026, the balance of our lease liabilities, including both current and non-current portions, was RMB37.2 million, RMB31.2 million, RMB37.1 million, RMB36.1 million and RMB39.5 million, respectively.

CONTINGENT LIABILITIES

Our contingent liabilities during the Track Record Period primarily related to an unresolved dispute. See Note 34 to the Accountants' Report in Appendix I to this document. Save as disclosed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of October 31, 2026. As of the Latest Practicable Date, there had not been any material change to our indebtedness or contingent liabilities.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the years or period/as of the dates indicated:

	As of/Year ended December 31,			As of/Six Months ended June 30,
	2023	2024	2025	2026
Gross profit margin (%)[(1)]	8.9%	9.2%	22.5%	42.1%
Net profit margin (%)[(2)]	1.5%	2.4%	14.9%	33.6%
Return on equity (%)[(3)]	10.9%	22.2%	65.9%	95.4%
Current ratio[(4)]	1.2	1.2	1.6	1.9

Notes:

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year/period and multiplied by 100%.

(2) Net profit margin was calculated based on net profit after taxes divided by revenue for the respective year/period and multiplied by 100%.

(3) Return on equity was calculated based on net profit of the respective year/period, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Current ratio was calculated based on the total current assets divided by the total current liabilities as of the relevant dates.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions. As of the Latest Practicable Date, our Group's loans of up to RMB6,457.0 million were guaranteed by, among others, our Controlling Shareholders. Our Directors confirmed that all such guarantees will be released immediately before [**REDACTED**]. See Note 35 to the Accountants' Report in Appendix I to this document.

Our Directors confirm that, all material related party transactions during the Track Record Period were conducted on normal commercial terms or such terms that were no less favorable to our Group than those available to independent third parties and were fair and reasonable and in the interest of our Shareholders as a whole, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. The pricing for the related party transactions was primarily based on (i) arm's length negotiation; (ii) comparable market price; (iii) the total sales/purchase volume of the transaction. The pricing and credit terms for the related party transactions are comparable those similar transactions with the Independent Third Parties and no favorable terms has been granted to/by such related party. The prices are mutually agreed after taking the prevailing market prices into consideration. Our Directors and management will consider a series of factors to determine whether to continue such an arrangement upon [**REDACTED**] and the [**REDACTED**], in the best interest of our Group.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RISK DISCLOSURES

We are exposed to a variety of financial risks, including credit risk, liquidity risk, and interest rate risk. Our Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. See Note 32 to the Accountants' Report in Appendix I to this document.

DIVIDENDS

No dividend has been declared by our Company, by any of the subsidiaries of our Group during the Track Record Period. After completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the [**REDACTED**]. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdiction, including the IFRSs. According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made (i) recovery of the losses incurred in the previous year; (ii) allocations to the statutory reserve equivalent to 10% of our profit after tax; and (iii) allocation to a discretionary common reserve of not less than 10% of our profit after tax that are approved by a shareholders' meeting.

DISTRIBUTABLE RESERVES

As of June 30, 2026, our consolidated retained earnings amounted to RMB4,922.1 million, which is available for distribution to our Shareholders.

[**REDACTED**]

Based on the mid-point of our indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised, the [**REDACTED**] to be borne by us are estimated to be approximately RMB[**REDACTED**] and are expected to represent approximately [**REDACTED**]% of the gross

[**REDACTED**] of the [**REDACTED**], comprising of (i) [**REDACTED**]-related expenses, including [**REDACTED**] and other expenses, of RMB[**REDACTED**]; and (ii) non-[**REDACTED**]-related expenses of RMB[**REDACTED**] (including (a) fees and expenses of legal advisers and reporting accountants of RMB[**REDACTED**]; and (b) other fees and expenses of RMB[**REDACTED**]). As of June 30, 2026, we incurred a total of RMB[**REDACTED**] in [**REDACTED**].

We expect to incur [**REDACTED**] of RMB[**REDACTED**] (assuming the [**REDACTED**] is not exercised and based on the mid-point of our indicative [**REDACTED**]), of which, (i) approximately RMB[**REDACTED**] has been charged to our consolidated statements of profit or loss, (ii) approximately RMB[**REDACTED**] of which is expected to be charged to our consolidated statements of profit or loss, and (iii) approximately RMB[**REDACTED**] of which is expected to be recognized as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II — Unaudited [**REDACTED**] Financial Information to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, other than as disclosed above and under "Summary — Recent Developments and no Material Adverse Change" of this document, there had been no material adverse change in our financial, operational or prospects since June 30, 2026, being the latest reporting date of our historical financial information in the Accountants' Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" in this document for detailed descriptions of our future plans.

USE OF [REDACTED]

We estimate that the net [**REDACTED**] from the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] stated in this document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] fees, [**REDACTED**], and estimated expenses payable by us in connection with the [**REDACTED**], and assuming the [**REDACTED**] is not exercised.

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes and in the approximate amounts set forth below:

- Approximately [**REDACTED**]% or HK$[**REDACTED**] of the net [**REDACTED**] will be used for the R&D and commercialization of our planned high-performance DRAM products for AI applications. Such high-performance DRAM products include higher-speed LPDDR5/5X products, next-generation high-speed low-power DRAM, graphics-oriented high-performance DRAM and new modular DRAM products, which are characterised by high data transfer rates, high bandwidth and low latency, and are designed for high-end mobile, AI, graphics and computing applications. According to Frost & Sullivan, AI is driving continuous upgrades in on-device electronic products, which in turn fuels demand for high-performance and low-power DRAM. The global on-device AI market reached RMB327.2 billion in 2025 and is expected to grow to RMB1,555.3 billion by 2030, representing a CAGR of 36.6% from 2025 to 2030. We intend to capture this market opportunity by developing high-performance DRAM products for AI applications. In particular:

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to (i) purchase R&D equipment, in particular R&D testing equipment for our planned high-performance DRAM products for AI applications, in particular, we plan to purchase equipment to verify and optimize LPDDR, GDDR, LPCAMM, SOCAMM and related designs, such as AI-based LPDDR5X product verification and testing platform, high-speed logic analyzers, and high-speed DRAM engineering test systems, as well as other equipment used for testing after the R&D phase, before the product enters mass production, and (ii) will be used to procure raw materials and consumables for R&D and pilot production activities for this project. In addition to procuring non-customized R&D equipment, we also plan to develop and design customized R&D platforms and equipment and collaborate with equipment suppliers for the production, allowing us to ensure that the equipment fully meets our specific R&D requirements.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand our R&D team and enhance our innovation capabilities through the recruitment of talent in hardware development, software development and production for our planned advanced DRAM products for AI applications. Over the next five years, we expect an aggregated increase of R&D 48 personnel joining our application R&D department, which primarily focuses on consumer-grade and AI computing applications and is responsible for the development of general-purpose high-performance DRAM products featuring high speed, high bandwidth and ultra-high performance in accordance with consumer electronics design standards.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand our R&D premises by renting additional space for R&D purposes.

- Approximately [**REDACTED**]% or HK$[**REDACTED**], will be used for R&D focused on upgrading existing and developing new memory controller chips, as well as for the R&D, testing, and commercialization of memory products equipped with such self-developed controller chips, aimed at strategically expanding our product portfolio and enhancing our market competitiveness. Our existing memory controller chips are primarily based on the UFS 2.2 specification and are designed for embedded memory applications such as smartphones and AI terminals. The proposed upgrade plan involves the further development of next-generation controller chips from UFS 2.2 to UFS 3.1 and UFS 4.1, as well as the expansion into PCIe SSD controller products, in order to support increasing market demand for higher-speed and higher-performance memory solutions. In particular, the [**REDACTED**] are intended to: (i) procure additional equipment specialized for the R&D and testing of the planned memory controller chip products. In particular, we plan to purchase equipment for UFS module functional verification, protocol analysis and performance verification, such as high-bandwidth UFS protocol analyzer, as well as other equipment used for testing after the R&D phase, before the product enters mass production; (ii) recruit talent with expertise in memory controller chip development. In particular, over the next four years, we expect to add up to 106 R&D personnel in aggregate to support the upgrade and development of our existing and new memory controller chips; (iii) engage outsourced chip tape-out services; and (iv) procure raw materials, consumables, and other resources necessary for this project. The recruitment of 106 R&D personnel is considered necessary in light of our continuous increase in R&D investment and expanding business scale, under which existing R&D personnel are already responsible for product maintenance, routine upgrades and new product pre-research. In addition, the upgrade from UFS 2.2 to UFS 3.1 and UFS 4.1, together with the development of PCIe SSD controller products, involves a long development cycle and multiple stages, including architecture design, chip design, testing verification, platform adaptation and mass production implementation. As UFS controller chips are highly integrated hardware-software system-level products involving multiple specialized technical areas, dedicated and specialized R&D teams are required to support the development process. Among such personnel, approximately 50 are expected to support the development of the new PCIe SSD product line.

- Approximately [**REDACTED**]% or HK$[**REDACTED**], will be used for the construction of new testing facilities, aimed at expanding our production capacity and enhancing our in-house operational capabilities. The planned testing facilities will cover key development and testing stages of our memory products. In particular:

    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the construction and development of the new testing facilities, including the development of essential infrastructure such as workshops, warehouses, laboratories, and supporting facilities, which are necessary to ensure efficient, high-quality operations and the wellbeing of staff. We intend to establish the new base in Zhongshan, Guangdong Province, strategically positioned in the Guangdong-Hong Kong-Macao Greater Bay Area, adjacent to Shenzhen and Zhuhai. Construction is expected to commence in 2026, followed by equipment installation and trial operations in 2027, capacity ramp-up in 2028, and full production by 2029, targeting an annual output over 150 million memory chips. Building on our established experience, the new base will support R&D and testing of our new product portfolio. We expect our business and order demand to continue expanding in the coming years, and our existing testing facilities may not be sufficient to meet future growth requirements. Therefore, this expansion not only addresses immediate market demand but also serves as a strategic initiative to advance advanced memory technologies, enhance our supply chain independence, and reinforce our market competitiveness. The new base will relieve potential upgrading bottlenecks, and support us to seize opportunities arising from the rapidly expanding AI-driven market.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to procure testing-related hardware and software. This includes testing line equipment, R&D laboratory equipment, as well as other essential infrastructure, environmental protection systems, and auxiliary equipment necessary to support efficient and high-quality large-scale production, in particular, testing operations.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the recruitment and training of personnel for the new base, including R&D and technical staff, production staff and management staff, to ensure smooth operations and adherence to quality standards. In particular, over the next three years, we expect to add up to 50 R&D personnel in aggregate to support the development of our new base. The training-related investment will primarily focus on: (i) establishing internal training systems, developing materials and SOPs, appointing instructors, and setting up simulation training areas; (ii) engaging external experts and certification programs, including equipment operation and industry-standard quality and reliability training; and (iii) providing necessary training materials and simulation equipment.

- approximately [**REDACTED**]% or HK$[**REDACTED**], will be used for the R&D and testing of our new automotive and industrial-grade products to capture market opportunities. The [**REDACTED**] will primarily be applied to recruit product engineers, hardware and software development personnel, and to procure raw materials, consumables, and other resources necessary to support this project. In particular, over the next three years, we expect to add up to 24 R&D personnel in aggregate under our automotive and industrial business unit, which primarily focuses on automotive electronics and industrial control applications and is responsible for the targeted development of automotive-grade and industrial-grade memory products featuring high reliability, wide-temperature performance, anti-interference capability, high stability and long service life in accordance with automotive-grade and industrial-grade technical specifications.

- approximately [**REDACTED**]% or HK$[**REDACTED**] will be used for general corporate and working capital purposes.

The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the estimated [**REDACTED**] or that the [**REDACTED**] is exercised.

If the [**REDACTED**] is fixed at HK$[**REDACTED**] per H Share (being the high-end of the [**REDACTED**] stated in this document), and assuming the [**REDACTED**] is not exercised, we estimate that the net [**REDACTED**] from the [**REDACTED**] will be approximately HK$ [**REDACTED**], after deduction of [**REDACTED**] fees, [**REDACTED**], and estimated expenses payable by us in connection with the [**REDACTED**].

If the [**REDACTED**] is fixed at HK$[**REDACTED**] per H Share (being the low-end of the [**REDACTED**] stated in this document), and assuming the [**REDACTED**] is not exercised, we estimate that the net [**REDACTED**] from the [**REDACTED**] will be approximately HK$ [**REDACTED**], after deduction of [**REDACTED**] fees, [**REDACTED**], and estimated expenses payable by us in connection with the [**REDACTED**].

If the [**REDACTED**] is exercised in full, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**]). In the event that the [**REDACTED**] is exercised in full, we intent to apply the additional net [**REDACTED**] to the above purposes in the proportions stated above.

To the extent that the net [**REDACTED**] from the [**REDACTED**] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any change to the above proposed use of [**REDACTED**].

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The following is the text of a report set out on pages I-1 to I-65, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 深圳市晶存科技股份有限公司 RAYSON HI-TECH(SZ) CO., LTD. (FORMERLY KNOWN AS 深圳市晶存科技有限公司 RAYSON HI-TECH (SZ) LIMITED), CHINA MERCHANTS SECURITIES (HK) CO., LIMITED AND GUOTAI JUNAN CAPITAL LIMITED.

Introduction

We report on the historical financial information of 深圳市晶存科技股份有限公司 Rayson HI-TECH(SZ) Co., Ltd. (formerly known as 深圳市晶存科技有限公司 Rayson HI-TECH (SZ) Limited) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-65, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-65 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of H shares of the Company on the [**REDACTED**] of [**REDACTED**].

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025 and June 30, 2026 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended June 30, 2025 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 31(d) to the Historical Financial Information which states that no dividends have been declared by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[Date]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

	Note	Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	4	2,401,888	3,713,804	5,919,483	2,060,469	12,017,622
Cost of sales		(2,188,545)	(3,373,460)	(4,586,297)	(1,763,836)	(6,963,814)
Gross profit		213,343	340,344	1,333,186	296,633	5,053,808
Other net income/(loss)	5	995	18,648	1,614	(10,332)	(46,898)
Selling and distribution expenses		(13,319)	(22,495)	(36,980)	(14,854)	(25,218)
Administrative and other operating expenses		(41,702)	(63,743)	(116,604)	(39,935)	(84,190)
Research and development expenses		(56,059)	(77,556)	(97,474)	(40,897)	(64,396)
Reversals/(provisions) of impairment loss on trade and other receivables		1,521	(11,078)	11,751	1,269	(7,806)
Profit from operations		104,779	184,120	1,095,493	191,884	4,825,300
Finance costs	6(a)	(52,722)	(74,013)	(92,970)	(52,175)	(53,461)
Profit before taxation	6	52,057	110,107	1,002,523	139,709	4,771,839
Income tax expense	7(a)	(15,044)	(21,220)	(122,641)	(24,931)	(739,497)
Profit for the year/period		37,013	88,887	879,882	114,778	4,032,342
Attributable to:						
Equity shareholders of the Company		36,808	88,625	878,840	114,491	4,028,406
Non-controlling interests		205	262	1,042	287	3,936
Profit for the year/period		37,013	88,887	879,882	114,778	4,032,342
Earnings per share						
Basic earnings per share (RMB)	10(a)	0.41	0.92	8.60	1.12	39.43
Diluted earnings per share (RMB)	10(b)	0.41	0.92	8.60	1.12	39.43
Profit for the year/period		37,013	88,887	879,882	114,778	4,032,342
Other comprehensive income for the year/period (after tax and reclassification adjustments)						
Items that are or may be reclassified subsequently to profit or loss						
Exchange differences arising from net investment in foreign operations and translation of financial statements		(5,189)	3,142	(9,540)	(2,074)	(32,834)
Total comprehensive income for the year/period		31,824	92,029	870,342	112,704	3,999,508
Attributable to:						
Equity shareholders of the Company		31,618	91,758	869,329	112,420	3,995,664
Non-controlling interests		206	271	1,013	284	3,844
Total comprehensive income for the year/period		31,824	92,029	870,342	112,704	3,999,508

The accompanying notes are integral part of these Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at December 31,			As at June 30,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*11*	42,096	63,560	97,283	114,887
Right-of-use assets	*12*	34,309	27,031	34,340	47,370
Intangible assets	*13*	7,702	4,461	12,288	14,695
Goodwill	*14*	7,086	7,086	7,086	7,086
Prepayments, deposits and other receivables	*16*	1,108	2,636	3,511	43,245
Deferred tax assets	*28(b)*	10,886	16,259	49,613	105,716
		103,187	121,033	204,121	332,999
Current assets					
Inventories	*17*	872,930	1,161,833	4,846,678	12,160,212
Trade and bills receivables	*18*	324,529	789,308	137,793	545,547
Prepayments, deposits and other receivables	*16*	184,606	86,350	377,875	885,744
Restricted cash	*19(b)*	–	–	–	3,324
Cash and cash equivalents	*19(a)*	119,510	285,668	462,846	538,639
		1,501,575	2,323,159	5,825,192	14,133,466
Current liabilities					
Trade and bill payables	*20*	118,364	146,059	170,952	1,030,514
Financial liabilities at FVTPL	*32(d)(i)*	–	–	12,180	–
Other payables and accruals	*21*	24,677	18,908	76,458	59,253
Contract liabilities	*22*	78,245	3,681	1,307,635	1,293,007
Bank loans and other borrowings	*23*	469,792	917,333	1,958,250	4,160,050
Lease liabilities	*24*	10,653	11,187	12,442	14,406
Redemption liabilities	*25*	482,777	840,260	–	–
Current taxation	*28(a)*	8,728	15,902	77,143	674,075
Provisions	*26*	22,194	20,730	22,898	22,909
		1,215,430	1,974,060	3,637,958	7,254,214
Net current assets		286,145	349,099	2,187,234	6,879,252
Total assets less current liabilities		389,332	470,132	2,391,355	7,212,251
Non-current liabilities					
Bank loans and other borrowings	*23*	–	–	99,600	951,139
Lease liabilities	*24*	26,589	19,985	24,690	21,738
Provisions	*26*	2,440	2,227	2,617	2,158
Deferred income	*27*	3,568	1,356	1,162	1,063
Deferred tax liabilities	*28(b)*	853	233	40,446	2,647
		33,450	23,801	168,515	978,745
NET ASSETS		355,882	446,331	2,222,840	6,233,506
CAPITAL AND RESERVES					
Paid-in/share capital	*31(b)/(c)*	88,922	102,160	102,160	102,160
Reserves		266,595	343,535	2,119,031	6,125,853
Total equity attributable to equity shareholders of the Company		355,517	445,695	2,221,191	6,228,013
Non-controlling interests		365	636	1,649	5,493
TOTAL EQUITY		355,882	446,331	2,222,840	6,233,506

The accompanying notes are integral part of these Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Notes	As at December 31,			As at June 30,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*11*	9,538	6,248	14,462	15,013
Right-of-use assets	*12*	23,629	19,729	15,414	13,173
Intangible assets	*13*	432	807	3,760	4,410
Prepayments, deposits and other receivables	*16*	286	1,096	2,382	19,256
Investment in subsidiaries	*15*	232,583	428,474	490,928	537,155
Deferred tax assets	*28(b)*	3,589	4,199	6,869	5,850
		270,057	460,553	533,815	594,857
Current assets					
Inventories	*17*	70,129	54,356	406,778	523,714
Trade and bills receivables	*18*	373,196	401,332	381,524	838,727
Prepayments, deposits and other receivables	*16*	601,632	1,024,872	1,974,966	3,123,047
Cash and cash equivalents	*19*	38,993	121,483	43,276	62,410
		1,083,950	1,602,043	2,806,544	4,547,898
Current liabilities					
Trade payables	*20*	15,851	28,175	231,608	133,767
Financial liabilities at FVTPL	*32(d)(i)*	–	–	12,180	–
Other payables and accruals	*21*	14,353	74,020	42,686	31,941
Contract liabilities	*22*	5,004	1,075	99,232	16,642
Bank loans and other borrowings	*23*	469,792	753,675	1,446,199	2,705,891
Lease liabilities	*24*	4,993	5,517	6,231	6,604
Redemption liabilities	*25*	482,777	840,260	–	–
Current taxation	*28(a)*	5,066	2,879	13,024	38,737
Provisions	*26*	16,851	16,956	16,574	17,816
		1,014,687	1,722,557	1,867,734	2,951,398
Net current assets/(liabilities)		69,263	(120,514)	938,810	1,596,500
Total assets less current liabilities		339,320	340,039	1,472,625	2,191,357
Non-current liabilities					
Bank loans and other borrowings	*23*	–	–	99,600	339,560
Lease liabilities	*24*	20,713	16,807	11,857	9,085
Provisions	*26*	1,653	1,433	1,559	1,667
		22,366	18,240	113,016	350,312
NET ASSETS		316,954	321,799	1,359,609	1,841,045
CAPITAL AND RESERVES					
Paid-in/share capital	*31(b)/(c)*	88,922	102,160	102,160	102,160
Reserves		228,032	219,639	1,257,449	1,738,885
TOTAL EQUITY		316,954	321,799	1,359,609	1,841,045

The accompanying notes are integral part of these Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Attributable to equity shareholders of the Company									
	Paid-in capital	Share capital	Capital reserve	PRC statutory reserve	Other reserve	Exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000 (Note 31(b))	*RMB'000 (Note 31(c))*	*RMB'000 (Note 31(e)(i))*	*RMB'000 (Note 31(e)(ii))*	*RMB'000 (Note 31(e)(iii))*	*RMB'000 (Note 31(e)(iv))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	88,922	–	474,486	21,309	(414,539)	1,224	148,831	320,233	159	320,392
Changes in equity for 2023:										
Profit for the year	–	–	–	–	–	–	36,808	36,808	205	37,013
Other comprehensive income	–	–	–	–	–	(5,190)	–	(5,190)	1	(5,189)
Total comprehensive income	–	–	–	–	–	(5,190)	36,808	31,618	206	31,824
Equity settled share-based transactions *(Note 30)*	–	–	3,666	–	–	–	–	3,666	–	3,666
Balance at December 31, 2023	88,922	–	478,152	21,309	(414,539)	(3,966)	185,639	355,517	365	355,882

	Attributable to equity shareholders of the Company									
	Paid-in capital	Share capital	Capital reserve	PRC statutory reserve	Other reserve	Exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000 (Note 31(b))	*RMB'000 (Note 31(c))*	*RMB'000 (Note 31(e)(i))*	*RMB'000 (Note 31(e)(ii))*	*RMB'000 (Note 31(e)(iii))*	*RMB'000 (Note 31(e)(iv))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	88,922	–	478,152	21,309	(414,539)	(3,966)	185,639	355,517	365	355,882
Changes in equity for 2024:										
Profit for the year	–	–	–	–	–	–	88,625	88,625	262	88,887
Other comprehensive income	–	–	–	–	–	3,133	–	3,133	9	3,142
Total comprehensive income	–	–	–	–	–	3,133	88,625	91,758	271	92,029
Capital injection from investors before conversion into a joint stock company *(Note 31(b))*	9,333	–	131,777	–	–	–	–	141,110	–	141,110
Conversion into a joint stock company *(Note 31(c))*	(98,255)	98,255	267,533	(27,589)	–	–	(239,944)	–	–	–
Equity settled share-based transactions *(Note 30)*	–	–	19,398	–	–	–	–	19,398	–	19,398
Appropriation to statutory reserve *(Note 31(e)(ii))*	–	–	–	6,280	–	–	(6,280)	–	–	–
Capital injection from investors after conversion into a joint stock company *(Note 31(c)(ii))*	–	3,905	144,539	–	–	–	–	148,444	–	148,444
Recognition of liabilities in relation to financial instruments issued to investors *(Note 25)*	–	–	–	–	(310,532)	–	–	(310,532)	–	(310,532)
Balance at December 31, 2024	–	102,160	1,041,399	–	(725,071)	(833)	28,040	445,695	636	446,331

