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FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants’ Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (“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, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed “Risk Factors” and “Our Business,” and elsewhere in this Document. For further details, see “Forward-Looking Statements.”

OVERVIEW

We are a leading independent provider of semiconductor memory solution for applications in the AI era, with expertise across the full technology stack — from controller chip design, memory solution design to advanced packaging and testing. We transform NAND and DRAM wafers into diverse memory solutions tailored to the evolving demands of AI-powered applications. During the Track Record Period, our operational scale expanded steadily, with total revenue increasing from RMB3,590.8 million in 2023 to RMB11,302.5 million in 2025, representing a CAGR of 77.4%. Our performance has been influenced by the cyclical nature of the memory products industry, with pressured gross margins and profitability in 2023 amid an industry downturn, followed by a strong recovery in 2024 and further growth in 2025, driven by improved industry conditions and increasing demand from AI-related applications. We recorded net profit of RMB135.2 million and RMB839.6 million in 2024 and 2025, respectively, and adjusted net profit (non-IFRS measure) of RMB473.3 million and RMB1,094.2 million for the same years, respectively.

BASIS OF PRESENTATION

Our Historical Financial Information has been prepared based on IFRSs Accounting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit or loss (“FVTPL”).

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 to the Accountants’ Report included in Appendix I to this document.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by us consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policy information has been set out in Note 37 to the Accountants’ Report included in Appendix I to this document.

FINANCIAL INFORMATION

KEY FACTORS AFFECTING OUR PERFORMANCE

Our Ability to Develop and Launch New Products in Response to Evolving Market Demands

Our results of operations depend significantly on our ability to develop and launch semiconductor memory products that address evolving market demands, particularly those driven by AI advancements. The semiconductor memory industry is characterized by rapid technological changes, frequent product introductions, upgrades and evolving standards. AI’s rapid growth is reshaping downstream end-device and cloud-side applications. For example, smart mobile and emerging edge AI devices and smart vehicles are increasingly requiring more advanced data processing and storage capabilities.

According to Frost & Sullivan, the global memory products market grew from USD212.5 billion in 2021 to USD289.0 billion in 2025, representing a CAGR of 8.0%, driven by expanding demand for storage technologies. As AI integrates further into various industries and expands application scenarios, the market is expected to rise from USD289.0 billion in 2025 to USD723.8 billion in 2030, maintaining long-term growth momentum. This surge in data volumes and application complexity is creating heightened demands for storage products as core data carriers. To adapt to these evolving demands, our products must meet requirements for enhanced integration, high concurrency, and fast and stable read/write speeds. Accordingly, our ability to maintain and expand a comprehensive portfolio of memory solutions could influence our revenue and market position.

Our ability to retain existing customers and attract new customers

Our ability to retain existing customers and attract new ones significantly affects our results of operations. Our customers primarily comprise global smart mobile and emerging edge AI devices and PC manufacturers, data center and computing server providers, and leading automotive OEMs. During the Track Record Period, our products were sold in over 60 countries and regions, across Hong Kong, the Americas, Southeast Asia and Europe. We sell our solutions through both direct sales and distribution channels. These relationships with well-known companies, such as Meta, OPPO, Transsion and Motorola, enable us to understand their needs precisely, expedite product cycles, and boost orders and retention. We select distributors with relevant industry capabilities and market resources to facilitate market penetration. In 2023, 2024 and 2025, we engaged 446, 540 and 620 distributors, respectively.

We acquire and retain customers through our brand reputation, diversified solution portfolio, and targeted marketing initiatives, including customer referrals and participation in industry exhibitions. We also retain customers through long-term R&D collaborations and comprehensive after-sales support. Retaining existing customers helps us secure repeat business across multiple product lines and supports ongoing projects and expansion opportunities, while our global customer network, spanning leading international and domestic players further supports revenue diversification. Attracting new customers expands our revenue base and enhances our position in the industry value chain, depending on our ability to achieve breakthroughs in diverse applications, secure certifications, and deliver competitive solutions. Our ability to deepen customer and distributor relationships, broaden sales channels, and launch products for new applications will continue to affect our revenue growth and market presence.

Our ability to manage costs and expenses and improve operational efficiency

Our results of operations depend on our ability to manage costs and expenses effectively. Our cost of sales is primarily attributable to raw materials and consumables, which are influenced by supplier reliability, production capacity, logistics conditions and broader market volatility. Raw materials and consumables used accounted for 85.5%, 89.3% and 90.8% of our total cost of sales in 2023, 2024 and 2025, respectively. We focus on cost optimization through value engineering, production enhancements, supply chain efficiencies, and collaborative solutions with customers. These initiatives enable us to maintain competitive pricing and support long-term customer

FINANCIAL INFORMATION

relationships. We also leverage centralized procurement, integrated manufacturing systems, and intelligent manufacturing to further reduce costs. We expect that continued application of these systems, combined with supplier management initiatives, will strengthen our cost control efforts.