	Attributable to equity shareholders of the Company									
	Paid-in capital	Share capital	Capital reserve	PRC statutory reserve	Other reserve	Exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000 (Note 31(b))	*RMB'000 (Note 31(c))*	*RMB'000 (Note 31(e)(i))*	*RMB'000 (Note 31(e)(ii))*	*RMB'000 (Note 31(e)(iii))*	*RMB'000 (Note 31(e)(iv))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	–	102,160	1,041,399	–	(725,071)	(833)	28,040	445,695	636	446,331
Changes in equity for 2025:										
Profit for the year	–	–	–	–	–	–	878,840	878,840	1,042	879,882
Other comprehensive income	–	–	–	–	–	(9,511)	–	(9,511)	(29)	(9,540)
Total comprehensive income	–	–	–	–	–	(9,511)	878,840	869,329	1,013	870,342
Equity settled share-based transactions *(Note 30)*	–	–	21,939	–	–	–	–	21,939	–	21,939
Appropriation to statutory reserve *(Note 31(e)(ii))*	–	–	–	13,164	–	–	(13,164)	–	–	–
Discharge of redemption liabilities upon termination of redemption rights *(Note 25)*	–	–	–	–	884,228	–	–	884,228	–	884,228
Balance at December 31, 2025	–	102,160	1,063,338	13,164	159,157	(10,344)	893,716	2,221,191	1,649	2,222,840

	Attributable to equity shareholders of the Company									
	Paid-in capital	Share capital	Capital reserve	PRC statutory reserve	Other reserve	Exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000 (Note 31(b))	*RMB'000 (Note 31(c))*	*RMB'000 (Note 31(e)(i))*	*RMB'000 (Note 31(e)(ii))*	*RMB'000 (Note 31(e)(iii))*	*RMB'000 (Note 31(e)(iv))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2026	–	102,160	1,063,338	13,164	159,157	(10,344)	893,716	2,221,191	1,649	2,222,840
Changes in equity for the six months ended June 30, 2026:										
Profit for the period	–	–	–	–	–	–	4,028,406	4,028,406	3,936	4,032,342
Other comprehensive income	–	–	–	–	–	(32,742)	–	(32,742)	(92)	(32,834)
Total comprehensive income	–	–	–	–	–	(32,742)	4,028,406	3,995,664	3,844	3,999,508
Equity settled share-based transactions *(Note 30)*	–	–	11,158	–	–	–	–	11,158	–	11,158
Balance at June 30, 2026	–	102,160	1,074,496	13,164	159,157	(43,086)	4,922,122	6,228,013	5,493	6,233,506
(Unaudited)										
Balance at January 1, 2025	–	102,160	1,041,399	–	(725,071)	(833)	28,040	445,695	636	446,331
Changes in equity for the six months ended June 30, 2025:										
Profit for the period	–	–	–	–	–	–	114,491	114,491	287	114,778
Other comprehensive income	–	–	–	–	–	(2,071)	–	(2,071)	(3)	(2,074)
Total comprehensive income	–	–	–	–	–	(2,071)	114,491	112,420	284	112,704
Discharge of redemption liabilities upon termination of redemption rights *(Note 25)*	–	–	–	–	172,128	–	–	172,128	–	172,128
Equity settled share-based transactions *(Note 30)*	–	–	10,608	–	–	–	–	10,608	–	10,608
Balance at June 30, 2025	–	102,160	1,052,007	–	(552,943)	(2,904)	142,531	740,851	920	741,771

The accompanying notes are integral part of these Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Operating activities						
Cash used in operations	19(c)	(182,642)	(470,580)	(795,041)	(253,573)	(2,573,766)
Income tax paid		(47,030)	(20,039)	(54,541)	(7,652)	(236,467)
Net cash used in operating activities		(229,672)	(490,619)	(849,582)	(261,225)	(2,810,233)
Investing activities						
Proceeds from disposal of property, plant and equipment		49	44	39	15	–
Payment for the purchase of property, plant and equipment and intangible assets and leasehold land		(18,888)	(35,513)	(60,125)	(20,092)	(92,580)
Net cash used in investing activities		(18,839)	(35,469)	(60,086)	(20,077)	(92,580)
Financing activities						
Capital injection by investors		–	289,554	–	–	–
Proceeds from bank loans and other borrowings	19(d)	518,181	949,380	2,618,177	1,069,484	4,913,966
Repayment of bank loans and other borrowings	19(d)	(211,662)	(503,730)	(1,464,224)	(606,238)	(1,842,733)
Capital element of lease rentals paid	19(d)	(9,392)	(11,405)	(11,773)	(8,098)	(6,712)
Interest element of lease rentals paid	19(d)	(1,462)	(1,294)	(1,138)	(643)	(581)
Interests paid	19(d)	(12,198)	(22,639)	(45,109)	(20,612)	(57,297)
Dividend paid		–	(9,044)	–	–	–
[**REDACTED**] paid		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Repayment of derivatives		–	–	–	–	(14,819)
Net cash generated from financing activities		283,467	690,822	1,094,138	433,893	2,991,423
Net increase in cash and cash equivalents		34,956	164,734	184,470	152,591	88,610
Effect of exchange rate changes		691	1,424	(7,292)	(1,017)	(12,817)
Cash and cash equivalents at the beginning of the year/period		83,863	119,510	285,668	285,668	462,846
Cash and cash equivalents at the end of the year/period	19(a)	119,510	285,668	462,846	437,242	538,639

The accompanying notes are integral part of these Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB, unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Rayson HI-TECH(SZ) Co., Ltd. (深圳市晶存科技股份有限公司) ("the Company"), formerly known as Rayson HI-TECH (SZ) LIMITED (深圳市晶存科技有限公司), was incorporated in Shenzhen, Guangdong Province, the People's Republic of China (the "PRC") on December 22, 2016 as a limited liability company. In July 2024, the Company was converted from a limited liability company into a joint stock limited liability company.

The Company and its subsidiaries (together, "the Group") are principally engaged in research and development, design, testing, and sales of embedded memory semiconductor.

The financial statements of the Company for the years ended December 31, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC (the PRC GAAP) and audited by Pan-China Certified Public Accountants LLP, Shenzhen Branch (天健會計師事務所(特殊普通合夥)深圳分所). The financial statements of the Company for the year ended December 31, 2025 were prepared in accordance with the PRC GAAP and audited by Zhonglian Certified Public Accountants Co., Ltd. Shenzhen Branch (中聯會計師事務所有限公司深圳分所).

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 36.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in RMB, rounded to the nearest thousand (RMB'000) except when otherwise indicated. The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for certain financial instruments measured at their fair value as explained in Note 2(y).

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in the former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as fair value on initial recognition of a financial asset.

In the Company's statements of financial position, investments in subsidiaries are stated at cost less impairment losses (see Note 2(i)).

(d) Goodwill

Goodwill arising on acquisition of businesses represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses (see Note 2(i)). Goodwill arising on a business combination is allocated to cash generating unit, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(i)).

On disposal of a cash generating unit, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries are as follows.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investments. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(t)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– Fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income ("OCI"). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(t)(ii)(c)).

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any impairment losses (see Note 2(i)):

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(h)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(v)).

Any gains or losses on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

– The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives, being no more than 50 years after the date of completion.

– Leasehold land is depreciated over the unexpired term of lease.

– Machinery and equipment 3-10 years

– Vehicles 5 years

– Office equipment and others 3-5 years

– Leasehold improvements 1.5-3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred.

Other intangible assets, including IP authorization, software, copyrights and others, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line basis over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

– IP Authorization 1.5-10 years

– Software 3 years

– Copyrights and others 4-14.3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Note 2(e)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the Historical Financial Information, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents, trade and bills receivables, and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade and bills receivables and prepayments, deposits and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected lives of the instrument is less than 12 months); and

– lifetime ECLs: these are ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and bills receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is more than three years past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial assets in the consolidated statements of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

(l) Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Cash and cash equivalents and restricted cash are assessed for ECLs in accordance with the policy set out in Note 2(i)(i).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Redemption liabilities

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to financial liabilities for the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) as the Company could be required to pay on demand. Any change in the carrying amount of the redemption liability arising from remeasurement of the redemption amount is recognised in profit or loss. The carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

The redemption liability is classified as current as the Company does not have the right at the reporting date to defer settlement of the liability for at least 12 months from the reporting date.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(v).

(p) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable is also recognised (see Note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)(ii)(a)).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contribution to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in Chinese Mainland and Hong Kong are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(ii) Share-based payments

The fair value of share awards granted to employees is recognised as an employee cost with a corresponding increase in the capital reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the awards is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of share awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to capital reserve). The equity amount is recognised in the capital reserve until either the right is exercised (when it is included in the amount recognised in share capital for the shares issued) or the shares expire (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but the Group generally provides credit terms to customers. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

For sales contracts that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) Government grants

Government grants are recognised in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised by setting up the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

(c) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group has only one single reportable segment. Accordingly, no segmental analysis is presented.

(y) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the Historical Financial Information:

(a) Impairment of non-current assets

If circumstances indicate that the carrying value of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstance indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

(b) Impairment of trade and bills receivables, deposits and other receivables

The Group estimates the amount of loss allowance for ECLs on trade and bills receivables, deposits and other receivables that are measured at amortised cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's profit or loss and net assets value. The Group reassesses these estimates annually.

(d) Useful lives of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

(e) Deferred tax assets

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

(f) Determining the lease term

As explained in policy Note 2(h), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(g) Warranty provisions

As explained in Note 26, the Group makes provisions under the warranties it gives on sale of its products taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group primarily generates its revenue from the sales of embedded memory semiconductor and other products.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15					
Disaggregated by major products					
Embedded memory products	2,283,949	3,459,720	5,498,666	1,913,839	11,425,498
DRAM *(a)* products (DDR, LPDDR)	1,658,683	2,474,303	3,744,369	1,292,364	9,003,272
NAND *(b)* Flash products (eMMC, UFS)	319,339	673,647	1,593,344	572,954	2,277,643
MCP *(c)* embedded memory products (eMCP, uMCP, ePOP)	305,927	311,770	160,953	48,521	144,583
Others	117,939	254,084	420,817	146,630	592,124
	2,401,888	3,713,804	5,919,483	2,060,469	12,017,622

Notes:

(a) Dynamic random access memory, a type of volatile memory used in computers and other devices to store data that is actively being used or processed, requiring periodic refreshing to maintain the stored information.

(b) A type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage.

(c) Multi-chip package, a semiconductor packaging technique that encapsulates two or more memory chips within a single package through methods such as stacking.

(ii) Disaggregated by timing of revenue recognition

Disaggregated by timing of revenue recognition is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Point in time	2,401,888	3,713,804	5,919,483	2,060,469	12,017,622

(iii) Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group in the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Customer A	504,575	549,242	N/A*	219,156	2,058,135
Customer B	N/A*	427,615	N/A*	N/A*	N/A*
Customer H	N/A*	424,521	N/A*	N/A*	N/A*

* Revenue from relevant customers was less than 10% of the Group's total revenue for the respective year/period.

Details of concentrations of credit risk arising from these customers are set out in Note 32(a).

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of electronic products that had an original expected duration of one year or less.

(iv) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location where the customers were registered.

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Chinese Mainland	999,807	1,443,986	2,641,429	1,009,439	3,117,207
Hong Kong	1,275,784	2,208,785	2,924,249	975,336	7,527,421
Korea	54,440	44,716	89,611	22,598	55,060
Others	71,857	16,317	264,194	53,096	1,317,934
	2,401,888	3,713,804	5,919,483	2,060,469	12,017,622

As substantially all of the Group's non-current assets are mainly in the Chinese Mainland, no geographic information is presented.

5 OTHER NET INCOME/(LOSS)

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest income from bank deposits	1,405	1,460	3,913	1,791	3,349
Government grants *(Note)*	8,194	19,391	34,240	1,084	3,107
Net gain on disposal of equipments and others	15	68	268	95	14
Net foreign exchange gain/(loss)	6,184	(2,242)	(24,353)	(11,838)	(50,070)
Provision for litigation *(Note 34)*	(14,183)	–	–	–	–
Change in fair value of financial liabilities	–	–	(12,180)	(1,241)	(3,224)
Net (loss)/gain on financial liabilities	(665)	–	–	(1,272)	585
Others	45	(29)	(274)	1,049	(659)
	995	18,648	1,614	(10,332)	(46,898)

Note: The amounts mainly represented government incentive and support to the Group received during the Track Record Period. There are no unfulfilled conditions or contingencies relating to the grants.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest expenses on bank loans and other borrowings	12,521	23,922	47,369	20,362	52,745
Changes in carrying amount on redemption liabilities	37,325	46,951	43,968	31,084	–
Interests on lease liabilities	1,462	1,294	1,138	643	581
Others	1,414	1,846	495	86	135
	52,722	74,013	92,970	52,175	53,461

(b) Staff costs (including directors' and supervisors' emoluments)

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, wages and other benefits	65,900	86,048	148,801	57,874	94,041
Contributions to defined contribution retirement plans	4,293	5,660	7,888	3,537	5,142
Equity-settled share-based payment expenses *(Note 30)*	3,666	19,398	21,939	10,608	11,158
	73,859	111,106	178,628	72,019	110,341

(c) Other items

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Amortisation cost of intangible assets *(Note 13)*	7,984	4,641	1,417	486	2,703
Depreciation charge					
– Owned property, plant and equipment *(Note 11)*	8,849	13,906	22,185	10,177	14,635
– Right-of-use assets *(Note 12)*	10,849	11,657	10,966	5,498	6,729
	19,698	25,563	33,151	15,675	21,364
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Auditors' remuneration	520	2,440	17	17	86
Cost of inventories sold *(Note 17(b))*	2,188,545	3,372,128	4,577,832	1,763,473	6,953,792
(Reversal)/provision of impairment losses on financial assets					
– Trade receivables *(Note 32(a))*	(1,586)	10,435	(12,987)	(1,657)	4,136
– Other receivables *(Note 32(a))*	65	643	1,236	388	3,670
	(1,521)	11,078	(11,751)	(1,269)	7,806

Note: Cost of inventories includes RMB18,230,000, RMB25,233,000, RMB33,810,000, RMB16,095,000 (unaudited) and RMB25,538,000 for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, relating to staff costs, depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current income tax					
Provision for the year/period	12,678	29,627	115,841	26,762	833,982
Over-provision in respect of prior years/period	(529)	(2,414)	(59)	(61)	(583)
	12,149	27,213	115,782	26,701	833,399

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Deferred income tax					
Origination and reversal of temporary differences	2,895	(5,993)	6,859	(1,770)	(93,902)
Income tax expense	15,044	21,220	122,641	24,931	739,497

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit before taxation	52,057	110,107	1,002,523	139,709	4,771,839
Notional tax on profit before taxation, calculated at the rates applicable to profit in the jurisdictions concerned	6,129	18,960	240,191	25,652	1,025,687
Tax effect of preferential tax rates entitled	2,030	(2,636)	(88,030)	(3,908)	(279,125)
Additional deduction for research and development costs	(6,417)	(8,749)	(12,235)	(5,290)	(8,427)
Tax effect of non-deductible expenses	6,830	10,797	10,244	6,726	1,945
Tax effect of non-taxable income	(21)	(6)	(3)	(1)	–
Tax effect of unused tax losses and deductible temporary differences not recognized	7,022	5,268	–	2,164	–
Tax effect of recognition of unused tax losses and deductible temporary differences not recognized in previous years/period	–	–	(8,609)	–	–
Tax effect of utilization of tax losses not recognized in previous years/period	–	–	(18,858)	(351)	–
Over-provision in respect of prior years/period	(529)	(2,414)	(59)	(61)	(583)
Actual tax expense	15,044	21,220	122,641	24,931	739,497

Notes:

(i) In accordance with relevant PRC rules and regulations, the PRC Corporate Income Tax rate applicable to the Company and Company's subsidiaries registered in Chinese Mainland is principally 25% during the Track Record Period, except as described below:

(a) Rayson HI-TECH(SZ) Co., Ltd. (深圳市晶存科技股份有限公司) and Artmem Technology Co., Ltd. (珠海妙存科技有限公司) were qualified as the High and New Technology Enterprise ("HNTE") and entitled to a preferential tax rate of 15% during the Track Record Period.

(b) According to the Preferential Policies for Enterprise Income Tax in Shenzhen Park of Hetao Shenzhen Hong Kong Science and Technology Innovation Cooperation Zone (財政部國家稅務總局關於河套深港科技創新合作區深圳園區企業所得稅優惠政策的通知(財稅(2024)2號)), Rayson Technology (SZ) Limited (深圳晶存技術有限公司) as the eligible encouraged industrial enterprises located in the designated enclosed area of the Shenzhen Industrial Park in the Hetao Shenzhen Hong Kong Science and Technology Innovation Cooperation Zone, entitled to a preferential tax rate of 15% during the Track Record Period.

(c) According to the Preferential Policies for Enterprise Income Tax in Guangdong-Macao In-Depth Cooperation Zone in Hengqin (財政部稅務總局關於橫琴粵澳深度合作區企業所得稅優惠政策的通知(財稅(2022)19號)), Artmem HI-TECH LIMITED (珠海妙存技術研發有限公司) as the eligible encouraged industrial enterprises located in the designated enclosed area of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin, entitled to a preferential tax rate of 15% during the Track Record Period.

(ii) According to the relevant tax rules in Hong Kong, pursuant to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, the two-tiered Profits tax rates regime will be applicable to RAYSON HI-TECH (HK) LIMITED (晶存科技(香港)有限公司) in any year of assessment commencing on or after April 1, 2018. Under the two-tiered Profits tax rates regime, the first HK$2 million of profits of the qualifying entities are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

(iii) The additional deduction for research and development expenses mainly represents an additional 100% tax deduction on eligible research and development expenses incurred by Rayson HI-TECH(SZ) Co., Ltd. (深圳市晶存科技股份有限公司) and Artmem Technology Co., Ltd. (珠海妙存科技有限公司) during the Track Record Period.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments during the Track Record Period are as follows:

For the year ended December 31, 2023

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments *(Note (k))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman							
Mr. Wen Jianwei 文建偉	–	631	350	71	1,052	–	1,052
Executive directors							
Mr. Wen Jianxiong 文建雄 *(a)*	–	615	300	71	986	–	986
Mr. Gong Hui 龔暉	–	257	40	42	339	–	339
Non-executive directors							
Mr. Jin Renzhong 金任忠 *(d)*	–	–	–	–	–	–	–
Mr. Wang Zanzhang 王贊章	–	–	–	–	–	–	–
Supervisor							
Mr. Cui Cheng 崔成	–	249	360	53	662	–	662
	–	1,752	1,050	237	3,039	–	3,039

For the year ended December 31, 2024

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments *(Note (k))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman							
Mr. Wen Jianwei 文建偉	–	701	75	77	853	–	853
Executive directors							
Mr. Wen Jianxiong 文建雄 *(a)*	–	701	75	77	853	–	853
Mr. Gong Hui 龔暉	–	584	40	44	668	–	668
Mr. Cheng Yimin 程義敏 *(b)*	–	322	37	43	402	–	402
Non-executive directors							
Mr. Jin Renzhong 金任忠 *(d)*	–	–	–	–	–	–	–
Mr. Wang Zanzhang 王贊章	–	–	–	–	–	–	–

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments *(Note (k))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Independent non-executive directors							
Mr. Xie Chunhua 謝春華 *(e)*	65	–	–	–	65	–	65
Ms. Wu Bihong 吳碧虹 *(f)*	65	–	–	–	65	–	65
Ms. Han Yan 韓雁 *(g)*	65	–	–	–	65	–	65
Supervisors							
Mr. Cui Cheng 崔成	–	307	45	55	407	–	407
Mr. Xie Denghuang 謝登煌 *(i)*	–	176	35	27	238	40	278
Ms. Liao Yating 廖雅婷 *(j)*	–	173	48	24	245	–	245
	195	2,964	355	347	3,861	40	3,901

For the year ended December 31, 2025

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments *(Note (k))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman							
Mr. Wen Jianwei 文建偉	–	759	3,730	90	4,579	–	4,579
Executive directors							
Mr. Wen Jianxiong 文建雄 *(a)*	–	463	1,500	50	2,013	–	2,013
Mr. Gong Hui 龔暉	–	922	724	60	1,706	–	1,706
Mr. Cheng Yimin 程義敏 *(b)*	–	588	1,323	79	1,990	–	1,990
Mr. Lai Nai 賴鼐 *(c)*	–	374	519	30	923	1,243	2,166
Non-executive directors							
Mr. Jin Renzhong 金任忠 *(d)*	–	–	–	–	–	–	–
Mr. Wang Zanzhang 王贊章	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Xie Chunhua 謝春華 *(e)*	120	–	–	–	120	–	120
Ms. Wu Bihong 吳碧虹 *(f)*	120	–	–	–	120	–	120
Ms. Han Yan 韓雁 *(g)*	120	–	–	–	120	–	120
Mr. Yuan Chenjie 袁陳傑 *(h)*	46	–	–	–	46	–	46
Supervisors							
Mr. Cui Cheng 崔成	–	369	322	58	749	–	749
Mr. Xie Denghuang 謝登煌 *(i)*	–	300	443	52	795	77	872
Ms. Liao Yating 廖雅婷 *(j)*	–	335	550	45	930	–	930
	406	4,110	9,111	464	14,091	1,320	15,411

For the six months ended June 30, 2025 (unaudited)

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments *(Note (k))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman							
Mr. Wen Jianwei 文建偉	–	314	367	41	722	–	722
Executive directors							
Mr. Wen Jianxiong 文建雄 *(a)*	–	317	367	40	724	–	724
Mr. Gong Hui 龔暉	–	456	20	23	499	–	499
Mr. Cheng Yimin 程義敏 *(b)*	–	280	344	41	665	–	665
Non-executive directors							
Mr. Jin Renzhong 金任忠 *(d)*	–	–	–	–	–	–	–
Mr. Wang Zanzhang 王贊章	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Xie Chunhua 謝春華 *(e)*	60	–	–	–	60	–	60
Ms. Wu Bihong 吳碧虹 *(f)*	60	–	–	–	60	–	60
Ms. Han Yan 韓雁 *(g)*	60	–	–	–	60	–	60
Supervisors							
Mr. Cui Cheng 崔成	–	181	204	29	414	–	414
Mr. Xie Denghuang 謝登煌 *(i)*	–	157	148	26	331	38	369
Ms. Liao Yating 廖雅婷 *(j)*	–	154	297	23	474	–	474
	180	1,859	1,747	223	4,009	38	4,047

For the six months ended June 30, 2026

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments *(Note (k))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman							
Mr. Wen Jianwei 文建偉	–	502	1,865	55	2,422	–	2,422
Executive directors							
Mr. Gong Hui 龔暉	–	467	362	40	869	–	869
Mr. Cheng Yimin 程義敏 *(b)*	–	314	661	40	1,015	–	1,015
Mr. Lai Nai 賴鼐 *(c)*	–	560	692	40	1,292	1,657	2,949
Non-executive director							
Mr. Wang Zanzhang 王贊章	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Xie Chunhua 謝春華 *(e)*	60	–	–	–	60	–	60
Ms. Wu Bihong 吳碧虹 *(f)*	60	–	–	–	60	–	60
Ms. Han Yan 韓雁 *(g)*	60	–	–	–	60	–	60
Mr. Yuan Chenjie 袁陳傑 *(h)*	60	–	–	–	60	–	60
Supervisors							
Mr. Cui Cheng 崔成	–	196	161	31	388	–	388
Mr. Xie Denghuang 謝登煌 *(i)*	–	172	222	28	422	38	460
Ms. Liao Yating 廖雅婷 *(j)*	–	189	275	25	489	–	489
	240	2,400	4,238	259	7,137	1,695	8,832

Notes:

(a) Mr. Wen Jianxiong (文建雄) resigned from his position in July 2025.

(b) Mr. Cheng Yimin (程義敏) is executive Director and deputy general manager. He was appointed as a Director in June 2024.

(c) Mr. Lai Nai (賴鼐) acted as an executive Director since August 2025.

(d) Mr. Jin Renzhong (金任忠) resigned from his position in July 2025.

(e) Mr. Xie Chunhua (謝春華) was appointed as an independent director in June 2024.

(f) Ms. Wu Bihong (吳碧虹) was appointed as an independent director in June 2024.

(g) Ms. Han Yan (韓雁) was appointed as an independent director in June 2024.

(h) Mr. Yuan Chenjie (袁陳傑) was appointed as an independent director in August 2025.

(i) Mr. Xie Denghuang (謝登煌) was appointed as a supervisor in June 2024.

(j) Ms. Liao Yating (廖雅婷) was appointed as a supervisor in June 2024.

(k) These represent the estimated value of the restricted shares (Note 30) granted to the directors and supervisors of the Company under the Company's share award scheme. The value of these restricted shares is measured according to the Group's accounting policy for share-based payment transactions as set out in Note 2(q)(ii). The details of the share award scheme are disclosed in Note 30.

(l) During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 FIVE HIGHEST PAID INDIVIDUALS

The number of directors, supervisors and other employees included in the five highest paid individuals for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are set forth below:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	Number of individuals	Number of individuals	Number of individuals	Number of individuals *(Unaudited)*	Number of individuals
Directors and supervisors	–	–	2	1	2
Other employees	5	5	3	4	3
	5	5	5	5	5

The emoluments of the directors and supervisors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid non-director/supervisor individuals, are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, allowances and other benefits	3,834	4,112	2,225	1,627	1,164
Discretionary bonuses	1,340	1,587	4,368	849	2,103
Retirement scheme contributions	340	362	251	154	134
Share-based payments	2,080	8,430	5,548	5,065	2,592
	7,594	14,491	12,392	7,695	5,993

The emoluments of the remaining highest paid non-director/supervisor individuals are within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	Number of individuals	Number of individuals	Number of individuals	Number of individuals *(unaudited)*	Number of individuals
HK$Nil to HK$1,000,000	–	–	–	1	–
HK$1,000,001 to HK$1,500,000	1	–	–	–	–
HK$1,500,001 to HK$2,000,000	4	1	–	–	1
HK$2,000,001 to HK$2,500,000	–	1	–	1	1
HK$2,500,001 to HK$3,000,000	–	–	–	2	1
HK$3,000,001 to HK$3,500,000	–	1	–	–	–
HK$3,500,001 to HK$4,000,000	–	1	1	–	–
HK$4,500,001 to HK$5,000,000	–	1	1	–	–
HK$5,000,001 to HK$5,500,000	–	–	1	–	–
	5	5	3	4	3

During the Track Record Period, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share during the Track Record Period is based on the profit attributable to ordinary equity shareholders of the Company and the weighted-average number of ordinary shares in issue or deemed to be in issue for the respective period. The profit attributable to the contingently returnable ordinary shares held by the investors of ordinary shares with redemption right (see Note 25) and the number of such shares have been excluded from the calculation of basic earnings per share.

As described in Note 31(c)(i), the Company was converted from a limited liability company into a joint stock company with limited liability in July 2024. The Company's paid-in capital of RMB98,254,586 was converted into 98,254,586 shares with the par value of RMB1.00. For the purpose of computing basic earnings per share, the weighted average number of ordinary shares were deemed to be in issue before the Company's conversion into a joint stock company with limited liability as if the above conversion had occurred on January 1, 2023, at the conversion ratio established in July 2024.

(i) Profit attributable to ordinary equity shareholders of the Company:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit for the year/period attributable to all equity shareholders of the Company	36,808	88,625	878,840	114,491	4,028,406
Allocation of profit for the year/period attributable to ordinary shares with redemption right issued to investors *(Note 25)*	(7,250)	(19,078)	(156,694)	(28,975)	–
Profit for the year/period attributable to ordinary equity shareholders of the Company	29,558	69,547	722,146	85,516	4,028,406

(ii) Weighted-average number of ordinary shares

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	'000	'000	'000	'000 (unaudited)	'000
Ordinary shares (deemed to be) in issue at January 1	88,922	88,922	102,160	102,160	102,160
Effect of issuance of ordinary shares (including those deemed to be in issue)	–	6,999	–	–	–
Effect of ordinary shares with redemption right issued to investors *(Note 25)*	(17,516)	(20,649)	(18,215)	(25,854)	–
Weighted average number of ordinary shares (deemed to be) in issue at December 31/June 30	71,406	75,272	83,945	76,306	102,160

(b) Diluted earnings per share

During the Track Record Period, the effects of ordinary shares with redemption right issued to investors (Note 25) have not been included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares, and therefore the amounts of diluted earnings per share are the same as basic earnings per share.

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

The Group:

	Machinery and equipment	Office equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At January 1, 2023	20,832	6,029	434	5,829	234	33,358
Additions	338	1,905	3	13,060	8,786	24,092
Disposals	–	(664)	–	–	–	(664)
Transfers within property, plant and equipment	7,678	234	–	–	(7,912)	–
At December 31, 2023 and January 1, 2024	28,848	7,504	437	18,889	1,108	56,786
Additions	6,167	4,899	–	11,813	12,511	35,390
Disposals	(62)	–	–	–	–	(62)
Transfers within property, plant and equipment	9,409	60	–	–	(9,469)	–
At December 31, 2024 and January 1, 2025	44,362	12,463	437	30,702	4,150	92,114
Additions	4,890	9,420	2,678	2,650	36,314	55,952
Disposals	(159)	(124)	–	–	–	(283)
Transfers within property, plant and equipment	28,255	21	–	–	(28,276)	–
At December 31, 2025 and January 1, 2026	77,348	21,780	3,115	33,352	12,188	147,783
Additions	854	10,877	–	2,460	19,119	33,310
Disposals	(8)	(189)	–	–	–	(197)
Transfers within property, plant and equipment	5,984	186	–	–	(6,170)	–
Others	–	–	–	–	(1,051)	(1,051)
At June 30, 2026	84,178	32,654	3,115	35,812	24,086	179,845
Accumulated depreciation:						
At January 1, 2023	(2,968)	(2,552)	(82)	(869)	–	(6,471)
Charge for the year *(Note 6(c))*	(2,676)	(1,731)	(83)	(4,359)	–	(8,849)
Written back on disposals	–	630	–	–	–	630
At December 31, 2023 and January 1, 2024	(5,644)	(3,653)	(165)	(5,228)	–	(14,690)
Charge for the year *(Note 6(c))*	(4,356)	(2,210)	(83)	(7,257)	–	(13,906)
Written back on disposals	42	–	–	–	–	42

	Machinery and equipment	Office equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024 and January 1, 2025	(9,958)	(5,863)	(248)	(12,485)	–	(28,554)
Charge for the year *(Note 6(c))*	(7,565)	(4,334)	(190)	(10,096)	–	(22,185)
Written back on disposals	148	91	–	–	–	239
At December 31, 2025 and January 1, 2026	(17,375)	(10,106)	(438)	(22,581)	–	(50,500)
Charge for the period *(Note 6(c))*	(6,611)	(3,405)	(296)	(4,323)	–	(14,635)
Written back on disposals	8	169	–	–	–	177
At June 30, 2026	(23,978)	(13,342)	(734)	(26,904)	–	(64,958)
Net book value:						
At December 31, 2023	23,204	3,851	272	13,661	1,108	42,096
At December 31, 2024	34,404	6,600	189	18,217	4,150	63,560
At December 31, 2025	59,973	11,674	2,677	10,771	12,188	97,283
At June 30, 2026	60,200	19,312	2,381	8,908	24,086	114,887

The Company:

	Machinery and equipment	Office equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At January 1, 2023	12,668	1,291	434	650	234	15,277
Additions	13	1,091	3	6,931	–	8,038
Disposals	(8,585)	(339)	–	–	–	(8,924)
Transfers within property, plant and equipment	–	234	–	–	(234)	–
At December 31, 2023 and January 1, 2024	4,096	2,277	437	7,581	–	14,391
Additions	25	428	–	105	–	558
At December 31, 2024 and January 1, 2025	4,121	2,705	437	7,686	–	14,949
Additions	165	1,178	2,678	1,133	7,366	12,520
Disposals	(133)	(9)	–	–	–	(142)
Transfers within property, plant and equipment	–	15	–	–	(15)	–
At December 31, 2025 and January 1, 2026	4,153	3,889	3,115	8,819	7,351	27,327
Additions	–	3,073	–	–	250	3,323
Disposals	–	(64)	–	–	–	(64)
Others	-	–	–	–	(1,051)	(1,051)
At June 30, 2026	4,153	6,898	3,115	8,819	6,550	29,535
Accumulated depreciation:						
At January 1, 2023	(2,888)	(560)	(82)	(650)	–	(4,180)
Charge for the year	(1,064)	(524)	(83)	(2,079)	–	(3,750)
Written back on disposals	2,864	213	–	–	–	3,077
At December 31, 2023 and January 1, 2024	(1,088)	(871)	(165)	(2,729)	–	(4,853)
Charge for the year	(751)	(674)	(83)	(2,340)	–	(3,848)
At December 31, 2024 and January 1, 2025	(1,839)	(1,545)	(248)	(5,069)	–	(8,701)
Charge for the year	(781)	(834)	(190)	(2,495)	–	(4,300)
Written back on disposals	127	9	–	–	–	136
At December 31, 2025 and January 1, 2026	(2,493)	(2,370)	(438)	(7,564)	–	(12,865)
Charge for the period	(383)	(609)	(295)	(430)	–	(1,717)
Written back on disposals	–	60	-	–	–	60
At June 30, 2026	(2,876)	(2,919)	(733)	(7,994)	–	(14,522)
Net book value:						
At December 31, 2023	3,008	1,406	272	4,852	–	9,538
At December 31, 2024	2,282	1,160	189	2,617	–	6,248
At December 31, 2025	1,660	1,519	2,677	1,255	7,351	14,462
At June 30, 2026	1,277	3,979	2,382	825	6,550	15,013

12 RIGHT-OF-USE ASSETS

Reconciliation of carrying amount

The Group:

	Leasehold land	Leased property	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At January 1, 2023	–	44,724	44,724
Additions	–	8,631	8,631
Disposals	–	(5,061)	(5,061)
Foreign currency translation	–	30	30
At December 31, 2023 and January 1, 2024	–	48,324	48,324
Additions	–	5,831	5,831
Disposals	–	(2,862)	(2,862)
Foreign currency translation	–	45	45
At December 31, 2024 and January 1, 2025	–	51,338	51,338
Additions	–	21,841	21,841
Disposals	–	(11,158)	(11,158)
Foreign currency translation	–	(66)	(66)
At December 31, 2025 and January 1, 2026	–	61,955	61,955
Additions	14,000	6,820	20,820
Disposals	–	(4,786)	(4,786)
Foreign currency translation	–	(311)	(311)
At June 30, 2026	14,000	63,678	77,678
Accumulated depreciation:			
At January 1, 2023	–	(7,229)	(7,229)
Charge for the year *(Note 6(c))*	–	(10,849)	(10,849)
Written back on disposals	–	4,080	4,080
Foreign currency translation	–	(17)	(17)
At December 31, 2023 and January 1, 2024	–	(14,015)	(14,015)
Charge for the year *(Note 6(c))*	–	(11,657)	(11,657)
Written back on disposals	–	1,387	1,387
Foreign currency translation	–	(22)	(22)
At December 31, 2024 and January 1, 2025	–	(24,307)	(24,307)
Charge for the year *(Note 6(c))*	–	(10,966)	(10,966)
Written back on disposals	–	7,615	7,615
Foreign currency translation	–	43	43
At December 31, 2025 and January 1, 2026	–	(27,615)	(27,615)
Charge for the period *(Note 6(c))*	(23)	(6,706)	(6,729)
Written back on disposals	–	3,986	3,986
Foreign currency translation	–	50	50
At June 30, 2026	(23)	(30,285)	(30,308)
Net book value:			
At December 31, 2023	–	34,309	34,309
At December 31, 2024	–	27,031	27,031
At December 31, 2025	–	34,340	34,340
At June 30, 2026	13,977	33,393	47,370

The Company:

	Leased property
	RMB'000
Cost:	
At January 1, 2023	32,318
Additions	2,116
Disposals	(4,251)
At December 31, 2023 and January 1, 2024	30,183
Additions	2,369
Disposals	(1,241)
At December 31, 2024 and January 1, 2025	31,311
Additions	1,709
Disposals	(272)
At December 31, 2025 and January 1, 2026	32,748
Additions	691
Disposals	(1,305)
At June 30, 2026	32,134
Accumulated depreciation:	
At January 1, 2023	(4,413)
Charge for the year	(5,951)
Written back on disposals	3,810
At December 31, 2023 and January 1, 2024	(6,554)
Charge for the year	(5,609)
Written back on disposals	581
At December 31, 2024 and January 1, 2025	(11,582)
Charge for the year	(5,850)
Written back on disposals	98
At December 31, 2025 and January 1, 2026	(17,334)
Charge for the period	(2,932)
Written back on disposals	1,305
At June 30, 2026	(18,961)
Net book value:	
At December 31, 2023	23,629
At December 31, 2024	19,729
At December 31, 2025	15,414
At June 30, 2026	13,173

The right-of-use assets of the Group are the leasehold land and properties leased for own use.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Expense relating to short-term leases	1,377	1,381	3,741	1,125	1,017
Expense relating to leases of low-value assets	23	49	37	13	18
	1,400	1,430	3,778	1,138	1,035

Details of total cash outflows for leases are set out in Note 19(e) and the maturity analysis of lease liabilities is set out in Note 24.

13 INTANGIBLE ASSETS

The Group:

	IP Authorization	Software	Copyrights and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	3,105	437	23,507	27,049
Additions	2,978	352	1,000	4,330
At December 31, 2023 and January 1, 2024	6,083	789	24,507	31,379
Additions	359	741	300	1,400
At December 31, 2024 and January 1, 2025	6,442	1,530	24,807	32,779
Additions	1,360	5,631	2,253	9,244
At December 31, 2025 and January 1, 2026	7,802	7,161	27,060	42,023
Additions	3,372	1,738	–	5,110
At June 30, 2026	11,174	8,899	27,060	47,133
Accumulated amortisation:				
At January 1, 2023	(1,659)	(146)	(13,888)	(15,693)
Charge for the year *(Note 6(c))*	(1,174)	(210)	(6,600)	(7,984)
At December 31, 2023 and January 1, 2024	(2,833)	(356)	(20,488)	(23,677)
Charge for the year *(Note 6(c))*	(810)	(367)	(3,464)	(4,641)
At December 31, 2024 and January 1, 2025	(3,643)	(723)	(23,952)	(28,318)
Charge for the year *(Note 6(c))*	(370)	(714)	(333)	(1,417)
At December 31, 2025 and January 1, 2026	(4,013)	(1,437)	(24,285)	(29,735)
Charge for the period *(Note 6(c))*	(1,005)	(1,413)	(285)	(2,703)
At June 30, 2026	(5,018)	(2,850)	(24,570)	(32,438)
Net book value:				
At December 31, 2023	3,250	433	4,019	7,702
At December 31, 2024	2,799	807	855	4,461
At December 31, 2025	3,789	5,724	2,775	12,288
At June 30, 2026	6,156	6,049	2,490	14,695

The amortisation charges during the Track Record Period are included in "selling and distribution expenses, administrative and other operating expenses, and research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.

The Company:

	Software
	RMB'000
Cost:	
At January 1, 2023	437
Additions	352
At December 31, 2023 and January 1, 2024	789
Additions	741
At December 31, 2024 and January 1, 2025	1,530
Additions	3,431
At December 31, 2025 and January 1, 2026	4,961
Additions	1,703
At June 30, 2026	6,664
Accumulated amortisation:	
At January 1, 2023	(146)
Charge for the year	(211)
At December 31, 2023 and January 1, 2024	(357)
Charge for the year	(366)
At December 31, 2024 and January 1, 2025	(723)
Charge for the year	(478)
At December 31, 2025 and January 1, 2026	(1,201)
Charge for the period	(1,053)
At June 30, 2026	(2,254)
Net book value:	
At December 31, 2023	432
At December 31, 2024	807
At December 31, 2025	3,760
At June 30, 2026	4,410

14 GOODWILL

On January 1, 2021, the Company acquired 94% equity interests in Artmem Technology Co., Ltd., at a total consideration of RMB50,292,000. The consideration exceeded fair value of 94% identifiable assets and liabilities of Artmem Technology Co., Ltd., by RMB7,086,000, which was recognized as goodwill.

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs identified as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Artmem Technology Co., Ltd.	7,086	7,086	7,086	7,086

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows growth rate beyond the forecast period remain a constant. The key assumptions used in estimating the recoverable amount are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
Annual revenue growth rate	19.57%	9.14%	19.34%	15.94%
Gross profit margin	10.70%	9.73%	16.20%	24.00%
Growth rate beyond the forecast period	2.20%	2.20%	2.20%	2.20%
Pre-tax discount rate	10.84%	12.54%	12.94%	13.79%

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the amounts of headroom calculated based on the recoverable amounts deducting the carrying amount of the CGU are RMB89,669,000, RMB73,614,000, RMB2,358,937,000 and RMB5,289,520,000 respectively.

The following table sets forth the hypothetical changes of revenue and changes to the percentage points of pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at December 31, 2023, 2024 and 2025 and June 30, 2026:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
Decrease in revenue	10.5%	10.4%	79.4%	82.3%
Increase in discount rate	5.8%	4.2%	63.7%	90.7%

The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of Artmem Technology Co., Ltd. to exceed the recoverable amount of it for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026.

15 SUBSIDIARIES

Particulars of subsidiaries

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Company name	Place and date of establishment	Particulars of issued and paid-up capital	Effective interest held by the Group					Principal activities and place of operation
			As at December 31,			As at June 30,	At the date of this report	
			2023	2024	2025	2026		
Directly held by the Company								
Rayson Technology (SZ) Limited 深圳晶存技術有限公司 *(Note i)*	The PRC/ January 19, 2022	RMB 50,000,000	100.00%	100.00%	100.00%	100.00%	100.00%	Manufacturing, testing and sales of memory products in Shenzhen, Guangdong province, the PRC
Artmem Technology Co., Ltd. 珠海妙存科技有限公司 *(Note ii)*	The PRC/ November 24, 2017	RMB 200,000,000	100.00%	100.00%	100.00%	100.00%	100.00%	Research and development, design of flash memory controller chip, and research and development and sales of memory chips in Zhuhai, Guangdong province, the PRC
Rayson Technology (ZS) Limited 中山晶存技術有限公司 *(Note iii)*	The PRC/ March 25, 2024	RMB 185,000,000	NA	100.00%	100.00%	100.00%	100.00%	Manufacturing, testing and sales of memory products in Zhongshan, Guangdong province, the PRC
RAYSON HI-TECH (HK) LIMITED 晶存科技(香港)有限公司 *(Note iv)*	Hong Kong/ August 17, 2018	USD 2,557,900	99.70%	99.70%	99.70%	99.70%	99.70%	Procurement of raw materials for memory products and sales of memory products in Hong Kong
Artmem HI-TECH LIMITED 珠海妙存技術研發有限公司 *(Note v)*	The PRC/ March 26, 2026	RMB 40,000,000	NA	NA	NA	100.00%	100.00%	Research and development, design and sales of flash memory products in Zhuhai, Guangdong province, the PRC

Note i: The financial statements of this entity for the years ended December 31, 2023 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC (the PRC GAAP) and audited by Shenzhen Yuehua Certified Public Accountants (General Partnership) (深圳岳華會計師事務所(普通合夥)). The financial statements of this entity for the years ended December 31, 2024 and 2025 were prepared in accordance with the PRC GAAP and audited by Zhonglian Certified Public Accountants Co., Ltd. Shenzhen Branch (中聯會計師事務所有限公司深圳分所). The official name of this entity is in Chinese. The English translation is for identification purposes only.

Note ii: The financial statements of this entity for the year ended December 31, 2023 and 2024 were prepared in accordance with the PRC GAAP and audited by Zhonglian Certified Public Accountants Co., Ltd. Shenzhen Branch (中聯會計師事務所有限公司深圳分所). The financial statements of this entity for the year ended

December 31, 2025 were prepared in accordance with the PRC GAAP and audited by Zhuhai Deyuan Certified Public Accountants (General Partnership) (珠海德源會計師事務所(普通合夥)). The official name of this entity is in Chinese. The English translation is for identification purposes only.

Note iii: The audited financial statements of this entity for the year ended December 31, 2024 are not available. The financial statements of this entity for the year ended December 31, 2025 were prepared in accordance with the PRC GAAP and audited by Zhuhai Deyuan Certified Public Accountants (General Partnership) (珠海德源會計師事務所(普通合夥)). The official name of this entity is in Chinese. The English translation is for identification purposes only.

Note iv: The financial statements of this entity for the years ended December 31, 2023 and 2024 were prepared in accordance with the Hong Kong Financial Reporting Standards for Private Entities and audited by The Dawn CPA & Co. (啟向會計師事務所). The financial statements of this entity for the year ended December 31, 2025 were prepared in accordance with the Hong Kong Financial Reporting Standards for Private Entities and audited by Bigulu (HK) CPA Limited Certified Public Accountants (Practising).

Note v: The official name of this entity is in Chinese. The English translation is for identification purposes only.