Our ability to manage operating expenses also affects profitability. Our selling and marketing expenses amounted to RMB162.5 million, RMB253.8 million and RMB328.5 million in 2023, 2024 and 2025, respectively and our general and administrative expenses amounted to RMB152.8 million, RMB292.9 million and RMB426.2 million over the same periods. As our business scales, we expect these expenses to increase in absolute terms but decline as a percentage of revenue due to economies of scale and improved operational efficiency. We have also enhanced expense management through detailed budgeting and performance monitoring to support effective overhead control and long-term profitability.

Our Continual Investment in R&D

Our ability to innovate and deliver advanced semiconductor memory solutions is fundamental to our long-term competitiveness and financial performance. We operate the ISM model that spans across memory media analysis, controller chip design, firmware algorithm development, software and hardware innovation, and advanced packaging and testing. This enables us to upgrade existing solutions, launch new offerings, and capitalize on emerging opportunities in areas such as emerging edge AI devices and autonomous driving.

While R&D represents a substantial expense, it is also a critical investment that fuels solution differentiation, revenue growth and sustainable profitability. In 2023 and 2024, our R&D expenses increased from RMB250.0 million to RMB447.4 million, respectively, and further increased to RMB632.4 million in 2025. We expect R&D expenses to remain significant as we pursue innovation and commercialize research outcomes, which may continue to affect our operating costs and margins. Accordingly, our results depend on our ability to sustain R&D investment while maintaining cost discipline and improving R&D efficiency, so that we can convert technological advancements into commercially viable growth.

Industry Cycles

Our results of operations are significantly influenced by industry cycles in the semiconductor storage sector, which directly impact our pricing, margins, and revenue through recurring periods of price volatility and supply-demand imbalances driven by factors such as technological iteration, downstream demand fluctuations, and global macroeconomic conditions. In upward cycles marked by rapid demand growth and proactive procurement, we can experience demand surges that support higher prices and revenue. Conversely, in adjustment phases triggered by weakened demand, capacity expansions, and inventory buildup, we may face price declines that adversely affect our margins and profitability.

During the Track Record Period, the global memory products market experienced a downturn from 2022 to 2023, driven by macroeconomic conditions such as persistent inflationary pressures, rising interest rates and geopolitical tensions. These factors weakened global demand for memory products and resulted in oversupply and consequent decreases in the prices of NAND Flash and DRAM products. The average selling prices of our products were similarly affected by this industry-wide downward pricing pressure. However, since the second half of 2023, the global demand for memory products began to recover, propelled by the rapid development of AI applications and a broader resurgence in the global economy, which in turn led to the increases in memory product prices and corresponding improvements in our average selling prices in alignment with the prevailing industry trend. According to Frost & Sullivan, our business performance and gross profit margins were generally in line with our industry peers during the Track Record Period.

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FINANCIAL INFORMATION

Historically, our business has been affected by both upward and downward industry cycles. Supported by our diversified product portfolio and deep penetration in key verticals, we have demonstrated resilience against industry fluctuations, as reflected in our revenue growth from RMB3,590.8 million in 2023 to RMB11,302.5 million in 2025, representing a CAGR of 77.4%. Our diversification into sectors such as edge AI devices and intelligent vehicles helps moderate the effects of these cycles on our revenue stability and financial outcomes.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

For our material accounting policies, estimates, assumptions and judgments, that are important to understanding our financial condition and results of operations, see Notes 4 and 37 to the Accountants’ Report in Appendix I to this Document.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the years/periods indicated:

| | Year ended December 31, | | |
|---|--------------------------------|-----------------------|-------------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Revenue | 3,590,752 | 6,695,185 | 11,302,480 |
| Cost of sales | <u>(3,667,470)</u> | <u>(5,537,920)</u> | <u>(8,888,922)</u> |
| Gross (loss)/profit | (76,718) | 1,157,265 | 2,413,558 |
| General and administrative expenses | (152,760) | (292,938) | (426,249) |
| Selling and marketing expenses | (162,477) | (253,826) | (328,471) |
| Research and development expenses | (249,980) | (447,432) | (632,381) |
| Net impairment losses on financial assets | (1,839) | (4,959) | (13,094) |
| Other income | 13,985 | 36,082 | 56,996 |
| Other (losses)/gains, net | <u>(3,350)</u> | <u>110,491</u> | <u>32,244</u> |
| Operating (loss)/profit | <u>(633,139)</u> | <u>304,683</u> | <u>1,102,603</u> |
| Finance income | <u>4,341</u> | <u>7,307</u> | <u>5,303</u> |
| Finance costs | <u>(113,230)</u> | <u>(147,211)</u> | <u>(175,332)</u> |
| (Loss)/profit before income tax | <u>(742,028)</u> | <u>164,779</u> | <u>932,574</u> |
| Income tax credit/(expense) | <u>111,161</u> | <u>(29,535)</u> | <u>(92,926)</u> |
| (Loss)/profit for the year | <u>(630,867)</u> | <u>135,244</u> | <u>839,648</u> |
| Attributable to: | | | |
| Owners of the Company | (624,359) | 161,233 | 853,428 |
| Non-controlling interests | (6,508) | (25,989) | (13,780) |