16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayments for purchase of property, plant and equipment and intangible assets				
– third parties	1,108	2,636	3,511	43,245
Current				
Prepayments for materials and expenses	148,786	51,999	143,512	18,894
Other deposits and receivables	9,771	9,905	73,762	432,711
Value added tax recoverable	32,704	28,235	155,736	422,792
Income tax recoverable	136	702	–	–
Deferred expenses	1,154	3,678	14,084	23,937
	192,551	94,519	387,094	898,334
Less: loss allowance	(7,945)	(8,169)	(9,219)	(12,590)
	184,606	86,350	377,875	885,744
	185,714	88,986	381,386	928,989

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayments for purchase of property, plant and equipment and intangible assets				
– third parties	286	1,096	2,382	19,256
Current				
Prepayments for materials and expenses	331,378	668,015	1,556,919	2,718,507
Other deposits and receivables	266,332	357,338	391,289	398,600
Value added tax recoverable	4,049	66	27,909	7,175
	601,759	1,025,419	1,976,117	3,124,282
Less: loss allowance	(127)	(547)	(1,151)	(1,235)
	601,632	1,024,872	1,974,966	3,123,047
	601,918	1,025,968	1,977,348	3,142,303

All of the prepayments, deposits and other receivables (including amounts due from related parties) are expected to be recovered or recognised as expense within one year, except for non-current prepayments which mainly represent deposits paid to suppliers for the purchases of property, plant and equipment.

17 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprises:

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	63,044	131,704	1,014,137	2,931,485
Semi-finished products and work in progress	288,073	220,834	1,400,673	6,175,790
Finished goods	521,813	809,295	2,431,868	3,052,937
	872,930	1,161,833	4,846,678	12,160,212

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	1,541	4,325	35,395	69,900
Semi-finished products and work in progress	11,893	7,960	134,235	382,023
Finished goods	56,695	42,071	237,148	71,791
	70,129	54,356	406,778	523,714

(b) The analysis of the amount of inventories recognised as cost of sales and included in profit or loss is as follows:

The Group:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of inventories sold	2,171,457	3,330,482	4,420,969	1,727,067	6,629,933
Write down of inventories	17,088	41,646	156,863	36,406	323,859
	2,188,545	3,372,128	4,577,832	1,763,473	6,953,792

18 TRADE AND BILLS RECEIVABLES

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables – third parties	311,511	800,261	139,312	551,096
Bills receivables – third parties	17,327	3,892	–	–
Less: loss allowance	(4,309)	(14,845)	(1,519)	(5,549)
	324,529	789,308	137,793	545,547

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
– third parties	58,035	46,532	12,534	10,401
– related parties	303,298	351,844	369,191	828,447
	361,333	398,376	381,725	838,848
Bills receivables – third parties	13,077	3,892	–	–
Less: loss allowance	(1,214)	(936)	(201)	(121)
	373,196	401,332	381,524	838,727

The Group and the Company derecognised the bills receivables issued by the major banks or the banks with qualified rating when the bill receivables are transferred to others through endorsement to suppliers or discounting to other banks. As at December 31, 2023, 2024 and 2025 and June 30, 2026, bills receivables of RMB9,030,000, RMB2,103,000, Nil and Nil, were transferred but not derecognised.

Aging analysis

As of the end of each reporting period, the aging analysis of trade and bills receivables, based on the revenue recognition date and net of loss allowance, is as follows:

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 3 months	297,028	629,742	135,985	544,812
More than 3 months but less than 12 months	27,439	155,737	1,808	735
More than 1 year but less than 2 years	4	3,829	–	–
More than 2 years but less than 3 years	58	–	–	–
	324,529	789,308	137,793	545,547

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 3 months	359,003	389,302	379,731	838,491
More than 3 months but less than 12 months	14,131	10,959	1,793	236
More than 1 year but less than 2 years	4	1,071	–	–
More than 2 years but less than 3 years	58	–	–	–
	373,196	401,332	381,524	838,727

Trade receivables are due within 0 to 120 days from the date of goods received by the customers. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 32(a).

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	119,510	285,668	462,846	541,963
Less: restricted cash	–	–	–	(3,324)
Cash and cash equivalents in the consolidated statements of financial position and the consolidated cash flow statements	119,510	285,668	462,846	538,639

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	38,993	121,483	43,276	62,410
Cash and cash equivalents in the statements of financial position of the Company	38,993	121,483	43,276	62,410

As at December 31, 2023, 2024 and 2025 and June 30, 2026, cash and cash equivalents of the Group situated in Chinese Mainland amounted to RMB91,197,000, RMB217,415,000, RMB130,351,000 and RMB525,361,000. Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

(b) Restricted cash

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank deposits pledged for the issuance of bills payables	–	–	–	3,324

(c) Reconciliation of profit before taxation to cash used in operations:

	Note	Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before taxation		52,057	110,107	1,002,523	139,709	4,771,839
Adjustments for:						
Depreciation	*6(c)*	19,698	25,563	33,151	15,675	21,364
Amortisation of intangible assets	*6(c)*	7,984	4,641	1,417	486	2,703
Net gain on disposals of property, plant and equipment	*5*	(15)	(68)	(268)	(95)	(14)
(Reversal)/provision of impairment loss on trade and other receivables	*6(c)*	(1,521)	11,078	(11,751)	(1,269)	7,806
Net loss on financial instruments	*5*	665	–	12,180	2,513	2,639
Finance costs	*6(a)*	52,722	74,013	92,970	52,175	53,461
Provision for write-down of inventories	*17(b)*	17,088	41,646	156,863	36,406	323,859

	Note	Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Equity settled share-based payment expenses	6(b)	3,666	19,398	21,939	10,608	11,158
Net foreign exchange (gain)/loss	5	(6,184)	2,242	24,353	11,838	50,070
Changes in working capital:						
Increase in inventories		(208,132)	(330,549)	(3,841,708)	(875,896)	(7,637,393)
(Increase)/decrease in trade and bills receivables		(135,050)	(477,410)	641,767	143,446	(465,695)
(Increase)/decrease in prepayments, deposits and other receivables		(96,604)	98,032	(290,780)	(90,371)	(510,824)
Increase in trade and bill payables		83,705	25,905	13,284	96,263	830,965
(Decrease)/increase in other payables and accruals		(1,937)	3,275	42,701	6,961	(17,205)
Increase/(decrease) in deferred income		3,568	(2,212)	(194)	(98)	(99)
Increase/(decrease) in contract liabilities		16,164	(74,564)	1,303,954	194,790	(14,628)
Increase/(decrease) in provisions		9,484	(1,677)	2,558	3,286	(448)
Increase in restricted cash		–	–	–	–	(3,324)
Cash used in operations		(182,642)	(470,580)	(795,041)	(253,573)	(2,573,766)

(d) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Bank loans and other borrowings	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 23)	RMB'000 (Note 24)	RMB'000 (Note 25)	RMB'000
Balance at January 1, 2023	162,936	39,059	445,452	647,447
Changes from financing cash flows:				
Proceeds from bank loans and other borrowings	518,181	–	–	518,181
Repayment of bank loans and other borrowings	(211,662)	–	–	(211,662)
Capital element of lease rentals paid	–	(9,392)	–	(9,392)
Interest element of lease rentals paid	–	(1,462)	–	(1,462)
Interest paid	(12,198)	–	–	(12,198)
Total changes from financing cash flows	294,321	(10,854)	–	283,467
Other changes:				
Interests incurred during the year	12,521	1,462	–	13,983
Changes in carrying amount	–	–	37,325	37,325
Increase in lease liabilities	–	8,631	–	8,631
Termination of lease	–	(1,072)	–	(1,072)
Effect of exchange rate changes	14	16	–	30
Total other changes	12,535	9,037	37,325	58,897
Balance at December 31, 2023	469,792	37,242	482,777	989,811

	Bank loans and other borrowings	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000 (Note 25)*	*RMB'000*
Balance at January 1, 2024	469,792	37,242	482,777	989,811
Changes from financing cash flows:				
Proceeds from bank loans and other borrowings	949,380	–	–	949,380
Proceeds from investors	–	–	283,783	283,783
Repayment of bank loans and other borrowings	(503,730)	–	–	(503,730)
Capital element of lease rentals paid	–	(11,405)	–	(11,405)
Interest element of lease rentals paid	–	(1,294)	–	(1,294)
Interest paid	(22,639)	–	–	(22,639)
Total changes from financing cash flows	423,011	(12,699)	283,783	694,095
Other changes:				
Interests incurred during the year	23,922	1,294	–	25,216
Changes in carrying amount	–	–	46,951	46,951
Increase in lease liabilities	–	5,831	–	5,831
Termination of lease	–	(516)	–	(516)
Recognition of liabilities in relation to financial instruments issued to investors	–	–	26,749	26,749
Effect of exchange rate changes	608	20	–	628
Total other changes	24,530	6,629	73,700	104,859
Balance at December 31, 2024	917,333	31,172	840,260	1,788,765

	Bank loans and other borrowings	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000 (Note 25)*	*RMB'000*
Balance at January 1, 2025	917,333	31,172	840,260	1,788,765
Changes from financing cash flows:				
Proceeds from bank loans and other borrowings	2,618,177	–	–	2,618,177
Repayment of bank loans and other borrowings	(1,464,224)	–	–	(1,464,224)
Capital element of lease rentals paid	–	(11,773)	–	(11,773)
Interest element of lease rentals paid	–	(1,138)	–	(1,138)
Interest paid	(45,109)	–	–	(45,109)
Total changes from financing cash flows	1,108,844	(12,911)	–	1,095,933
Other changes:				
Interests incurred during the year	47,369	1,138	–	48,507
Changes in carrying amount	–	–	43,968	43,968
Increase in lease liabilities	–	21,841	–	21,841
Termination of lease	–	(3,968)	–	(3,968)
Reclassification to equity	–	–	(884,228)	(884,228)
Effect of exchange rate changes	(15,696)	(140)	–	(15,836)
Total other changes	31,673	18,871	(840,260)	(789,716)
Balance at December 31, 2025	2,057,850	37,132	–	2,094,982

	Bank loans and other borrowings	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000 (Note 25)*	*RMB'000*
(Unaudited)				
Balance at January 1, 2025	917,333	31,172	840,260	1,788,765
Changes from financing cash flows:				
Proceeds from bank loans and other borrowings	1,069,484	–	–	1,069,484
Repayment of bank loans and other borrowings	(606,238)	–	–	(606,238)
Capital element of lease rentals paid	–	(8,098)	–	(8,098)
Interest element of lease rentals paid	–	(643)	–	(643)
Interest paid	(20,612)	–	–	(20,612)
Total changes from financing cash flows	442,634	(8,741)	–	433,893
Other changes:				
Interests incurred during the period	20,362	643	–	21,005
Changes in carrying amount	–	–	31,084	31,084
Increase in lease liabilities	–	10,205	–	10,205
Termination of lease	–	(16)	–	(16)
Reclassification to equity	–	–	(172,128)	(172,128)
Effect of exchange rate changes	693	(4)	–	689
Total other changes	21,055	10,828	(141,044)	(109,161)
Balance at June 30, 2025	1,381,022	33,259	699,216	2,113,497

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000*
Balance at January 1, 2026	2,057,850	37,132	2,094,982
Changes from financing cash flows:			
Proceeds from bank loans and other borrowings	4,913,966	–	4,913,966
Repayment of bank loans and other borrowings	(1,842,733)	–	(1,842,733)
Capital element of lease rentals paid	–	(6,712)	(6,712)
Interest element of lease rentals paid	–	(581)	(581)
Interest paid	(57,297)	–	(57,297)
Total changes from financing cash flows	3,013,936	(7,293)	3,006,643
Other changes:			
Interests incurred during the period	52,745	581	53,326
Increase in lease liabilities	–	6,820	6,820
Termination of lease	–	(836)	(836)
Effect of exchange rate changes	(13,342)	(260)	(13,602)
Total other changes	39,403	6,305	45,708
Balance at June 30, 2026	5,111,189	36,144	5,147,333

(e) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprises the following:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating cash flows	1,400	1,430	3,778	1,138	1,035
Within investing cash flows	–	–	–	–	14,000
Within financing cash flows	10,854	12,699	12,911	8,741	7,293
	12,254	14,129	16,689	9,879	22,328

20 TRADE AND BILL PAYABLES

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	118,364	146,059	170,952	1,019,434
Bill payables	–	–	–	11,080
	118,364	146,059	170,952	1,030,514

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	15,851	28,175	231,608	133,767
	15,851	28,175	231,608	133,767

As of the end of each of the reporting period, the ageing analysis of trade and bill payables, based on the invoice date, is as follows:

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	118,364	146,018	170,911	1,030,514
1 year to 2 years	–	41	–	–
Over 2 years	–	–	41	–
	118,364	146,059	170,952	1,030,514

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	15,851	28,134	231,567	133,767
1 year to 2 years	–	41	–	–
Over 2 years	–	–	41	–
	15,851	28,175	231,608	133,767

21 OTHER PAYABLES AND ACCRUALS

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages, bonus and benefits payable	11,505	14,256	56,545	44,796
Other tax payable	2,526	4,156	1,748	10,608
Other payables and accruals *(i)*	9,382	312	3,133	420
Other current liabilities	1,264	184	15,032	3,429
	24,677	18,908	76,458	59,253

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages, bonus and benefits payable	4,039	5,448	26,876	27,346
Other tax payable	617	1,926	570	755
Other payables and accruals *(i)*	–	–	1,449	33
Amounts due to related parties	9,047	66,506	891	1,644
Other current liabilities	650	140	12,900	2,163
	14,353	74,020	42,686	31,941

Note:

(i) All other payables and accruals are expected to be settled within one year or are repayable on demand.

22 CONTRACT LIABILITIES

Contract liabilities represent receipts in advance from customers before the delivery of the goods recognised. Movement of contract liabilities are as follows:

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning of the year/period	62,081	78,245	3,681	1,307,635
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(61,134)	(77,395)	(3,540)	(1,297,410)
Increase in contract liabilities as a result of billing in advance of sales activities	77,288	2,819	1,307,544	1,282,888
Foreign currency translation	10	12	(50)	(106)
Balance at the end of the year/period	78,245	3,681	1,307,635	1,293,007

The amounts of contract liabilities expected to be recognised as revenue after more than one year are RMB851,000, RMB846,000, Nil and RMB6,000 as at December 31, 2023, 2024 and 2025 and June 30, 2026. All of the other contract liabilities are expected to be recognised as revenue within one year.

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning of the year/period	3,056	5,004	1,075	99,232
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(2,780)	(4,945)	(1,075)	(92,399)
Increase in contract liabilities as a result of billing in advance of sales activities	4,728	1,016	99,232	9,809
Balance at the end of the year/period	5,004	1,075	99,232	16,642

23 BANK LOANS AND OTHER BORROWINGS

The maturity profile for the interest-bearing bank loans and other borrowings of the Group and the Company at the end of each reporting period is as follows:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Short-term bank loans and other borrowings	469,792	917,333	1,957,790	3,501,899
Long-term bank loans and other borrowings due within one year	–	–	460	658,151
	469,792	917,333	1,958,250	4,160,050
Non-current				
Long-term bank loans and other borrowings	–	–	100,060	1,609,290
Less: Due within one year	–	–	(460)	(658,151)
	–	–	99,600	951,139

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Short-term bank loans and other borrowings	469,792	753,675	1,445,739	2,062,778
Long-term bank loans and other borrowings due within one year	–	–	460	643,113
	469,792	753,675	1,446,199	2,705,891
Non-current				
Long-term bank loans and other borrowings	–	–	100,060	982,673
Less: Due within one year	–	–	(460)	(643,113)
	–	–	99,600	339,560

(a) The analysis of the repayment schedule of bank loans of the Group is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	469,792	905,706	1,606,429	3,952,751
1 year to 2 years	–	–	99,600	951,139
	469,792	905,706	1,706,029	4,903,890

(b) The analysis of the repayment schedule of other borrowings of the Group is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	–	11,627	351,821	207,299
	–	11,627	351,821	207,299

(c) Assets pledged as security and covenants for bank loans and other borrowings

At the end of each reporting period, the bank loans and other borrowings of the Group were secured and guaranteed as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans				
– Unsecured and guaranteed	469,792	905,706	1,706,029	4,903,890
	469,792	905,706	1,706,029	4,903,890
Other borrowings				
– Secured and guaranteed	–	11,627	281,533	207,299
– Unsecured and guaranteed	–	–	70,288	–
	–	11,627	351,821	207,299
	469,792	917,333	2,057,850	5,111,189

As at December 31, 2023, 2024 and 2025 and June 30, 2026, certain bank loans and other borrowings granted to the Group were guaranteed by directors. The details are disclosed in Note 35(d). Directors confirmed that all such guarantees will be released immediately before [**REDACTED**] and no additional guarantee will be required in connection with such release.

The Group's other borrowings were secured by certain assets of the Group. An analysis of the carrying value of these assets is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Inventory	–	106,881	208,517	278,526
	–	106,881	208,517	278,526

Further details of the Group's management of liquidity risk are set out in Note 32(b). As at December 31, 2023, 2024 and 2025 and June 30, 2026, the directors of the Company confirmed that none of the covenants relating to drawn down facilities had been breached.

24 LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were repayable as follows:

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	10,653	11,187	12,442	14,406
After 1 year but within 2 years	10,218	7,455	12,788	14,694
After 2 years but within 5 years	16,371	12,530	11,902	7,044
	26,589	19,985	24,690	21,738
	37,242	31,172	37,132	36,144

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	4,993	5,517	6,231	6,604
After 1 year but within 2 years	5,368	5,627	6,654	7,073
After 2 years but within 5 years	15,345	11,180	5,203	2,012
	20,713	16,807	11,857	9,085
	25,706	22,324	18,088	15,689

25 REDEMPTION LIABILITIES

Since the date of incorporation, the Company conducted several rounds of financing by issuing registered capital to certain independent investors.

Certain investors shall have the right to require the Company and/or Mr. Wen Jianwei, Mr. Wen Jianxiong and Xinyu Rayson Management Consulting Partnership (Limited Partnership) ("Rayson Management") to purchase all or part of their registered capital upon the occurrence of any redemption events (the "redemption rights"), including but not limited to the Company's failure to complete a [**REDACTED**] within a specified time period, the controlling shareholders' loss of control over the Company without obtaining written consent from the investors, and the founder's breach of non-compete obligations.

The redemption price shall equal to the higher of (i) the original investment amount paid by the investors plus an annual rate of return of 8% or 10% for the period from the payment date of the investment amount up to the redemption date, less paid dividends; or (ii) a pro-rata share of the audited net asset value of the Company as at the last reporting date prior to the date of the redemption.

Upon the occurrence of any liquidation events, including but not limited to change in control events, some of the investors shall be entitled to be paid out of the funds and assets available for distribution, in priority, a liquidation preference amount equal to the original investment amount paid by the investors, plus an annual rate of return of 8% or 10% for the period from the payment date of the investment amount up to the payment date of the liquidation preference amount (including declared but unpaid dividends); and a pro-rata share of any remaining assets after distribution of the liquidation preference amount (the "liquidation preferences").

The Company's contractual obligation to purchase its equity instruments for cash upon the occurrence of redemption events or liquidation events that are beyond the control of the Company gives rise to financial liabilities for the redemption amount and they are accounted for in accordance with Note 2(n). The change in the carrying amount of the redemption liabilities arising from remeasurement is recognised in profit or loss and included in "Finance cost".

The movement of the carrying amount of redemption liabilities is set out below:

The Group and the Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	445,452	482,777	840,260	–
Recognition upon issuance of registered capital and grant of redemption rights	–	310,532	–	–
Changes in carrying amount	37,325	46,951	43,968	–
Discharge upon termination of redemption rights	–	–	(884,228)	–
At the end of the year/period	482,777	840,260	–	–

On June 30, 2025, the Company entered into a supplemental investment agreement with some of the investors, pursuant to which the investors agreed to forgive their redemption rights against the Company from June 30, 2025. Therefore, the Company's obligations in respect of the redemption rights in relation to these investors were terminated on June 30, 2025, and the corresponding carrying amount of the redemption liabilities was reclassified to equity where the occurrence of liquidation events (if any) is not beyond the control of the Company.

On September 8, 2025, the Company entered into a further supplemental investment agreement with the investors, Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management. According to the agreement,

- the investors' liquidation preferences against the Company shall cease to be effective on the day before the date of the filing of the [**REDACTED**]. The Company's obligations in respect of liquidation preferences were terminated and the corresponding carrying amount of redemption liabilities were reclassified to equity on the day before the date of the filing of the [**REDACTED**].

- the investors' redemption rights against Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management also ceased to be effective on the day before the date of the filing of the [**REDACTED**], provided that such cessation will be automatically reverted upon the occurrence of certain events such as the [**REDACTED**] being withdrawn by the Company voluntarily or rejected by the regulatory authorities. The directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the redemption rights granted by Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management; and (ii) the Company has not provided any guarantee for the redemption rights granted by Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management in the event of a default by any of them.

26 PROVISION

At the end of each reporting period, the provision was as follows:

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Product warranties	8,011	6,547	8,715	8,726
Litigation *(Note 34)*	14,183	14,183	14,183	14,183
	22,194	20,730	22,898	22,909
Non-current				
Product warranties	2,440	2,227	2,617	2,158
	24,634	22,957	25,515	25,067

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Product warranties	2,668	2,773	2,391	3,633
Litigation *(Note 34)*	14,183	14,183	14,183	14,183
	16,851	16,956	16,574	17,816
Non-current				
Product warranties	1,653	1,433	1,559	1,667
	18,504	18,389	18,133	19,483

Product warranties are 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 the 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.

27 DEFERRED INCOME

Deferred income represented unamortised conditional government grants for compensating the Group for the cost of assets and will be recognised in profit or loss over the useful lives of these assets.

28 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

The Group:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning of the year/period	43,609	8,728	15,902	77,143
Provision for Chinese Mainland Income Tax and Hong Kong Profits Tax	12,149	27,213	115,782	833,399
Chinese Mainland Income Tax and Hong Kong Profits Tax paid	(47,030)	(20,039)	(54,541)	(236,467)
Balance at the end of the year/period	8,728	15,902	77,143	674,075

The Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning of the year/period	25,548	5,066	2,879	13,024
Provision for Chinese Mainland Income Tax	4,848	8,341	31,278	78,988
Chinese Mainland Income Tax paid	(25,330)	(10,528)	(21,133)	(53,275)
Balance at the end of the year/period	5,066	2,879	13,024	38,737

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the statements of financial position of the Group and the movements during the year/period are as follows:

	Inventory provision	Credit loss allowance	Lease liabilities	Provisions	Deferred Income	Unrealised intra-group profit	Unused tax losses	Loss on swap	Right-of-use assets	Assets valuation appreciation	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	12,313	2,140	5,714	28	–	(307)	–	–	(5,502)	(1,418)	(40)	12,928
(Charged)/credited to profit or loss *(Note 7(a))*	(7,703)	(225)	(395)	2,347	–	390	1,127	–	579	945	40	(2,895)
Balance at December 31, 2023 and January 1, 2024	4,610	1,915	5,319	2,375	–	83	1,127	–	(4,923)	(473)	–	10,033
Credited/(charged) to profit or loss *(Note 7(a))*	2,046	1,780	(553)	(33)	–	1,787	(301)	–	794	473	–	5,993
Balance at December 31, 2024 and January 1, 2025	6,656	3,695	4,766	2,342	–	1,870	826	–	(4,129)	–	–	16,026
Credited/(charged) to profit or loss *(Note 7(a))*	10,949	(1,947)	(585)	378	173	(25,127)	7,100	1,827	373	–	–	(6,859)
Balance at December 31, 2025 and January 1, 2026	17,605	1,748	4,181	2,720	173	(23,257)	7,926	1,827	(3,756)	–	–	9,167
Credited/(charged) to profit or loss *(Note 7(a))*	20,253	1,220	511	202	(14)	81,984	(7,926)	(1,827)	(501)	–	–	93,902
Balance at June 30, 2026	37,858	2,968	4,692	2,922	159	58,727	–	–	(4,257)	–	–	103,069

The components of deferred tax assets/(liabilities) recognised in the statements of financial position and the statements of financial position of the Company and the movements during the year/period are as follows:

	Inventory provision	Credit loss allowance	Lease liabilities	Provisions	Loss on swap	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	2,050	42	4,337	28	–	(4,186)	2,271
(Charged)/credited to profit or loss	(1,349)	159	(481)	2,347	–	642	1,318
Balance at December 31, 2023 and January 1, 2024	701	201	3,856	2,375	–	(3,544)	3,589
Credited/(charged) to profit or loss	544	21	(507)	(33)	–	585	610
Balance at December 31, 2024 and January 1, 2025	1,245	222	3,349	2,342	–	(2,959)	4,199
Credited/(charged) to profit or loss	473	(19)	(636)	378	1,827	647	2,670
Balance at December 31, 2025 and January 1, 2026	1,718	203	2,713	2,720	1,827	(2,312)	6,869
Credited/(charged) to profit or loss	628	1	(360)	203	(1,827)	336	(1,019)
Balance at June 30, 2026	2,346	204	2,353	2,923	–	(1,976)	5,850

(ii) Reconciliation to the consolidated statements of financial position

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	10,886	16,259	49,613	105,716
Net deferred tax liabilities recognised in the consolidated statements of financial position	(853)	(233)	(40,446)	(2,647)
	10,033	16,026	9,167	103,069

(c) Deferred tax assets not recognised

The following table presents the deductible temporary differences and cumulative tax losses as at December 31, 2023, 2024 and 2025 and June 30, 2026, for which the Group did not recognize deferred tax assets as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deductible temporary differences	6,114	4,550	–	–
Cumulative tax losses	142,730	178,563	–	–
	148,844	183,113	–	–

The expiration information of the Group's cumulative tax losses in respect of which no deferred tax assets is recognized, is set out below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2027	1,301	1,301	–	–
2028	16,640	16,640	–	–
2029	13,859	13,859	–	–
2030	12,399	12,399	–	–
2031	–	–	–	–
2032	51,518	51,518	–	–
2033	47,013	47,013	–	–
2034	–	35,833	–	–
	142,730	178,563	–	–

29 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group mainly participates in the social insurance schemes for its employees in Chinese Mainland.

The employees of the Company and its subsidiaries in Chinese Mainland are members of the state-managed retirement benefits schemes operated by the PRC government. They are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligations of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

30 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

For the purpose of providing incentives to the selected employees, two share award schemes, namely "**2020 Share Award Scheme**" and "**2021 Share Award Scheme**" were adopted, through two employees' share incentive platforms, which are 新餘市晶存貳號科技研發合夥企業(有限合夥) (the "Rayson Erhao") and 深圳市晶妙存研發合夥企業(有限合夥) (the "Jingmiaocun").

Under the 2020 Share Award Scheme, a total of 7,500,000, 775,000 and 16,290 restricted shares were granted to certain employees through the platform "Rayson Erhao" in November 2020, December 2020 and February 2025 respectively.

Under the 2021 Share Award Scheme, there are two batches of grants to certain employees through platform "Jingmiaocun", which are 3,228,422 restricted shares in December 2021 (the "**First Batch**"), and 4,934,183 and 30,000 restricted shares in March 2024 and March 2025 respectively (the "**Second Batch**").

(a) The terms and conditions of the grants are as follows:

For the restricted shares granted under the 2020 Share Award Scheme, it would vest from the grant date over a certain service period without performance condition requirements. For the restricted shares granted under the 2021 Share Award Scheme, it would vest in tranches from the grant date over a certain service period with performance condition requirements. Based on the vesting schedules, the awards shall be vested on straight-line basis at the anniversary years over the service period. Once the vesting conditions underlying the respective restricted shares are met, the restricted shares are considered duly and validly issued to the holders, with restrictions on transfer of such entitlements at any time during a period subject to the agreements and listing rules commencing on the date on which the shares of the Company are [**REDACTED**] (the "**Lock-up Period**").

(b) Movements in the number of restricted shares granted to employees are as follows:

	Numbers of restricted shares *(Note)*
Outstanding as at January 1, 2023, December 31, 2023 and January 1, 2024	11,109,712
Granted during the year	4,934,183
Outstanding as at December 31, 2024 and January 1, 2025	16,043,895
Granted during the year	46,290
Forfeited during the year	(56,816)
Outstanding as at December 31, 2025 and January 1, 2026	16,033,369
Forfeited during the period	(30,000)
Outstanding as at June 30, 2026	16,003,369

Note: In March 2025, there were 56,816 shares forfeited as an employee failed to meet the performance condition requirements. In March 2026, there were 30,000 shares forfeited as an employee resigned from the Company.

The subscription price per restricted share is RMB1.00. No restricted share was vested as at December 31, 2023, 2024 and 2025 and June 30, 2026.

The directors have used the equity allocation approach to determine the fair value of the restricted shares of the 2020 and 2021 Share Award Scheme.

(c) Fair value of restricted shares and assumptions

The fair value of services received in return for restricted shares granted is measured by reference to the fair value of restricted shares granted. Key valuation assumptions used to determine the fair value of the restricted shares are as follows.

	First Batch	Second Batch
Fair value at measurement date (RMB)	7.40	23.32
Expected volatility	48%	57%
Expected dividend yield	0%	0%
Risk-free interest rate	2.69%	2.26%

The expected volatility is referenced to the average of daily historical share price volatility of comparable companies operating in similar industry of the Company. No dividends are expected based on the historical record.

Changes in the subjective input assumption could materially affect the fair value estimate.

(d) Equity settled share-based transactions expenses recognised in the consolidated statements of profit or loss and other comprehensive income during the Track Record Period:

Share-based payment expense of RMB3,666,000, RMB19,398,000, RMB21,939,000, RMB10,608,000 and RMB11,158,000 are recognised as staff costs (Note 6(b)) in the consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 respectively.

31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year/period during the Track Record Period are set out below:

	Paid-in capital	Share capital	Capital reserve	PRC statutory reserve	Other reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	88,922	–	479,760	21,309	(414,539)	144,020	319,472
Changes in equity for 2023:							
Loss for the year	–	–	–	–	–	(6,184)	(6,184)
Equity-settled share-based transactions *(Note 30)*	–	–	3,666	–	–	–	3,666
At December 31, 2023 and January 1, 2024	88,922	–	483,426	21,309	(414,539)	137,836	316,954
Changes in equity for 2024:							
Profit for the year	–	–	–	–	–	6,425	6,425
Capital injection from investors before conversion into a joint stock company *(Note 31(b))*	9,333	–	131,777	–	–	–	141,110
Equity settled share-based transactions *(Note 30)*	–	–	19,398	–	–	–	19,398
Conversion into a joint stock company *(Note 31(c))*	(98,255)	98,255	267,533	(27,589)	–	(239,944)	–
Appropriation to statutory reserve *(Note 31(e)(ii))*	–	–	–	6,280	–	(6,280)	–
Capital injection from investors after conversion into a joint stock company *(Note 31(c)(ii))*	–	3,905	144,539	–	–	–	148,444
Recognition of liabilities in relation to financial instruments issued to investors *(Note 25)*	–	–	–	–	(310,532)	–	(310,532)
At December 31, 2024 and January 1, 2025	–	102,160	1,046,673	–	(725,071)	(101,963)	321,799
Changes in equity for 2025:							
Profit for the year	–	–	–	–	–	131,643	131,643
Equity-settled share-based transactions *(Note 30)*	–	–	21,939	–	–	–	21,939
Appropriation to statutory reserve *(Note 31(e)(ii))*	–	–	–	13,164	–	(13,164)	–
Discharge of redemption liabilities upon termination of redemption rights *(Note 25)*	–	–	–	–	884,228	–	884,228
At December 31, 2025 and January 1, 2026	–	102,160	1,068,612	13,164	159,157	16,516	1,359,609
Changes in equity for the six months ended June 30, 2026:							
Profit for the period	–	–	–	–	–	470,278	470,278
Equity settled share-based transactions *(Note 30)*	–	–	11,158	–	–	–	11,158
At June 30, 2026	–	102,160	1,079,770	13,164	159,157	486,794	1,841,045

	Paid-in capital	Share capital	Capital reserve	PRC statutory reserve	Other reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)							
At December 31, 2024 and January 1, 2025	–	102,160	1,046,673	–	(725,071)	(101,963)	321,799
Changes in equity for the six months ended June 30, 2025:							
Loss for the period	–	–	–	–	–	(8,215)	(8,215)
Discharge of redemption liabilities upon termination of redemption rights *(Note 25)*	–	–	–	–	172,128	–	172,128
Equity settled share-based transactions *(Note 30)*	–	–	10,608	–	–	–	10,608
At June 30, 2025	–	102,160	1,057,281	–	(552,943)	(110,178)	496,320

(b) Paid-in capital

The paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock company with limited liability.

	Paid-in capital
	RMB'000
At January 1, 2023, December 31, 2023 and January 1, 2024	88,922
Capital contribution from investors *(Note)*	9,333
Conversion into a joint stock limited liability company *(Note 31(c)(i))*	(98,255)
At December 31, 2024 and 2025, January 1, 2026 and June 30, 2026	–

Note: In March 2024, the Company entered into investment agreements with several investors, pursuant to which, the investors agreed to make a total investment of RMB135,337,874 in the Company as consideration of subscription for the Company's paid-in capital of RMB3,560,586.

In March 2024, the Company received a total investment of RMB5,771,789 from Jingmiaocun, one of the Company's employees' share incentive platforms, as consideration of subscription for the Company's paid-in capital of RMB5,771,789.

(c) Share capital

	Number of shares '000	*RMB'000*
Ordinary shares, issued and fully paid:		
At January 1, 2023, December 31, 2023 and January 1, 2024	–	–
Issuance of new shares upon conversion into a joint stock limited liability company *(i)*	98,255	98,255
Capital contribution from investors *(ii)*	3,905	3,905
At December 31, 2024 and 2025, January 1, 2026 and June 30, 2026	102,160	102,160

Notes:

(i) On July 18, 2024, the Company was converted into a joint stock company with limited liability under the PRC Company Law. The net assets of the Company as of the conversion base date were converted into 98,254,586 ordinary shares with par value of RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's capital reserve.

(ii) In December 2024, the Company entered into investment agreements with several investors, pursuant to which, the investors subscribed for 3,905,414 ordinary shares of the Company at a consideration of RMB148,444,817. The excess of the consideration of RMB148,444,817, over the increase in the share capital of RMB3,905,414, amounting to RMB144,539,403 was credited to capital reserve.

(d) Dividends

No dividends have been declared by the Company during the Track Record Period.

(e) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly comprises (i) the portion of the grant date fair value of restricted shares granted to the directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments and (ii) the excess of the contributions from the shareholders of the Company over the total paid-in capital or ordinary shares issued.

(ii) PRC statutory reserve

According to the PRC laws, the PRC subsidiaries of the Group and the Company are required to set up two statutory reserve funds which are general reserve fund and staff general fund. General reserve fund was set up by appropriating at least 10% of the entity's annual profit after taxation, as determined under PRC regulations, until the balance of the fund equals to 50% of the entity's registered capital. This fund can be used to make up previous years' losses or to convert into paid-in capital. Transfer from retained earnings to staff general fund is made at the discretion of the board of directors of the entities.

PRC statutory reserve in the Group's consolidated statements of changes in equity represented the amount allocated for the Company.

(iii) Other reserve

Amounts arising from the following events are recognised in other reserve:

(i) recognition of redemption liabilities upon issuance of registered capital and grant of redemption rights;

(ii) discharge of redemption liabilities upon termination of redemption rights.

(iv) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in Note 2(u).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivable are limited because the counterparties are banks and financial institutions with sound credit ratings, for which the Group considers to have low credit risk.

Trade receivables and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

As of December 31, 2023, 2024, 2025 and June 30, 2026, 7.20%, 9.94%, 0.09% and 21.31% of the total trade receivables was due from the Group's largest customer in reporting period during the Track Record Period respectively, and 23.44%, 40.53%, 4.90% and 34.99% of the total trade receivables was due from the Group's five largest customers in each year during the Track Record Period respectively.

In respect of trade receivables, individual credit evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade and bills receivables are due within 0 to 120 days from the date of goods received by the customer. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables which are assessed collectively as at the end of the reporting periods:

	As at December 31, 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Less than 3 months	0.7%	282,991	2,040
More than 3 months but less than 12 months	7.6%	28,399	2,150
More than 1 year but less than 2 years	50.0%	4	2
More than 2 years but less than 3 years	100.0%	117	117
		311,511	4,309

	As at December 31, 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Less than 3 months	0.5%	636,102	2,913
More than 3 months but less than 12 months	6.6%	159,837	10,589
More than 1 year but less than 2 years	30.0%	4,255	1,276
More than 3 years	100.0%	67	67
		800,261	14,845

	As at December 31, 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Less than 3 months	1.0%	137,410	1,420
More than 3 months but less than 12 months	5.2%	1,902	99
		139,312	1,519

	As at June 30, 2026		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Less than 3 months	1.0%	550,327	5,515
More than 3 months but less than 12 months	4.4%	769	34
		551,096	5,549

These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Loss allowance made for bills receivables as of December 31, 2023, 2024 and 2025 and June 30, 2026 was insignificant.

Loss allowances of trade receivables

Movement in the loss allowance account in respect of trade receivables during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	5,904	4,309	14,845	1,519
(Reversals of provisions)/provisions	(1,586)	10,435	(12,987)	4,136
Amounts written off	(50)	(5)	(64)	–
Foreign currency translation	41	106	(275)	(106)
At the end of the year/period	4,309	14,845	1,519	5,549

Loss allowances of other receivables

Loss allowances in respect of other receivables are recorded using an allowance account unless the Group is satisfied that there is no reasonable expectation of further recoveries in which case the receivables are written off.

The movement in the loss allowances in respect of other receivables during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 is as follows.

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	7,315	7,489	8,169	9,219
Provisions	65	643	1,236	3,670
Amounts written off	(16)	(73)	(27)	–
Foreign currency translation	125	110	(159)	(299)
At the end of the year/period	7,489	8,169	9,219	12,590

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern.

The following table details the remaining contractual maturities as at the end of the reporting periods of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates on, if floating, based on rates current at the end of the reporting periods) and the earliest date the Group can be required to pay.

For borrowings subject to repayment on demand clause which can be exercised at the bank's sole discretion, the maturity analysis shows the cash outflow based on expected repayment dates with reference to the schedule of repayments set out in the banking facilities letter.

	As at December 31, 2023					
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	118,364	–	–	–	118,364	118,364
Other payables and accruals	24,677	–	–	–	24,677	24,677
Bank loans and other borrowings	480,082	–	–	–	480,082	469,792
Redemption liabilities	482,777	–	–	–	482,777	482,777
Lease liabilities	12,258	10,575	17,205	–	40,038	37,242
	1,118,158	10,575	17,205	–	1,145,938	1,132,852

	As at December 31, 2024					
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	146,018	41	–	–	146,059	146,059
Other payables and accruals	18,908	–	–	–	18,908	18,908
Bank loans and other borrowings	934,142	–	–	–	934,142	917,333
Redemption liabilities	840,260	–	–	–	840,260	840,260
Lease liabilities	12,098	8,047	12,948	–	33,093	31,172
	1,951,426	8,088	12,948	–	1,972,462	1,953,732

	As at December 31, 2025					
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	170,952	–	–	–	170,952	170,952
Other payables and accruals	76,458	–	–	–	76,458	76,458
Bank loans and other borrowings	1,998,827	100,885	–	–	2,099,712	2,057,850
Lease liabilities	13,279	13,322	12,260	–	38,861	37,132
	2,259,516	114,207	12,260	–	2,385,983	2,342,392
Derivatives settled gross:						
Foreign currency swap contracts *(Note 32(d)(i))*						
- outflow	124,247	–	–	–	124,247	
- inflow	(112,067)	–	–	–	(112,067)	
	12,180	–	–	–	12,180	

	As at June 30, 2026					
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bill payables	1,030,514	–	–	–	1,030,514	1,030,514
Other payables and accruals	59,253	–	–	–	59,253	59,253
Bank loans and other borrowings	4,291,937	969,762	–	–	5,261,699	5,111,189
Lease liabilities	15,454	15,141	7,218	–	37,813	36,144
	5,397,158	984,903	7,218	–	6,389,279	6,237,100

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from the Group's bank loans and other borrowings. Bank loans and other borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. However, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest risk exposure. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group at the end of the reporting periods.

	As at December 31, 2023		As at December 31, 2024		As at December 31, 2025		As at June 30, 2026	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
Fixed rate instruments:								
Bank loans and other borrowings	3.30%-4.00%	439,759	2.95%-10.80%	917,333	0.65%-8.80%	1,877,850	2.10%-8.14%	4,036,986
Lease liabilities	3.45%-4.56%	37,242	3.45%-4.56%	31,172	3.00%-3.56%	37,132	3.00%-3.65%	36,144
		477,001		948,505		1,914,982		4,073,130
Variable rate instruments:								
Bank loans and other borrowings	3.60%-3.80%	30,033		–	2.65%-2.90%	180,000	2.22%-2.80%	1,074,203
		507,034		948,505		2,094,982		5,147,333

(ii) Sensitivity analysis

As at December 31, 2023, 2024 and 2025 and June 30, 2026, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and retained earnings by approximately RMB251,000, Nil, RMB1,530,000 and RMB4,565,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after taxation that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments the Group held at the end of the reporting periods, the impact on the Group's profit after taxation is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis during the Track Record Period.

(d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases which give rise to receivables, payables, and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollars ("**USD**"), Hong Kong Dollars ("**HKD**"), Japanese Yen ("**JPY**") and Chinese Yuan ("**CNY**"). The Group manages this risk as follows:

(i) Recognised liabilities

Changes in the fair value of foreign currency swaps contracts that economically hedge monetary liabilities denominated in foreign currencies are recognised in profit or loss (see Note 5). The net fair value of foreign currency swaps contracts used by the Group as economic hedges of monetary liabilities denominated in foreign currencies at December 31, 2025 was RMB12,180,000, recognised as financial liabilities at FVTPL. As at June 30, 2026, the foreign currency swaps contracts have matured, and the financial liabilities have been derecognized.

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the period end date.

The Group's exposures to foreign currencies are as follows:

	As at December 31,										As at June 30,		
	2023			2024			2025				2026		
	USD RMB'000	*CNY RMB'000*	*HKD RMB'000*	*USD RMB'000*	*CNY RMB'000*	*HKD RMB'000*	*USD RMB'000*	*CNY RMB'000*	*HKD RMB'000*	*JPY RMB'000*	*USD RMB'000*	*CNY RMB'000*	*HKD RMB'000*
Cash and cash equivalents	854	–	498	3,173	–	119	36,886	–	153	–	364	–	119
Trade and bills receivables	1,746,700	–	–	1,572,208	–	–	2,373,954	–	–	–	5,464,749	–	–
Other receivables	19,736	301	57	20,030	1	69	–	1	1,119	–	–	1	1,611
Bank loans and other borrowings	–	–	–	–	–	–	–	–	–	(111,943)	–	–	–
Trade payables	(1,266,525)	(23,974)	(191)	(580,276)	(26,365)	(20,650)	(1,142,204)	(31,525)	(258)	–	(3,640,813)	(38,197)	(278)
Other payables	–	(2,883)	(162)	–	(2,602)	(185)	–	(2,941)	(10,567)	–	–	(3,015)	(1,340)

	As at December 31,										As at June 30,		
	2023			2024			2025				2026		
	USD RMB'000	*CNY RMB'000*	*HKD RMB'000*	*USD RMB'000*	*CNY RMB'000*	*HKD RMB'000*	*USD RMB'000*	*CNY RMB'000*	*HKD RMB'000*	*JPY RMB'000*	*USD RMB'000*	*CNY RMB'000*	*HKD RMB'000*
Gross exposure arising from recognised assets and liabilities	500,765	(26,556)	202	1,015,135	(28,966)	(20,647)	1,268,636	(34,465)	(9,553)	(111,943)	1,824,300	(41,211)	112
Notional amounts of foreign currency swap contracts used as economic hedges	–	–	–	–	–	–	–	–	–	112,067	–	–	–
Net exposure arising from recognised assets and liabilities	500,765	(26,556)	202	1,015,135	(28,966)	(20,647)	1,268,636	(34,465)	(9,553)	124	1,824,300	(41,211)	112

(iii) Sensitivity analysis

The Group's exposure at the end of the reporting period to currency risk is mainly arising from USD. A 5% strengthening of RMB against the USD at the reporting date is estimated that a general decrease the profit after taxation (and retained earnings) by the amounts shown below. This analysis assumes that all other variables, including interest rates, remain constant.

		Year ended December 31,			Six months ended June 30,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	*5%*	21,283	43,061	53,901	81,023
	-5%	(21,283)	(43,061)	(53,901)	(81,023)

A 5% weakening of RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis during the Track Record Period.

(e) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

As at December 31, 2025, the only financial instruments of the Group carried at fair value were foreign currency swaps contracts. These instruments are measured at fair value on a recurring basis and their fair value measurements fall into Level 2 of the fair value hierarchy described above. The fair value of the foreign currency swaps is determined by the difference between the contractual forward rate and the current forward rate.

(f) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at December 31, 2023, 2024 and 2025 and June 30, 2026.

33 COMMITMENTS

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for acquisition of property, plant and equipment	8,438	449	4,954	45,974
	8,438	449	4,954	45,974

34 CONTINGENT LIABILITY

The Company was involved in a trade secret legal proceedings in China, where a third party (the "Plaintiff") filed a claim against the Company and two of its employees in 2020, alleging misappropriation of its trade secrets and seeking joint compensation as well as an injunction to cease the alleged unfair competition. The trade secrets at issue primarily relate to technologies the Company utilized prior to the commencement of the Track Record Period.

In 2023, the first-instance court rendered a first-instance judgment partially in favor of the Plaintiff and ordered the Company to pay compensation of approximately RMB14.2 million. In accordance with the principle of prudence, the Company made a full provision for this amount in 2023. (see Note 5).

As the Company disagrees with this judgement, it subsequently filed an appeal to the appellate court, seeking to overturn the decision and dismiss all claims brought by the Plaintiff. As at June 30, 2026, the appeal has been accepted and remains in progress.