FINANCIAL INFORMATION

NON-IFRS MEASURE

To supplement our consolidated financial statements prepared in accordance with IFRS, we also present adjusted net (loss)/profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure). These measures are not presented in accordance with IFRS. We believe they facilitate period-to-period comparisons of our operating performance by excluding the impact of certain items, and provide useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, these non-IFRS measures may not be directly comparable to similarly titled measures used by other companies and should not be considered in isolation from, or as a substitute for, an analysis of our results of operations or financial condition as reported under IFRS.

We define adjusted net (loss)/profit for the year (non-IFRS measure) as net profit or loss for the year adjusted by adding back share-based payment expenses and [REDACTED] expenses. Share-based payments are non-cash in nature and mainly represent arrangements under which we receive services from employees in exchange for our equity instruments. [REDACTED] expenses are added back because they are directly attributable to the [REDACTED], non-recurring and not reflective of our underlying operating performance. We define adjusted EBITDA (non-IFRS measure) as adjusted net (loss)/profit for the year (non-IFRS measure) adjusted by adding back (i) depreciation and amortization, (ii) net finance costs, and (iii) income tax expenses, and subtracting income tax credit. The following table reconciles our adjusted net (loss)/profit for the year (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for the periods indicated:

| | Year ended December 31, | | |
|---|--------------------------------|--------------------------|--------------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Net (loss)/profit for the year | (630,867) | 135,244 | 839,648 |
| Add: | | | |
| — Share-based payment expenses | 130,870 | 338,054 | 253,905 |
| — [REDACTED] expenses | <u>[REDACTED]</u> | <u>[REDACTED]</u> | <u>[REDACTED]</u> |
| Adjusted net (loss)/profit for the year (non-IFRS measure) | <u>[REDACTED]</u> | <u>[REDACTED]</u> | <u>[REDACTED]</u> |
| Add: | | | |
| Depreciation and amortization ⁽¹⁾ | 68,790 | 115,564 | 179,004 |
| Net finance costs ⁽²⁾ | 108,889 | 139,904 | 170,029 |
| Income tax (credit)/expense | <u>(111,161)</u> | <u>29,535</u> | <u>92,926</u> |
| Adjusted EBITDA (non-IFRS measure) | <u>[REDACTED]</u> | <u>[REDACTED]</u> | <u>[REDACTED]</u> |

Notes:

- (1) Depreciation and amortization represent the depreciation of property, plant and equipment, and right-of-use assets and the amortization of intangible assets.
- (2) Net finance costs represent finance costs less finance income.

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FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Revenue by Business Line

The following table sets forth our revenue breakdown by business line in amounts and as percentages of our total revenue for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|---|--|--------------|---------------------------------|--------------|-------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentage)</i> | | | | | |
| Smart mobile and emerging edge | | | | | | |
| AI devices | 1,181,945 | 32.9 | 3,710,234 | 55.4 | 4,944,585 | 43.7 |
| PC and enterprise storage | 1,766,489 | 49.2 | 2,041,436 | 30.5 | 3,639,875 | 32.2 |
| Intelligent automotive and other applications | 528,250 | 14.7 | 836,396 | 12.5 | 2,548,506 | 22.5 |
| Advanced packaging and testing services | 114,068 | 3.2 | 107,119 | 1.6 | 169,514 | 1.6 |
| Total | 3,590,752 | 100.0 | 6,695,185 | 100.0 | 11,302,480 | 100.0 |

Revenue by Solution Type

The following table sets forth the breakdown of revenue by each semiconductor memory solution category, in an absolute amount and as a percentage of our total revenue, during the Track Record Period:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|---|---|--------------|---------------------------------|--------------|-------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentages)</i> | | | | | |
| DRAM | 717,049 | 20.0 | 1,212,600 | 18.1 | 3,024,095 | 26.8 |
| NAND Flash | 2,346,621 | 65.4 | 4,472,462 | 66.8 | 6,461,440 | 57.2 |
| MCPs | 392,823 | 10.9 | 877,061 | 13.1 | 1,601,630 | 14.2 |
| Others | | | | | | |
| — Advanced packaging and testing services | 114,068 | 3.2 | 107,119 | 1.6 | 170,370 | 1.5 |
| — Technical services | 11,249 | 0.3 | 5,725 | 0.1 | 21,578 | 0.2 |
| — Others ⁽¹⁾ | 8,942 | 0.2 | 20,218 | 0.3 | 23,367 | 0.1 |
| Total | 3,590,752 | 100.0 | 6,695,185 | 100.0 | 11,302,480 | 100.0 |

Note:

(1) Others primarily include the sales of raw materials and consumables.