The management is of the view that the risk of any further economic outflow is remote and hasn't made further provisions, primarily because (i) the IP litigation counsel considered the possibility that the Plaintiff's partial success on appeal could result in an amount payable by the Company exceeding the first-instance judgment is remote, (ii) the Company has solid grounds to argue that the Plaintiff's allegations are unfounded, and (iii) the Company has already made full provision based on the first-instance judgment, notwithstanding the Company's disagreement with that judgment. In addition, the revenue and profit attributable to the accused technologies during the Track Record Period were minimal, as the technologies subject to the allegations have since been replaced by more advanced technologies.

On August 20, 2026, the Company entered into a settlement agreement with the Plaintiff to resolve all disputes relating to the alleged infringement of the Plaintiff's trade secrets. On September 1, 2026, the Higher People's Court of Guangdong Province as the appellate court, issued its final decision, pursuant to which the first-instance judgment was vacated and the Plaintiff's application to withdraw its claims was granted. Accordingly, the relevant legal proceedings have been finally concluded, which represented all disputes relating to the above matter have been resolved and no additional litigation provision was required. This development constitutes a non-adjusting event after the Track Record Period and does not have a material impact on the financial performance of the Company.

35 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

During the Track Record Period, the directors are of the view that the following are related parties of the Group:

Name of related party	Relationship with the Group
Mr. Wen Jianwei 文建偉	Controlling shareholder, executive director, chairman of Board and general manager
Mr. Wen Jianxiong 文建雄 (i)	Director

Name of related party	Relationship with the Group
Xinyu Jingcun Management Consulting Partnership Enterprise (Limited Partnership) 新餘市晶存管理諮詢合夥企業(有限合夥)*	Controlled by controlling shareholder
Guizhou Yile Management Consulting Partnership (Limited Partnership) 貴州以樂管理諮詢合夥企業(有限合夥) (Used name: 貴安新區樂美管理諮詢合夥企業(有限合夥)及新餘市樂美管理諮詢合夥企業 (有限合夥))*	Controlled by controlling shareholder

(i) Mr. Wen Jianxiong (文建雄) resigned from his position in July 2025.

* The official names of these entities are in Chinese. The English translation of the names are for identification purpose only.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, wages and other benefits	4,191	4,837	5,160	2,576	2,569
Discretionary bonuses	1,472	1,102	10,628	1,948	4,483
Contributions to defined contribution retirement plans	443	455	530	260	261
Equity-settled share-based payment expenses *(Note 30)*	593	7,181	8,862	4,613	4,249
	6,699	13,575	25,180	9,397	11,562

Total remuneration is included in "staff costs" (see Note 6(b)).

In addition to the related party information disclosed elsewhere in the Historical Financial Information, the Group entered into the following material related party transactions.

(c) Balances with related parties

There are no significant related party balances that need to be disclosed.

(d) Guarantees provides by related parties

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Banking facilities granted to the Group with guarantees by related parties	881,429	2,220,800	2,981,440	5,934,872
	881,429	2,220,800	2,981,440	5,934,872

Note: Certain facilities granted to the Group were guaranteed by certain directors. Directors confirmed that all such guarantees will be released immediately before [**REDACTED**] and no additional guarantee will be required in connection with such release.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information.

	Effective for accounting periods beginning on or after
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IAS 21, Translation to a hyperinflationary presentation currency	January 1, 2027
Amendments to IAS 28, Amendments to the fair value option for investments in associates and joint ventures	At the same time of applying IFRS 18
IFRS 20, Regulatory assets and regulatory liabilities	January 1, 2029

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information of the Group, except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

37 SIGNIFICANT NON-ADJUSTING EVENTS AFTER THE TRACK RECORD PERIOD

There was no material non-adjusting event after the Track Record Period up to the date of this report.

SUBSEQUENT FINANCIAL STATEMENT

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to June 30, 2026.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

This Appendix mainly provides potential [**REDACTED**] with an overview of our Articles of Association. As the following is a summary only, it may not contain all information that is important for potential [**REDACTED**].

ISSUANCE OF SHARES

The Company shall issue shares in accordance with the principles of openness, fairness, and equity, and each share of the same class shall have the same rights.

The issue terms and price per share of the same class in the same issue shall be the same; the same price shall be paid for each share subscribed for by any subscriber.

The shares of the Company shall be in registered form, and may be in [**REDACTED**] or [**REDACTED**]. Where the issue, trading and registration of shares in the Company involve [**REDACTED**] arrangements, the separate requirements of the securities regulatory authority and the stock exchange of the place where the Company's shares are [**REDACTED**] shall apply.

INCREASE, DECREASE AND REPURCHASE OF SHARES

Increase and Decrease of Shares

The Company may increase its capital in the following ways in light of its business and development needs and in accordance with the laws and regulations, regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and by resolutions made at general meetings:

(a) offering of shares to unspecified targets;

(b) offering of shares to specific targets;

(c) distributing bonus shares to existing shareholders;

(d) converting reserves into share capital;

(e) other means permitted by laws and regulations or approved/filed with relevant regulatory authorities.

The Company may reduce its registered capital. The Company shall decrease its registered capital in accordance with the procedures set forth in the PRC Company Law, Hong Kong Listing Rules, the securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and other relevant regulations as well as the Articles of Association.

Repurchase of Shares

The Company shall repurchase its shares in accordance with the provisions of laws, administrative regulations, departmental rules, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association under the following circumstances:

(a) reducing the registered capital of the Company;

(b) merging with another company that holds the shares of the Company;

(c) granting the shares for the employee shareholding scheme or as share incentives;

(d) shareholders who disagree with the resolutions for the merger and division of the Company made at the general meeting may demand the Company to repurchase their shares;

(e) using the shares to satisfy the conversion of corporate bonds convertible into the shares issued by the Company;

(f) it is necessary for the Company to maintain the value of the Company and shareholders' equity.

(g) other situations where the Company can buy back its shares in accordance with laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, and other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**].

The Company shall not repurchase its shares, except in one of the above circumstances.

Where the Company repurchases its shares under the circumstances described in items (c), (e) and (f) of the preceding paragraph, it shall be carried out by [**REDACTED**], subject to compliance with the securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**].

Where the Company repurchases its shares due to the circumstances specified in items (a) and (b) of the preceding paragraph, it shall be subject to a resolution made at a general meeting; where the Company repurchases the shares of the Company due to the circumstances specified in items (c), (e) and (f) of the preceding paragraph, such repurchase shall be resolved by a Board meeting with the attendance of more than two-thirds of the directors, subject to compliance with the securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**].

Shares repurchased by the Company under item (a) of the preceding paragraph shall be cancelled within 10 days from the date of repurchase; shares repurchased under items (b) and (d) of the preceding paragraph shall be transferred or cancelled within 6 months thereafter; and all of the total number of shares repurchased in accordance with items (c), (e) and (f) of the preceding paragraph shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years.

With respect to overseas listed shares, if laws, regulations, the securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] or Hong Kong Listing Rules have other provisions on matters related to the repurchase of shares, such provisions shall prevail. The repurchase of the Company's overseas-[**REDACTED**] foreign shares shall be governed by Hong Kong Listing Rules and other applicable laws, regulations and regulatory requirements of the place(s) where such foreign shares are [**REDACTED**].

Transfer of Shares

The shares of the Company shall be transferred according to law.

Shares issued by the Company prior to a [**REDACTED**] shall not be transferred within one year from the date on which shares of the Company are [**REDACTED**] and [**REDACTED**] on the stock exchange.

Directors, supervisors and senior management of the Company shall report to the Company their holdings of shares of the Company and the changes thereof. During their term of office, the shares transferred by any of them each year shall not exceed 25% of the total shares of the Company held by them (excluding share transfers resulting from judicial enforcement, inheritance, bequests, division of property under applicable laws, or similar circumstances). The above personnel shall not transfer the shares of the Company held by them within 6 months after the expiry of their term of office. If the above personnel leave their posts before the expiration of their terms, they shall continue to comply with the aforementioned restrictive provisions during the term confirmed when they took office and within six months after the expiration of their terms. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date on which the shares of the Company are [**REDACTED**] and [**REDACTED**]. If the securities regulatory authority where the company's shares are [**REDACTED**] have other provisions on matters related to the restrictions on the transfer, such provisions shall prevail.

Where directors, supervisors, senior management and shareholders holding 5% or above shares of the Company sell the shares of the Company or other securities with an equity nature within 6 months after the purchase thereof, or purchase the shares of the Company or other securities with an equity nature as held within 6 months after selling the same, the earnings arising therefrom shall belong to the Company, and the Board of the Company shall recover such earnings. However, the restriction shall not be applicable to a securities company holding 5% or above of the shares of the Company as a result of its purchase of the remaining unsold shares [**REDACTED**] by it and other circumstances stipulated by the China Securities Regulatory Commission ("CSRC").

Except as otherwise permitted or required under the [**REDACTED**], H Shares held in [**REDACTED**] must be transferred by a specified instruction given in accordance with the [**REDACTED**]. Notwithstanding the above, and to the extent permitted under the [**REDACTED**], if the Board is satisfied that it is not reasonably practicable to transfer H Shares held in [**REDACTED**] by specified instruction, such H Shares may be transferred by an instrument of transfer. The [**REDACTED**] may charge a reasonable fee for registering any instrument of transfer, specified instruction or other document relating to or affecting the title to any H Shares. Such fee may not exceed the applicable maximum prescribed from time to time under the Code of Conduct for [**REDACTED**], as amended from time to time, and any other applicable laws, rules and regulations.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

Shareholders

The Company shall establish a register of members with the evidence provided by the securities registration authority and in compliance with applicable laws, regulations, normative documents, and Hong Kong Listing Rules. The register of members shall be conclusive evidence of the holding of the shares of the Company by the shareholders. Shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

(a) to speak and vote at the shareholders' meeting, unless it is required by Hong Kong Listing Rules to waive voting rights on individual matters;

(b) to receive dividends and other distributions in proportion to the shares they hold;

(c) to request, convene, hold, attend or appoint a proxy to attend general meetings and exercise the corresponding voting rights in accordance with laws;

(d) to supervise, present suggestions on or make inquiries about the operations of the Company;

(e) to transfer, gift or pledge the shares it holds in accordance with laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association;

(f) to inspect and copy the Articles of Association, register of members (the Company may suspend the registration of shareholders on terms equivalent to those set out in Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)), record of bondholders, minutes of general meetings, resolutions of Board meetings, resolutions of meetings of the Supervisory Committee and the publicised financial reports. Shareholders who satisfy prescribed requirements shall have the right to inspect the Company's accounting books and supporting vouchers;

(g) in the event of termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion with the number of shares held by them;

(h) to require the Company to purchase their shares in the event of objection to the resolutions of the general meeting on merger or division of the Company;

(i) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association.

If any resolution of the general meeting or the Board meeting violates laws and administrative regulations, the shareholders shall have the right to submit to the People's Court to declare the resolution invalid. If the convening procedures and voting ways of the general meeting or the Board meeting violate laws, administrative regulations or the Articles of Association, or the resolutions violate the Articles of Association, the shareholders have the right to submit to the People's Court to cancel the resolutions within 60 days after the adoption of the resolutions, except for the circumstances where the convening procedures and voting ways have only minor flaws and there's no substantial impact on resolutions.

Shareholders of the Company shall assume the following obligations:

(a) to abide by the laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association;

(b) to pay capital contribution as per the shares subscribed for and the method of subscription;

(c) not to return shares unless prescribed otherwise in laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association;

(d) not to abuse shareholders' rights to impair the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholders' limited liabilities to impair the interests of the creditors of the Company;

(e) to assume other obligations prescribed by the laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association.

The Company shall appoint the [**REDACTED**] to maintain the register of holders of H Shares in Hong Kong. The register shall be maintained in accordance with the [**REDACTED**] and shall contain the particulars required to be entered in it under the [**REDACTED**]. Any H Shares issued in [**REDACTED**], or [**REDACTED**], shall be recorded in the register of holders of H Shares as held in [**REDACTED**]. Such record may not be amended or removed except in accordance with the [**REDACTED**]. Entries in the register of holders of H Shares have the evidential value and other effect prescribed under the [**REDACTED**]. Unless the contrary is shown, an entry in the register showing that any H Shares of a member are held in [**REDACTED**] is evidence of that shareholder's title to those H Shares. Any change to an entry in the register of holders of H Shares relating to a holder of H Shares shall be notified to that holder in writing in accordance with the [**REDACTED**] and the Code of Conduct for [**REDACTED**].

At any time when the H Shares are [**REDACTED**] and are not in the process of being delisted, except as otherwise permitted or required under the [**REDACTED**], and without prejudice to the other provisions of the Articles of Association, the Board may refuse to register a transfer or transmission of H Shares in any of the following circumstances:

(a) the H Shares are held in [**REDACTED**] and a specified instruction is given;

(b) the H Shares are held in [**REDACTED**] and either (i) the specified instruction is not given in accordance with the operational rules of the [**REDACTED**], or (ii) an instrument of transfer (according to the Articles of Association) is submitted;

(c) the H Shares are held in [**REDACTED**] as a result of a [**REDACTED**] initiated by the Company, and the relevant [**REDACTED**] fee remains unpaid;

(d) the transferor, transferee or transmittee (as the case may be) of the H Shares is not a [**REDACTED**] of the [**REDACTED**] operated by the Company's [**REDACTED**]; or

(e) any other ground prescribed under the [**REDACTED**].

General Provisions for general meeting

The general meeting is the organ of authority of the Company and shall exercise the following duties and powers in accordance with laws:

(a) to elect and replace directors or supervisors and to determine matters relating to the remuneration of the directors or supervisors;

(b) to consider and approve the reports of the Board of Directors;

(c) to consider and approve the reports of the Supervisory Committee;

(d) to consider and approve the profit distribution plan and loss recovery plans of the Company;

(e) to resolve on the increase or reduction of the registered capital of the Company;

(f) to resolve on the issue of corporate bonds;

(g) to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(h) to amend the Articles of Association;

(i) to resolve on the appointment and dismissal of accounting firms by the Company;

(j) to consider and approve the transaction specified in Article 39 of the Articles of Association;

(k) to consider and approve the guarantee matters specified in Article 40 of the Articles of Association;

(l) to consider matters relating to the purchase and sale by the Company within one year of material assets valued at more than 30% of the audited total assets of the Company as at the most recent period;

(m) to consider transactions between the Company and its related parties that are required to be submitted to the general meeting for approval according to Hong Kong Listing Rules;

(n) to consider and approve matters relating to changes in the use of [**REDACTED**];

(o) to consider share incentive scheme and employee shareholding scheme;

(p) to consider other matters to be resolved by the general meeting as required by laws, administrative regulations, departmental rules, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] or the Articles of Association.

Transactions that occur in the Company (excluding financial assistance, providing guarantees or cash assets donated to the Company, obtaining debt relief, and other transactions that do not involve payment of consideration and do not carry any obligations), and meet the following standards according to the definition and relevant calculation methods stipulated in Hong Kong Listing Rules, shall not only be approved by the Board, but also submitted to the general meeting for review:

(a) Main transactions;

(b) Very significant sales events;

(c) Very significant acquisition matters;

(d) Anti takeover actions.

The calculation method for the transaction amount involved in this provision shall be based on the relevant provisions of Chapter 14 of Hong Kong Listing Rules.

The following provision of external guarantees by the Company is subject to the consideration and approval of the general meeting:

(a) the total amount of the external guarantees provided by the Company and its holding subsidiaries exceeding 50% of the latest audited net assets;

(b) the amount of the guarantees provided by the Company within twelve consecutive months exceeding 30% of the latest audited total assets;

(c) any guarantee to be provided to a recipient of such security whose asset to liability ratio is over 70%;

(d) any single guarantee with an amount exceeding 10% of the latest audited net assets;

(e) any guarantee provided after the total amount of the external guarantees provided by the Company within twelve consecutive months reaches or exceeds 30% of the latest audited total assets;

(f) any guarantee provided to shareholders, controllers, and their related parties;

(g) any guarantee required by applicable laws, regulations, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**], and internal policies to be submitted to the general meeting for approval.

The general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months from the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months upon the actual occurrence of any of the following circumstances:

(a) the number of directors is less than the number specified in law or two-thirds of the number specified in the Articles of Association;

(b) when the unrecovered losses of the Company amount to one-third of the total share capital;

(c) when any shareholder(s) individually or collectively holding over 10% of the Company's shares so request;

(d) whenever the Board of Directors considers necessary;

(e) whenever the Supervisory Committee proposes to convene;

(f) when the independent non-executive directors is less than the statutory minimum requirement;

(g) other circumstances required by the laws, administrative regulations, departmental rules, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] or the Articles of Association.

Summoning of the general meetings

A general meeting shall be convened by the Board of Directors.

The Supervisory Committee shall have the right to propose to the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall, in accordance with relevant laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to convene such an extraordinary general meeting within 10 days after the receipt of the proposal. If the Board of Directors agrees to convene an extraordinary general meeting, it shall give a notice convening such meeting within 5 days after it has so resolved. Any changes to be made to the original request in the notice shall be subject to approval of the Supervisory Committee. If the Board of Directors does not agree to convene an extraordinary general meeting or fails to give a response within 10 days after the receipt of the proposal, the Supervisory Committee may convene and preside over such meeting on its own.

Shareholders that hold, individually or collectively, 10% or more of the shares in the Company shall have the right to request in writing the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall, in accordance with relevant laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association, give a written response on whether or not it agrees to convene such an extraordinary general meeting within 10 days after the receipt of the proposal. If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days upon the passing of the Board resolution. Any changes to be made to the original request in the notice shall be subject to approval of the relevant shareholders. If the Board of Directors does not agree to convene an extraordinary general meeting or fails to give a response within 10 days after the receipt of the proposal, the shareholders that hold, individually or collectively, 10% or more of the shares of the Company may propose to the Supervisory Committee to convene an extraordinary general meeting. If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall give a notice convening such meeting within 5 days after it has so resolved. Any changes to be made to the original request in the notice shall be subject to approval of the relevant shareholders. If the Supervisory Committee fails to give

the notice convening such meeting within the period specified herein above, it shall be deemed to have failed to convene and preside over such meeting. The shareholders that hold, individually or collectively, 10% or more of the shares in the Company for 90 days or more consecutively may convene and preside over such meeting on their own. Before the announcement of the general meeting resolution, the total shareholding ratio of the shareholders convening the general meeting shall not be less than 10%.

More than half of the independent non-executive directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall, in accordance with relevant laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association, furnish a written reply on whether to convene the extraordinary general meeting within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be given within 5 days upon the passing of the Board resolution. If the Board of Directors does not agree to convene the extraordinary general meeting, it shall explain the reasons and make an announcement.

Where the Supervisory Committee or the shareholder(s) convene a general meeting on its or their own, the Board of Directors and the secretary of the Board of Directors shall provide assistance. The Board of Directors will provide the register of members as of the date of the share registration.

Proposals and Notices of the general meetings

When the Company holds a general meeting, the Board of Directors, the Supervisory Committee and the shareholder(s) individually or jointly holding more than 1% of the Company's shares shall have the right to make proposals to the Company. The shareholder(s) individually or jointly holding more than 1% of the Company's shares may put forward interim proposals and submit such proposals in writing to the convener 10 days before the general meeting is held. The convener shall issue a supplemental notice of the general meeting within 2 days upon the receipt of such proposals, announce the contents of the interim proposals and submit the same to the general meeting for consideration, provided that such proposals shall not violate laws, administrative regulations or the Articles of Association, and shall fall within the scope of authority of the general meeting.

Except for the circumstances prescribed in the preceding paragraph, the convener shall not modify the proposals listed or add any new proposal in the notice of the general meeting after sending it out.

Proposals not set out in the notice of the general meeting or not in compliance with the Articles of Association shall not be voted on or resolved on at the general meeting.

The convener shall inform each shareholder of the annual general meeting in writing 21 days before convening such meeting and shall inform each shareholder of the extraordinary general meeting in writing 15 days before convening such meeting.

The notice of a general meeting shall include the following:

(a) the time, venue and duration of the meeting;

(b) method of convening the meeting;

(c) matters and proposals to be considered at the meeting;

(d) a prominent written statement that all shareholders have the right to attend the general meeting, and may appoint a proxy in writing, who need not be a shareholder, to attend and vote on his/her behalf, and any limit on the number of proxies to be appointed;

(e) the name and telephone number of permanent contact persons for the affairs of the meeting;

(f) the voting time and procedure via the Internet or through other means;

(g) the shareholding registration date for shareholders entitled to attend the general meeting;

(h) other contents stipulated by laws, regulations, normative documents, Hong Kong Listing Rules and other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**].

Convening of general meetings

Shareholder may attend the general meeting in person, or appoint a proxy to attend or vote on behalf of such shareholder.

Individual shareholders attending the meeting in person shall present his/her identity card or other valid licence or certificate that can prove his/her identity. Proxies appointed to attend the meeting shall present valid proof of their identities and the power of attorney from the appointing shareholder.

Shareholder that is a legal person shall attend the meeting by its legal representative or by proxies appointed by it. If a legal representative attends the meeting, he/she shall present his or her identity card and a valid certificate proving his/her qualifications as a legal representative. Where the meeting is attended by proxy, he/she shall present his/her identity card and written power of attorney issued by the legal representative of the corporate shareholder unit in accordance with the law (except where the shareholder is a Recognised Clearing House or its nominees as defined in the relevant regulations in force from time to time under Hong Kong law or the securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**]).

An unincorporated organization shareholder shall attend the meeting by its responsible person or a proxy appointed by the responsible person. If the responsible person attends the meeting, he or she shall produce his or her own identity card and valid proof of his/her status of a responsible person. If a proxy has been appointed to attend the meeting, such proxy shall produce his/her own identity card and the written power of attorney issued by the responsible person of the organization according to law.

The power of attorney issued by a shareholder to appoint a proxy to attend any general meeting shall contain the following:

(a) name of the appointer and the number of shares represented by the proxy;

(b) name of the proxy;

(c) specific instructions of the shareholder, including instructions to vote for, against or abstain from voting on each matter to be deliberated on the agenda of the general meeting;

(d) the date of issuance and term of validity of the power of attorney;

(e) the signature (or seal) of the shareholder. In the case of a corporate shareholder, the seal of the legal person shall be affixed. In the case of a partnership enterprise shareholder, the seal of the partnership enterprise shall be affixed and the executing partner shall stamp or sign.

If the shareholder does not give specific instructions on authorising a proxy to attend the general meeting, the power of attorney shall state whether the proxy may vote as he/she thinks fit. The number of proxies appointed by a shareholder who is an individual may not in any event exceed 2.

A general meeting shall be presided over by chairman of the Board of Directors. Where the chairman of the Board of Directors is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors. A general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee is unable or fails to perform his/her duties, the meeting shall be presided over by a supervisor jointly elected by more than half of the supervisors. A general meeting convened by shareholder(s) shall be presided over by a representative elected by convener(s). Where the host of the meeting violates the rules of procedure and makes it impossible to continue the meeting, with the consent of more than half of the shareholders present at the meeting with voting rights, the general meeting may elect a person to serve as the host of the meeting and continue the meeting.

Voting of general meetings

Resolutions of a general meeting are divided into ordinary resolutions and special resolutions. Ordinary resolutions of a general meeting shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the general meeting. Special resolutions of a general meeting shall be passed by votes representing more than two-thirds of voting rights held by shareholders (including proxies thereof) attending the general meeting.

The following matters shall be passed by ordinary resolutions at a general meeting:

(a) work reports of the Board of Directors and the Supervisory Committee;

(b) profit distribution plans and plans for recovery of losses formulated by the Board of Directors;

(c) appointment and dismissal of members of the Board of Directors and the Supervisory Committee, their remunerations and methods of payment;

(d) engagement, dismissal or non renewal of accounting firms and their remuneration;

(e) related party transactions between the Company and its related parties that are required to be submitted to the general meeting for approval according to Hong Kong Listing Rules;

(f) changes in the use of proceeds;

(g) matters other than those required by the laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] or the Articles of Association to be passed by special resolution.

The following matters shall be passed by special resolutions at a general meeting:

(a) increase or reduction of registered capital of the Company;

(b) division, spin-off, merger, dissolution and liquidation of the Company;

(c) the amendment of the Articles of Association;

(d) the purchase and sale of material assets or amount of guarantee provided by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;

(e) share incentive scheme and employee shareholding scheme;

(f) other matters as required by the laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] or the Articles of Association, and considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be passed by a special resolution.

Shareholders (including proxies thereof) have the right to exercise their voting rights based on the number of voting shares they represent. Each share is entitled to one vote.

The shares of the Company held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

If a shareholder's purchase of the Company's voting shares violates the provisions of Clause 1 and Clause 2 of Article 63 of the PRC Securities Law, the portion of the shares over the prescribed ratio shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted towards the total number of voting shares held by shareholders present at the general meeting.

Where any shareholder is, under Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by the shareholder (or his/her proxy) in contravention of such requirement or restriction shall not be counted.

When matters relating to related transactions are considered at a general meeting, the related shareholders shall abstain from voting, and the number of voting shares represented by them shall not be counted into the total number of valid votes; the announcement of any resolution made at the general meeting should fully disclose the voting information of the non-related shareholders.

BOARD OF DIRECTORS

Directors

Directors of the Company are natural persons. A person shall not serve as a director of the Company if any of the following circumstances applies:

(a) the person who has no capacity or has restricted capacity for civil conduct;

(b) the person who has been sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order; or has been deprived of political rights because of committing an offence, in each case where less than 5 years have elapsed since the expiration of the execution period, and in the case of a suspended sentence, less than 2 years have elapsed since the expiration of the probation period;

(c) the person who is a former director, factory director or manager of a company or an enterprise which was insolvent and liquidated and who was personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(d) the person who was the legal representative of a company or an enterprise whose business license has been revoked and was ordered to close up due to the violation of laws and who is personally liable for the revocation or the closure, where less than 3 years have elapsed since the date of the revocation of the business license or order of closure of such company or enterprise;

(e) the person who has a relatively large amount of personal indebtedness which is overdue and outstanding and has been listed as a discredited subject to enforcement by a People's Court;

(f) the person who has been banned from entering the securities market by the CSRC and whose term has not yet expired;

(g) Other contents stipulated by the laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**].

Any election, appointment or engagement of a director in violation of this Article shall be invalid. If a director falls under the circumstances stipulated in this Article during his/her term of office, the Company will remove him/her from his/her position and suspend his/her duties.

The directors are elected or replaced by the general meeting for a term of 3 years. Upon expiration of the term of office, the director may be re-elected. Before the expiration of the term of office, the general meeting shall not remove the directors office without reason. Subject to compliance with relevant laws and administrative regulations, the general meeting may remove any director whose term has not expired by ordinary resolution.

Directors shall, in accordance with the laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association, owe loyalty duties to the Company. They should take measures to avoid conflicts between their own interests and those of the Company, and should not use their authority of office to obtain improper benefits. Directors shall undertake the following loyalty duties to the Company:

(a) shall not encroach on the Company's property or misappropriate company funds;

(b) shall not deposit the Company's assets into accounts held in their own names or in the name of any other individual;

(c) shall not abuse their authority by accepting bribes or other illegal income;

(d) shall not directly or indirectly enter into contracts or carry out transactions with the Company, without reporting to the Board of Directors or at the general meeting and without obtaining approval by a resolution of the Board of Directors or at the general meeting in accordance with the provisions of the Articles of Association;

(e) shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company, unless reported to the Board of Directors or general meeting and approved by the Board of Directors or the general meeting in accordance with the provisions of the Articles of Association, or the Company is unable to utilize the business opportunity under the laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] or the Articles of Association;

(f) shall not engage in the same business as the Company either for their own account or for the account of any other person without the report to the Board of Directors or general meeting and the approval of the Board of Directors or the general meeting in accordance with the provisions of the Articles of Association;

(g) shall not accept the commission of others transactions with the Company;

(h) shall not disclose company secrets without authorization;

(i) shall not use its association relationship to damage the interests of the Company;

(j) other duties of loyalty stipulated in laws, administrative regulations, departmental rules and the Articles of Association.

Any income derived by a director in violation of the provisions of this Article shall belong to the Company. The Director shall be liable to indemnify the Company against any loss incurred.

Directors shall, in accordance with the laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association, owe diligence duties to the Company. In performing their duties, they shall exercise the reasonable care that shall be generally possessed by a manager for the best interests of the Company. Directors shall bear the following diligence duties to the Company:

(a) shall exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and requirements of the State's economic policies, not exceeding the scope of business specified in the Company's business license;

(b) shall treat all shareholders impartially;

(c) shall master the operation and management conditions of the Company in due time;

(d) shall sign the written confirmation opinions for the periodic reports of the Company, to ensure that the information disclosed by the Company is true, accurate and complete;

(e) shall honestly provide the Supervisory Committee with relevant information, and not interfere with the Supervisory Committee in performing its duties and powers;

(f) shall fulfil other due diligence duties as stipulated by the laws, administrative regulations, departmental rules, normative documents, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association.

Board of Directors

The Company shall have a Board of Directors and be responsible to the general meeting. The Board of Directors shall comprise nine Directors, with one chairman. The Board of Directors shall have no less than three independent non-executive directors and no less than one third of the total number of directors. At least one independent non-executive director shall possess professional accounting or financial management qualifications and satisfy the requirements under Rule 3.10(2) of the Hong Kong Listing Rules. Directors shall be elected or replaced by a resolution of the shareholders' meeting.

The Board of Directors shall exercise the following functions and powers:

(a) to convene the general meeting and report to the general meeting;

(b) to implement the resolutions passed at the general meeting;

(c) to determine the business plans and investment plans of the Company;

(d) to prepare the plans for profit distribution and plans for making up losses of the Company;

(e) to formulate plans in respect of any increase or reduction of the registered capital, the issuance of bonds or other securities, and the listing of the Company;

(f) to formulate plans for material acquisition, repurchase of the Company's shares, or merger, division, dissolution, and change of the corporate form of the Company;

(g) to determine, within the authority granted by the general meeting, matters such as external investments, consigned financial management, the acquisition and disposal of assets, asset mortgages, external guarantees, related transactions, external donations and gifts;

(h) to determine the establishment of the internal management structure of the Company;

(i) to determine the appointment or dismissal of the general manager, the secretary of the Board of Directors and other senior management members, and determine their remunerations, rewards and punishments; and according to the nomination by the general manager, to determine the appointment or dismissal of other senior management members such as the deputy general manager and the head of finance of the Company, and determine their remunerations, rewards and punishments;

(j) to formulate the Company's basic management system;

(k) to draw up proposals for any amendment to the Articles of Association;

(l) to manage the matters of information disclosure of the Company;

(m) to propose at the general meeting the appointment or change of any accounting firm which provides auditing services for the Company;

(n) to receive work reports of the general manager and review his/her work;

(o) to formulate and review the Company's corporate governance policies and practices, and make recommendations to the Board of Directors;

(p) to review and monitor the training and continuous professional development of directors and senior management;

(q) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(r) to formulate, review and monitor the code of conduct and compliance manual (if any) for employees and directors;

(s) to review the Company's compliance with the Corporate Governance Code (Appendix C1 to the Hong Kong Listing Rules) and the disclosures in the Corporate Governance Report;

(t) to approve transactions required to be approved by the Board under laws, regulations, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association;

(u) to exercise other functions and powers granted by laws, administrative regulations, departmental rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association.

Matters beyond the authorization of the general meeting shall be submitted to the general meeting for consideration.

The Board of Directors shall hold at least four meetings per year, approximately once a quarter, which shall be convened by the chairman and all directors and supervisors shall be notified in writing 14 days before the meeting.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the Supervisory Committee, more than half of the independent non-executive directors may propose to convene an extraordinary Board meeting. The chairman of the Board of Directors shall convene and preside over the extraordinary meeting within 10 days from the receipt of the proposal. The Board of Directors shall notify all directors and supervisors in writing 3 days before convening the extraordinary Board meeting.

When voting on the Board of Directors' resolutions, one director shall have one vote.

Where a director or his/her associate (as defined in the Hong Kong Listing Rules as amended from time to time) has a related relationship with any enterprise or person involved in a matter to be resolved at a Board meeting, such director shall promptly report in writing to the Board of Directors, and he/she shall not exercise his/her voting rights for such resolution, nor exercise voting rights on behalf of other director(s). The Board meeting shall not be held unless attended by more than half of the directors without any related relationship, and any resolution made at the Board meeting must be passed by more than half of the directors without any such related relationship. Where the number of directors without any related relationship attending the meeting is less than three, the matter shall be submitted to the general meeting for consideration.

MANAGERS AND OTHER SENIOR MANAGEMENT

The Company shall have one general manager, who shall be appointed or dismissed by the Board. The Company shall have several deputy general managers, who shall be appointed or dismissed by the Board of Directors. The general manager, deputy general managers, the head of finance, the secretary of the Board of Directors of the Company and others recognized by the Board of Directors are the senior management members of the Company.

The general manager shall serve for a term of 3 years and may serve consecutive terms if re-appointed.

The general manager shall report to the Board and exercise the following duties and powers:

(a) to take charge of the production, operation and management of the Company, organise the implementation of the Board of Directors, and report to the Board of Directors;

(b) to organise the implementation annual business plans and investment plans of the Company;

(c) to draft the plans for establishment of the internal management organisation of the Company;

(d) to draft the basic management system of the Company;

(e) to formulate the rules and regulations of the Company;

(f) to propose to the Board of Directors the appointment or dismissal of the deputy general manager and chief financial officer of the Company;

(g) to determine the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be determined by the Board of Directors;

(h) other duties and powers as may be conferred by the Articles of Association or by the Board of Directors.

SUPERVISORY COMMITTEE

Supervisors

The circumstances that disqualify a person from serving as a director under the Articles of Association shall apply to the supervisors.

Directors and senior management personnel shall not concurrently serve as supervisors. The spouses and immediate family members of the directors and senior managers of the Company shall not serve as supervisors of the Company during the tenure of the directors and senior managers of the Company.

The term of office of the supervisor is 3 years. Upon the term of office of the supervisor, the supervisor may be re-elected.

Supervisory Committee

The Company shall have a Supervisory Committee. The Supervisory Committee comprises three supervisors, including 2 representatives of shareholders and 1 employee representatives of the Company. The employee representatives of the Board of supervisors shall be elected at the employee representatives' meeting, employee meeting or otherwise democratically.

The Supervisory Committee shall have one chairman, who shall be elected by more than half of all the supervisors. The chairman of the Supervisory Committee shall convene and preside over Supervisory Committee meetings. Where the chairman of the Supervisory Committee is unable or fails to perform his/her duties, the Supervisory Committee meetings shall be convened or presided over by a Supervisor jointly elected by more than half of the supervisors.

The Supervisory Committee exercises the following functions and powers:

(a) to review the periodic reports of the Company prepared by the Board of Directors and put forward written review opinions;

(b) to inspect the financial affairs of the Company;

(c) to supervise the acts of the directors and senior managers in performing the duties of the Company, and to propose the removal of the directors and senior managers who violate the laws, administrative regulations, departmental rules, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**], the Articles of Association or the resolutions of the general meeting;

(d) when the actions of the directors and senior managers harm the interests of the Company, require the directors and senior managers to make corrections;

(e) to propose to convene a extraordinary general meeting, and to convene and preside over the general meeting when the board of directors fails to perform the duties of convening and presiding over the general meeting as stipulated in the Company Law;

(f) submit proposals to the general meeting;

(g) bring a lawsuit against the directors and senior managers in accordance with the provisions of the Company Law;

(h) in case of any irregularity identified in the operations of the Company, investigations may be conducted, and if necessary, professional institutions such as accounting firms and law firms may be engaged to assist in their work at the expense of the Company;

(i) Other authorities prescribed in laws, administrative regulations, departmental rules, Hong Kong Listing Rules, other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] and the Articles of Association.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial Accounting System

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and requirements of relevant PRC authorities. The Company shall prepare a financial accounting report at the end of each fiscal year and have it audited by an accounting firm in accordance with relevant laws.

The Company shall report and disclose its annual reports and interim reports in accordance with securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**].

The Company shall not set up other account books except for the statutory account books. Any assets of the Company shall not be kept under any account opened in the name of any individual.

Profit distribution

When the Company distributes the after-tax profits of the current year, it shall withdraw 10% of the profits to include them in the Company's statutory reserve fund. If the accumulated amount of the Company's statutory reserve fund is more than 50% of the registered capital of the Company, it may not be withdrawn. Where the Company's statutory reserve fund is insufficient to make up for the losses of the previous year, it shall make up the losses with the profits of the current year before drawing the statutory reserve fund in accordance with the provisions of the preceding paragraph. After the Company draws the statutory reserve fund from the after-tax profits, it can also draw any statutory reserve fund from the after-tax profits upon the resolution of the general meeting.

The remaining after-tax profits after the Company makes up the losses and draws the reserve funds shall be distributed in proportion to the shares held by the shareholders, except for the provisions stipulated in the Articles of Association.

Where the general meeting, in violation of the provisions of the preceding paragraph, distributes the profits to the shareholders before the Company makes up the losses or draws the statutory reserve fund, the shareholders shall return the profits distributed against the provisions to the Company; and for the losses caused to the Company, the shareholders and the responsible directors, supervisors and senior managers shall be liable for compensation.

The shares of the Company held by the Company shall not participate in the distribution of profits.

Internal audit

The Company implements an internal audit system, which specifies the leadership system, responsibilities and authorities, staffing, funding security, use of audit results, and accountability in relation to internal audit work.

The internal audit agency of the Company shall supervise and inspect the Company's business activities, risk management, internal control, financial information and other matters.

Appointment of an Accounting Firm

The Company shall appoint an accounting firm which has complied with the PRC Securities Law, Hong Kong Listing Rules and other securities regulatory rules of the place(s) where the shares of the Company are [**REDACTED**] for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed.

The appointment of an accounting firm by the Company shall be subject to the approval of the general meeting. The Board of Directors shall not an appoint accounting firm before the approval of the general meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting records, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The auditing fee of the accounting firm shall be determined by the general meeting.

When the Company dismisses or no longer renews the appointment of an accounting firm, the accounting firm shall be notified 15 days in advance. When the dismissal of an accounting firm is voted on at the general meeting, the accounting firm is allowed to state its opinions. If the accounting firm resigns, it shall explain to the general meeting whether the Company has any improper circumstances.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company.

In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall make a public announcement in a newspaper at the Company's registered address or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days after receipt of the notice or, if no notice was received, within 45 days after the date of the announcement, demand that the Company repay its debts or provide guarantees.

In the event of a merger, the claims and debts of each party to the merger shall be succeeded by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall make a public announcement in a newspaper at the Company's registered address or on the National Enterprise Credit Information Publicity System within 30 days.

Unless a written agreement has been entered into with its creditors before the division regarding the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the reduction of its registered capital and shall make a public announcement in a newspaper at the Company's registered address or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

Where there is a merger or division of the Company, the Company shall, in accordance with the laws, apply for change in its registration with the company registration authority for any changes of its registered information caused thereby. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

Where there is an increase or reduction in the registered capital, the Company shall, in accordance with the laws, apply for change in registration with the company registration authority.

Dissolution and Liquidation

The Company shall be dissolved upon the occurrence of any of the following events:

(a) the business term stipulated in the Articles of Association expires or other cause of dissolution provided in the Articles of Association;

(b) a resolution on dissolution is passed by general meeting;

(c) dissolution is required due to the merger or division of the Company;

(d) the business licence of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;

(e) the Company suffers significant hardships in operation and management that cannot be resolved through other means, and its continuation may cause substantial loss to shareholders' interests, shareholders representing 10% or above of the total voting rights of the Company may petition the People's Court to dissolve the Company.

With regard to the occurrence of the situation described in item (a) and (b) above, if assets have not yet been distributed to shareholders, the Company may continue to exist by amending the Articles of Association. Amendments to the Articles of Association pursuant to the preceding paragraph shall be subject to the approval of shareholders representing two-thirds or above of the voting rights present at the general meetings.

Where the Company is dissolved pursuant to item (a), (b), (d) or (e) above, it shall establish a liquidation committee within 15 days as of the dissolution circumstance arises, and the liquidation shall be thereby started. The liquidation committee shall comprise Directors or those determined by the general meeting. If the liquidation committee is not duly set up, the creditors may plead the People's Court to designate related persons to form a liquidation committee to carry out the liquidation.

As of the date of its establishment, the liquidation committee shall notify the creditors within 10 days and shall make a public announcement in a newspaper at the Company's registered address or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall, within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice, within 45 days as of the date of the announcement, declare their claims to the liquidation committee.

Creditors shall provide explanations and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the claims of the creditors.

The liquidation committee shall not pay off any debts to any creditors during period of credit declaration.

Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit the report to the general meeting or the People's Court for confirmation, and submit the report to the company registration authority to apply for de-registration of the Company and announce the termination of the Company.

The Company declared insolvency according to law shall have insolvency liquidation carried out according to relevant enterprise insolvency laws.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

(a) after amendments are made to the PRC Company Law or other relevant laws, administrative regulations, departmental regulations, normative documents and Hong Kong Listing Rules, any term contained in the Articles of Association becomes inconsistent with the said amendments;

(b) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;

(c) the general meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on December 22, 2016 and was converted into a joint stock company with limited liability on July 18, 2024 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB102,160,000.00 divided into 102,160,000.00 Shares with a nominal value of RMB1.00 each.

Our Company has established a place of business in Hong Kong at Room 1106, 11/F Tai Sang Bank Building 130-132 Des Voeux Road Central Central, Hong Kong, and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on September 26, 2025. Ms. Ha Ching Ching (夏正靜), the joint company secretary of our Company, has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in Share Capital of Our Company

On December 22, 2016, our Company was established as a limited liability company with a registered capital of RMB1.00 million.

Save as disclosed in the section headed "History, Development and Corporate Structure" in this Document, there has been no alteration in our share capital within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries as of the Latest Practicable Date are set out in note 15 to the Accountants' Report.

(a) Zhongshan Rayson

On March 25, 2024, Zhongshan Rayson was established as a limited liability company with a registered capital of RMB135.00 million.

On April 24, 2025, the share capital of Zhongshan Rayson was increased from RMB135.00 million to RMB185.00 million.

(b) Artmem Technology

On November 24, 2017, Artmem Technology was established as a limited liability company with a registered capital of RMB50.00 million.

On December 27, 2022, the share capital of Artmem Technology was increased from RMB50.00 million to RMB100.00 million.

On December 14, 2023, the share capital of Artmem Technology was increased from RMB100.00 million to RMB150.00 million.

On December 26, 2024, the share capital of Artmem Technology was increased from RMB150.00 million to RMB200.00 million.

(c) Artmem HI-TECH

On March 26, 2026, Artmem HI-TECH was established as a limited liability company with a registered capital of RMB40.00 million.

Save as disclosed, there had been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of the Shareholders

Pursuant to a general meeting of our Company held on September 8, 2025, the following resolutions, among others, were passed by our Shareholders:

(a) the [**REDACTED**] by our Company of H Shares of a nominal value of RMB1.00 each and that such H Shares be [**REDACTED**] on the [**REDACTED**];

(b) that the number of H Shares to be [**REDACTED**] shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**] (without taking into account the H Shares which may be [**REDACTED**] and [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), and the grant to the [**REDACTED**] (or their representatives) of the [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the adoption of the Articles of Association which shall become effective on the [**REDACTED**], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(d) authorization of the Board or its authorized person to handle all relevant matters relating to, among other things, the [**REDACTED**] and [**REDACTED**] of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contract

We have entered into the following contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) [**REDACTED**].

2. Intellectual Property Rights

(a) Trademarks

As of June 30, 2026, we have registered the following trademarks which we consider to be material to our business:

No.	Owner	Registration no.	Place of registration	Trademark	Class	Expiration date
1 . . .	Our Company	5095357	France	Rayson	9, 35, 42	November 5, 2034
2 . . .	Our Company	76933704	PRC	妙存	9	June 13, 2035

No.	Owner	Registration no.	Place of registration	Trademark	Class	Expiration date
3 . . .	Our Company	76937966	PRC	晶存	9	June 13, 2035
4 . . .	Our Company	76300391	PRC	RAYSMEM	42	July 6, 2034
5 . . .	Our Company	76309662	PRC	RAYSMEM	35	September 13, 2034
6 . . .	Our Company	76312617	PRC	RAYSMEM	9	September 13, 2034
7 . . .	Our Company	75003019	PRC	Rayson	42	August 20, 2034
8 . . .	Our Company	74952293	PRC	妙存	9	June 13, 2035
9 . . .	Our Company	74952293A	PRC	妙存	9	June 20, 2034
10 . .	Our Company	74988662	PRC	RASON	9	September 6, 2034
11 . .	Our Company	74936906	PRC	晶存	35	June 13, 2035
12 . .	Our Company	74944593	PRC	晶存	9	June 13, 2035
13 . .	Our Company	74988692	PRC	RASON	42	April 20, 2034
14 . .	Our Company	75013034	PRC	RYP	9	April 20, 2034
15 . .	Our Company	74929804	PRC	妙存	35	June 13, 2035
16 . .	Our Company	58436674	PRC	Rayson	35	July 13, 2033
17 . .	Our Company	58420611	PRC	Rayson	42	June 6, 2032
18 . .	Our Company	42097185	PRC	Rayson	9	July 13, 2030
19 . .	Our Company	23076277	PRC	RS	35	May 13, 2028
20 . .	Our Company	23076278	PRC	RS	35	May 13, 2028
21 . .	Our Company	29783343	PRC	RYP	9	February 6, 2029
22 . .	Our Company	29775828	PRC	FBJ	9	February 6, 2029
23 . .	Our Company	17678455	PRC	FBJ	9	October 6, 2036

No.	Owner	Registration no.	Place of registration	Trademark	Class	Expiration date
24 . .	Our Company	17358585	PRC		9	September 6, 2036
25 . .	Artmem Technology	76806885	PRC		42	June 6, 2035
26 . .	Artmem Technology	29549522	PRC		9	February 6, 2029
27 . .	Artmem Technology	71623226A	PRC		9	April 13, 2034
28 . .	Artmem Technology	75096828	PRC		35	April 27, 2034
29 . .	Artmem Technology	75114050	PRC		42	April 27, 2034

(b) Domain Names

As of June 30, 2026, we have registered the following domain names which we consider to be material to our business:

No.	Owner	Domain name	Registration date
1 . . .	Our Company	szrayson.com	October 3, 2018
2 . . .	Artmem Technology	artmemtech.com	November 27, 2017

(c) Copyrights

As of June 30, 2026, we have registered the following copyrights which we consider to be material to our business:

No.	Copyright	Registered owner	Registration number	First publication date	Registration date
1 . .	Rayson HI-TECH Information Storage and Backup Management System V1.0	Our Company	2019SR1283283	October 10, 2019	December 4, 2019
2 . .	Rayson HI-TECH Production Data Information Storage and Management System V1.0	Our Company	2019SR1282901	July 26, 2019	December 4, 2019
3 . .	Rayson HI-TECH Mass Information Data Storage and Management System V1.0	Our Company	2019SR1282893	July 22, 2019	December 4, 2019
4 . .	Rayson HI-TECH User Information Storage and Management System V1.0	Our Company	2019SR1309504	April 18, 2019	December 7, 2019
5 . .	Rayson HI-TECH File Information Storage and Upload System V1.0	Our Company	2019SR1310751	May 24, 2019	December 9, 2019
6 . .	Rayson HI-TECH Storage Chip Test Data Management System V1.0	Our Company	2019SR1376090	March 8, 2019	December 16, 2019

No.	Copyright	Registered owner	Registration number	First publication date	Registration date
7 . .	Rayson HI-TECH Storage Chip Test Aging Environment Operation System V1.0	Our Company	2019SR1380644	May 16, 2019	December 17, 2019
8 . .	Rayson HI-TECH Mobile Hard Disk Storage Management System V1.0	Our Company	2019SR1388547	October 31, 2019	December 18, 2019
9 . .	Rayson HI-TECH Mobile Storage Device Test Management System V1.0	Our Company	2019SR1388529	August 15, 2019	December 18, 2019
10 . .	Rayson HI-TECH Network Attached Storage (NAS) Data Service System V1.0	Our Company	2019SR1388523	July 25, 2019	December 18, 2019
11 . .	Dram_Test_Rayson Software V1.0	Our Company	2022SR0272864	–	February 24, 2022
12 . .	Rayson_Dram_Test_Machine Software V1.0	Our Company	2021SR1353693	–	September 9, 2021
13 . .	eMMC Device Protocol Layer Driver Module Software V1.0	Artmem Technology	2018SR787567	–	September 28, 2018
14 . .	ATOS Software Development System V1.0	Artmem Technology	2018SR817816	–	October 15, 2018
15 . .	Artmem eMMC Upgrade Tool Software V1.0	Artmem Technology	2020SR0248717	–	March 13, 2020
16 . .	eMMC FTL Software Based on SLC NAND FLASH V1.0	Artmem Technology	2021SR1203027	–	August 13, 2021
17 . .	Artmem FAE Assistant Mass Production Support Tool Software V1.0.0	Artmem Technology	2021SR1180964	–	August 10, 2021

(d) Patents

As of June 30, 2026, we have registered the following patents which wet consider to be material to our business. Under the PRC laws, the term of protection for invention patents is 20 years.

No.	Owner	Type	Patent	Registration No.	Place of Application
1. . .	Our Company	Invention	A Memory Testing Method, System, Device, and Storage Medium	CN202510113142.7	PRC
2. . .	Our Company	Invention	Batch Chip Testing Method Based on Power Supply Switching, and Its System, Equipment, and Medium	CN202510139269.6	PRC
3. . .	Our Company	Invention	Chip Testing Method, Device, Electronic Equipment, and Readable Storage Medium	CN202510139260.5	PRC
4. . .	Our Company	Invention	Functional Testing Method, Equipment, and Storage Medium for Random Access Memory (RAM)	CN202510102672.1	PRC

No.	Owner	Type	Patent	Registration No.	Place of Application
5. . .	Our Company	Invention	Test Pattern Determination Method for Chip Testing, and Controller, Equipment, and Medium	CN202510105849.3	PRC
6. . .	Our Company	Invention	Read-Write Testing Method, Equipment, and Storage Medium for Memory Devices	CN202510105856.3	PRC
7. . .	Our Company	Invention	Consistency Testing Method, Device, Equipment, and Storage Medium for Memory Devices	CN202510093369.X	PRC
8. . .	Our Company	Invention	A Method, System, Device, and Storage Medium for Determining WCK-ON Value of LPDDR Chips	CN202510102669.X	PRC
9. . .	Our Company	Invention	Pattern Testing Method and Device, Equipment, and Medium for Single Die	CN202510082278.6	PRC
10 . .	Our Company	Invention	Timing Parameter Determination Method for Storage Chips, and Controller, Equipment, and Medium	CN202510082281.8	PRC
11 . .	Our Company	Invention	Method for Batch Chip Testing, and Its System, Electronic Equipment, and Storage Medium	CN202410436089.X	PRC
12 . .	Our Company	Invention	A Testing Method, System, Device, and Storage Medium for Dynamic Random Access Memory (DRAM)	CN202310461408.8	PRC
13 . .	Our Company	Invention	A Testing Method and Device for Dynamic Random Access Memory (DRAM)	CN202110722149.0	PRC
14 . .	Our Company	Invention	A Product Information Identification Method and Device for Multiple Memory Chips	CN202110720314.9	PRC
15 . .	Our Company	Invention	An Eye Diagram Testing Method, System, Equipment, and Medium	CN202210058875.1	PRC
16 . .	Our Company	Invention	DRAM Channel Testing Method, System, Device, and Storage Medium	CN202210960777.7	PRC
17 . .	Our Company	Invention	Multi-Interface Linked Display Method and System for Chip Testing	CN202310276706.X	PRC
18 . .	Our Company	Invention	Chip Test Data Query Method, System, Equipment, and Medium	CN202310279492.1	PRC
19 . .	Our Company	Invention	A Storage Chip Testing Method, System, Device, and Storage Medium	CN202310366561.2	PRC

No.	Owner	Type	Patent	Registration No.	Place of Application
20 . .	Our Company	Invention	Capacity Reduction Testing Method, System, Equipment, and Storage Medium for LPDDR Chips	CN202310433004.8	PRC
21 . .	Our Company	Invention	Display Method, System, Device, and Storage Medium for Chip Test Results	CN202310447608.8	PRC
22 . .	Our Company	Invention	Chip Detection Method, System, Device, and Storage Medium	CN202310465912.5	PRC
23 . .	Our Company	Invention	Chip Testing Method, Device, Electronic Equipment, and Computer-Readable Storage Medium	CN202310459965.6	PRC
24 . .	Our Company	Invention	Chip Classification Method, Device, Electronic Equipment, and Computer-Readable Storage Medium	CN202310451376.3	PRC
25 . .	Our Company	Invention	Configuration Method, Device, Equipment, and Storage Medium for Memory Chip Test Fixtures	CN202310460687.6	PRC
26 . .	Our Company	Invention	System-Level Testing Method and System for Memory Products	CN202310446643.8	PRC
27 . .	Our Company	Invention	Storage Chip Testing Method, Device, Electronic Equipment, and Readable Storage Medium	CN202310460347.3	PRC
28 . .	Our Company	Invention	Method, Device, Electronic Equipment, and Storage Medium for Reducing Defect Rate of Storage Chips	CN202310473197.X	PRC
29 . .	Our Company	Invention	Temperature Chamber for Testing and Its Testing Method	CN202310477572.8	PRC
30 . .	Our Company	Invention	Chip Equipment Test Control Method, Upper Computer, Equipment, and Medium	CN202310477682.4	PRC
31 . .	Our Company	Invention	Word Line-Based Chip Performance Testing Method, Device, Equipment, and Medium	CN202310477357.8	PRC
32 . .	Our Company	Invention	A Rapid Identification Method, Device, and Storage Medium for Abnormal Information	CN202310541197.9	PRC
33 . .	Our Company	Invention	Hard Disk Performance Testing Method, Device, and Medium	CN202310622949.4	PRC
34 . .	Our Company	Invention	Hard Disk Data Testing Method, Device, System, and Medium	CN202310505124.4	PRC
35 . .	Our Company	Invention	Hard Disk Wear Testing Method, Device, and Medium	CN202310505171.9	PRC
36 . .	Our Company	Invention	fio-Based Hard Disk Garbage Collection Method, Device, System, and Medium	CN202310508415.9	PRC
37 . .	Our Company	Invention	Test Mode Switching Method for Solid-State Drives (SSDs)	CN202310514187.6	PRC

No.	Owner	Type	Patent	Registration No.	Place of Application
38 . .	Our Company	Invention	Testing methods and storage media for solid-state drives	CN202310517363.1	PRC
39 . .	Our Company	Invention	Testing methods for solid-state drives	CN202310511840.3	PRC
40 . .	Our Company	Invention	Methods, systems, equipment, and storage media for board aging testing	CN202310640518.0	PRC
41 . .	Our Company	Invention	A data display method, system, device, and storage medium	CN202310755947.2	PRC
42 . .	Our Company	Invention	Data processing methods, devices, electronic devices, and storage media for NAND Flash	CN202310758043.5	PRC
43 . .	Our Company	Invention	A device testing method, controller, system, and medium for simulating game scenarios	CN202310803818.6	PRC
44 . .	Our Company	Invention	Data testing methods, electronic devices, and storage media	CN202410564929.0	PRC
45 . .	Artmem Technology	Invention	A method and device for improving the reliability of NAND flash memory data	CN201811260767.2	PRC
46 . .	Artmem Technology	Invention	A method for screening and grading flash memory particles	CN201910304340.6	PRC
47 . .	Artmem Technology	Invention	A method and device for storing data using its cold and hot attributes	CN201811268266.9	PRC
48 . .	Artmem Technology	Invention	Adaptive Flash Data Rereading Method, Device, and Media	CN202011495940.4	PRC
49 . .	Artmem Technology	Invention	Decouple capacitor circuit structure	CN202111098500.X	PRC
50 . .	Artmem Technology	Invention	Phase synchronization method and circuit based on sampling of data gating signal	CN201911131266.9	PRC
51 . .	Artmem Technology	Invention	A method for reducing LDPC error level	CN201811064276.0	PRC
52 . .	Artmem Technology	Invention	Method, device, and medium for reducing trim consumption of flash memory devices	CN202110093578.6	PRC
53 . .	Artmem Technology	Invention	Data backup method, device, and flash memory system for MLC NAND	CN202110041077.3	PRC
54 . .	Artmem Technology	Invention	NAND erase method, device, and readable storage medium	CN202111597262.7	PRC
55 . .	Artmem Technology	Invention	A method, system, device, and storage medium for designing the pin layout of a chip carrier board	CN202210359180.7	PRC
56 . .	Artmem Technology	Invention	Output circuit module and anti-leakage push-pull circuit	CN201911212159.9	PRC
57 . .	Artmem Technology	Invention	Nand Flash Rereading Localization Method	CN202111238208.3	PRC
58 . .	Artmem Technology	Invention	Methods, devices, and media for improving MLC NAND performance	CN202110090429.4	PRC

No.	Owner	Type	Patent	Registration No.	Place of Application
59 . .	Artmem Technology	Invention	NAND writing and backup methods, systems, and media	CN202111336658.6	PRC
60 . .	Artmem Technology	Invention	A method for maintaining the timing of flash memory operations	CN201910332316.3	PRC
61 . .	Artmem Technology	Invention	IO PAD Metal Structure Layout and Its Design Method	CN202110978787.9	PRC
62 . .	Artmem Technology	Invention	PG PAD Metal Structure Layout and Its Design Method	CN202110979033.5	PRC
63 . .	Artmem Technology	Invention	Power down protection method, device, and medium for NAND FLASH data	CN202111352896.6	PRC
64 . .	Artmem Technology	Invention	Analysis Method and System for Flash Memory Characteristics	CN202010312948.6	PRC
65 . .	Artmem Technology	Invention	An Accelerated Power Down and Reset Method and Circuit for Precise Control of Detection Threshold	CN201811181065.5	PRC
66 . .	Artmem Technology	Invention	A method for multi-channel shared LDPC encoder	CN201910025225.5	PRC
67 . .	Artmem Technology	Invention	A testing method, system, device, and storage medium	CN202211068386.0	PRC
68 . .	Artmem Technology	Invention	A chip parameter acquisition circuit	CN202211069092.X	PRC
69 . .	Artmem Technology	Invention	Flash garbage collection method, device, and readable storage medium	CN202211186299.5	PRC
70 . .	Artmem Technology	Invention	Data recovery methods, data recovery devices, solid-state drives, storage media	CN202211277529.9	PRC
71 . .	Artmem Technology	Invention	A Design Method and Device for Chip Virtual Components	CN202210637779.2	PRC
72 . .	Artmem Technology	Invention	A Layout Design Method for Low Voltage Tube Modules	CN202211144228.9	PRC
73 . .	Artmem Technology	Invention	A data storage and processing system and method based on RISC-V and its extended instructions	CN202310083012.4	PRC
74 . .	Artmem Technology	Invention	A backup data method, device, and electronic device for MLC NAND	CN202211432251.8	PRC
75 . .	Artmem Technology	Invention	Data recovery methods, devices, electronic devices, and media for flash memory	CN202211616424.1	PRC
76 . .	Artmem Technology	Invention	A segmented erasing method and system for flash virtual blocks	CN202211639781.X	PRC
77 . .	Artmem Technology	Invention	A command queue management method, system, device, and storage medium	CN202210838621.1	PRC
78 . .	Artmem Technology	Invention	A method and system for generating random sequence seeds for NAND Flash randomization	CN202310170602.0	PRC

No.	Owner	Type	Patent	Registration No.	Place of Application
79 . .	Artmem Technology	Invention	Flash controller and its method of accessing flash particles	CN202310471973.2	PRC
80 . .	Artmem Technology	Invention	Flash access system and method	CN202310482516.3	PRC
81 . .	Artmem Technology	Invention	Descriptor management method	CN202310471467.3	PRC
82 . .	Artmem Technology	Invention	A method for hot plugging and unplugging chip testing equipment, testing equipment, and storage medium	CN202310369824.5	PRC
83 . .	Artmem Technology	Invention	A method for packaging memory chips, memory chips, and integrated circuit systems	CN202310547545.3	PRC
84 . .	Artmem Technology	Invention	Identification method, system, and storage medium for cold and hot data	CN202310588422.4	PRC
85 . .	Artmem Technology	Invention	Accelerated boot method, main control device, and solid-state drive for storage chips	CN202310614374.1	PRC
86 . .	Artmem Technology	Invention	Startup method, startup device, and storage medium for eMMC verification platform	CN202310614383.0	PRC
87 . .	Artmem Technology	Invention	A data storage method, controller, and readable storage medium for eMMC	CN202310507574.7	PRC
88 . .	Artmem Technology	Invention	A method, system, device, and storage medium for determining sampling points	CN202310784746.5	PRC
89 . .	Artmem Technology	Invention	A self-detection and self-reset method and system based on UFS	CN202211639995.7	PRC
90 . .	Artmem Technology	Invention	A chip selection method, system, device, and storage medium	CN202310465724.2	PRC
91 . .	Artmem Technology	Invention	EMMC information acquisition method and system, electronic devices, and storage media	CN202310465219.8	PRC
92 . .	Artmem Technology	Invention	Firmware storage method, firmware search method, device and medium	CN202310465337.9	PRC
93 . .	Artmem Technology	Invention	Universal flash memory storage chip and burning method	CN202310465261.X	PRC
94 . .	Artmem Technology	Invention	Power supply circuit and its implementation method, implementation device, storage medium	CN202310474851.9	PRC
95 . .	Artmem Technology	Invention	A method, controller, and computer storage medium for improving the reliability of flash memory	CN202310366662.X	PRC
96 . .	Artmem Technology	Invention	Storage boot management method, system, device, and storage medium	CN202310525781.5	PRC
97 . .	Artmem Technology	Invention	Chip sleep state detection method and system, electronic devices, and storage media	CN202310537870.1	PRC

No.	Owner	Type	Patent	Registration No.	Place of Application
98 . .	Artmem Technology	Invention	Method, device, equipment, and medium for verifying the netlist of chip substrates	CN202310560127.8	PRC
99 . .	Artmem Technology	Invention	A testing method, system, device, and storage medium for flash memory	CN202310569141.4	PRC
100 .	Artmem Technology	Invention	A hardware based sorting algorithm optimization method and its device	CN202310570791.0	PRC
101 .	Artmem Technology	Invention	AHB interface equipment writing transmission method, device, electronic equipment, and readable storage medium	CN202310596567.9	PRC
102 .	Artmem Technology	Invention	Data recovery methods and devices for flash memory, solid-state drives, and storage media	CN202310612948.1	PRC
103 .	Artmem Technology	Invention	A data sampling method, system, chip, device, and storage medium	CN202310614357.8	PRC

Save as disclosed above, as of June 30, 2026, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the [**REDACTED**] (without taking into account the H Shares which may be [**REDACTED**] and [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), so far as our Directors are aware, none of our Directors, Supervisors 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 [**REDACTED**] pursuant to [**REDACTED**] 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 [**REDACTED**] 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 [**REDACTED**] pursuant to the [**REDACTED**].

Name	Position	Capacity/ nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[(1)(2)]	Approximate percentage of shareholding in the total issued share capital of our Company[(1)(2)]
				(%)	*(%)*
Mr. Wen Jianwei (文建偉)[(3)(4)(5)] . .	Executive Director, chairman of our Board and general manager	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Name	Position	Capacity/ nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[1][2]	Approximate percentage of shareholding in the total issued share capital of our Company[1][2]
				(%)	*(%)*
Mr. Gong Hui (龔暉)[6][7]	Executive Director and deputy general manager	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

(2) The calculation is based on the assumption that immediately following the completion of the [**REDACTED**], there will be a total number of [**REDACTED**]H Shares (including [**REDACTED**] H Shares converted from Unlisted Shares without taking into consideration the exercise of [**REDACTED**]) in issue.

(3) As of the Latest Practicable Date, Rayson Management is a limited partnership established in the PRC, and is controlled by its general partner Mr. Wen Jianwei. Rayson Management is owned as to 50.00% by Chuangjia Yongli, 32.50% by Mr. Wen Jianwei and 17.50% by Mr. Wen Jianxiong (文建雄). Chuangjia Yongli is controlled by its general partner, Mr. Wen Jianwei, and is owned as to 65.00% by Mr. Wen Jianwei. Therefore, Mr. Wen Jianwei is deemed to be interested in the Shares held by Rayson Management.

(4) As of the Latest Practicable Date, Mr. Wen Jianwei controlled Rayson Erhao as its general partner. As such, under the SFO, Mr. Wen Jianwei is deemed to be interested in the Shares held by Rayson Erhao as a beneficial owner.

(5) As of the Latest Practicable Date, Mr. Wen Jianwei controlled Jingmiaocun as its general partner. As such, under the SFO, Mr. Wen Jianwei is deemed to be interested in the Shares held by Jingmiaocun as a beneficial owner.

(6) As of the Latest Practicable Date, Mr. Gong Hui controlled Jingmiaoxin as its general partner. As such, under the SFO, Mr. Gong Hui is deemed to be interested in the Shares held by Jingmiaoxin as a beneficial owner.

(7) As of the Latest Practicable Date, Mr. Gong Hui controlled Xinzhicun as its general partner. As such, under the SFO, Mr. Gong Hui is deemed to be interested in the Shares held by Xinzhicun as a beneficial owner.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the [**REDACTED**] under the provisions of [**REDACTED**] of Part XV of the SFO, see "Substantial Shareholders" in this document.

As of the Latest Practicable Date, our Directors were not aware of any other person (other than our Directors or chief executive) who will, immediately following completion of the [**REDACTED**], 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 general meetings of any member of our Group other than our Company.

3. Service Contracts

Each of our Directors and Supervisors [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 (with respect to Directors); and (b) termination provisions in accordance with their respective terms.

Save as disclosed above, none of our Directors or Supervisors 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).

4. Remuneration of Directors and Supervisors

Save as disclosed in the section headed "Directors, Supervisors and Senior Management" in this document and note 8 to the Accountants' Report, for the three financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

5. Disclaimers

(a) Save as disclosed in this section and the section headed "History, Development and Corporate Structure" in this document, none of our Directors, Supervisors or any of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix is:

(i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

(b) Save in connection with the [**REDACTED**] and the [**REDACTED**], none of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix.

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) Save as disclosed in this section and the section headed "Directors, Supervisors and Senior Management" in this document, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [**REDACTED**] on the [**REDACTED**], would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

(d) So far as is known to our Directors, none of our Directors or their respective close associates (as defined under the Listing Rules) or Shareholders who owns more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, save as disclosed in "Business — Legal Proceedings and Compliance — Trade Secret Legal Proceeding" in this document, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of USD350,000 to act as a sponsor to our Company in connection with the [**REDACTED**].

4. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this document are as follows:

Name	Qualifications
China Merchants Securities (HK) Co., Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Guotai Junan Capital Limited	Licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
AllBright Law Offices	Company's PRC legal adviser
Tiantong Law Firm	Company's PRC legal adviser as to PRC intellectual property litigation matters
King & Wood	Company's legal adviser as to international sanctions laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

6. Consents

Each of the experts as referred to in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix [has] given and has not withdrawn their respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to their respective names in the form and context in which they are respectively included.

7. Taxation of Holders of H Shares

(a) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further details in relation to taxation, see "Regulatory Overview" in this document.

(b) Consultation with Professional Advisers

Potential [**REDACTED**] in the [**REDACTED**] are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of [**REDACTED**], [**REDACTED**], [**REDACTED**] or [**REDACTED**] of or [**REDACTED**] our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], or any other person or party involved in the [**REDACTED**] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the [**REDACTED**], [**REDACTED**], [**REDACTED**] or [**REDACTED**], [**REDACTED**] or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or trading position of our Company since [June 30, 2026] (being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report).

9. Promoters

The promoters of our Company are all then 34 shareholders of our Company as of July 18, 2024 before our conversion into a joint stock company with limited liability. Save as disclosed in the section headed "History, Development and Corporate Structure" in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

10. Restrictions on Repurchase

For details, see "Regulatory Overview" in this document.

11. Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is not presently listed on any stock exchange or traded on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of the material contract referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contract" in Appendix IV to this document; and

(ii) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **https://www.szrayson.com/** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by KPMG, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026;

(d) the report prepared by KPMG on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in the section headed "Industry Overview" in this document;

(f) the PRC legal opinion issued by AllBright Law Offices, our legal adviser as to PRC laws, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(g) the legal opinion issued by Tiantong Law Firm, our litigation counsel in respect of the intellectual property litigation as further detailed in the paragraph headed "Business — Legal Proceedings and Compliance — Trade Secret Legal Proceeding" in this document;

(h) the legal memorandum issued by King & Wood in respect of relevant international sanctions applicable to our Group;

(i) the material contract referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contract" in Appendix IV to this document;

(j) the service contracts referred to in the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders — 3. Service Contracts" in Appendix IV to this document;

(k) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix IV to this document; and

(l) the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures together with unofficial English translations thereof.