Revenue Breakdown by Geographic Location

The following table sets forth a breakdown of our revenue by geographical location, in an absolute amount and as a percentage of our total revenue, for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|--------------------------------------|---|--------------|---------------------------------|--------------|-------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentages)</i> | | | | | |
| Chinese Mainland | 2,042,525 | 56.9 | 3,369,468 | 50.3 | 5,272,387 | 46.6 |
| Other countries or regions | 1,548,227 | 43.1 | 3,325,717 | 49.7 | 6,030,093 | 53.4 |
| Hong Kong | 941,299 | 26.2 | 2,393,324 | 35.7 | 4,264,448 | 37.7 |
| India | 136,251 | 3.8 | 223,161 | 3.3 | 526,898 | 4.7 |
| Taiwan | 31,300 | 0.9 | 71,421 | 1.1 | 288,988 | 2.6 |
| United States | 188,220 | 5.2 | 253,304 | 3.8 | 288,934 | 2.6 |
| Macau | 22,256 | 0.6 | 88,518 | 1.3 | 168,769 | 1.5 |
| Others ⁽¹⁾ | 228,901 | 6.4 | 295,989 | 4.5 | 492,056 | 4.3 |
| Total | 3,590,752 | 100.0 | 6,695,185 | 100.0 | 11,302,480 | 100.0 |

FINANCIAL INFORMATION

Note:

- (1) Others primarily include other countries and regions in Asia, Europe, America and Oceania such as Japan, UK and Australia.

Our revenue from Asian regions such as Hong Kong, Taiwan, India and Macau increased significantly during the Track Record Period, primarily due to (i) a rapid recovery in demand from end customers, including mobile device and PC manufacturers; (ii) product iterations that improved average selling prices through a higher proportion of high-capacity NAND FLASH and LPDDR solutions; and (iii) broadened regional coverage, including expanded overseas channels, the addition of several customers that placed larger and more consistent orders, and increased retail market share across multiple Asian markets.

Our revenue from the United States increased from RMB188.2 million in 2023 to RMB253.3 million in 2024, and further increased to RMB288.9 million in 2025, primarily due to (i) improvements in channel development, including enhanced supply chain and distribution systems, as well as an increase in collaborative projects; and (ii) a more mature product certification framework, which allowed more products to obtain approvals from North American customers and generated more stable order flows.

Revenue Breakdown by Sales Channel

The table below sets out a breakdown of our revenue in both absolute amount and percentage of our total revenue by sales channel for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|-------------------------|--|--------------|---------------------------------|--------------|-------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentage)</i> | | | | | |
| Direct sales | 1,524,550 | 42.5 | 3,246,364 | 48.5 | 4,755,680 | 42.1 |
| Distributions | 2,066,202 | 57.5 | 3,448,821 | 51.5 | 6,546,800 | 57.9 |
| Total | 3,590,752 | 100.0 | 6,695,185 | 100.0 | 11,302,480 | 100.0 |

Cost of Sales

Our cost of sales amounted to RMB3,667.5 million, RMB5,537.9 million and RMB8,888.9 million in 2023, 2024 and 2025, respectively. During the Track Record Period, our cost of sales primarily consisted of (i) raw materials and consumables used, primarily consisting of memory wafers, (ii) external processing fees in relation to product packaging, assembly and testing services, (iii) employee compensation, and (iv) depreciation and amortization.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|---|--|--------------|---------------------------------|--------------|------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentage)</i> | | | | | |
| Raw materials and consumables used | 3,136,460 | 85.5 | 4,945,852 | 89.3 | 8,067,364 | 90.8 |
| External processing fees ⁽¹⁾ | 205,476 | 5.6 | 230,465 | 4.2 | 374,195 | 4.2 |
| Employee compensation | 111,411 | 3.0 | 147,733 | 2.7 | 181,426 | 2.0 |
| Depreciation and amortization | 39,282 | 1.1 | 72,591 | 1.3 | 116,351 | 1.3 |
| Others | 174,841 | 4.8 | 141,279 | 2.5 | 149,586 | 1.7 |
| Total | 3,667,470 | 100.0 | 5,537,920 | 100.0 | 8,888,922 | 100.0 |

FINANCIAL INFORMATION

Note:

- (1) External processing fees in relation to product packaging, assembly and testing services primarily include packaging, testing, surface-mount assembly and module assembly services under the outsourced manufacturing arrangements. Under such arrangements, we provide principal raw materials, while third-party service providers supply certain auxiliary materials and packaging materials, and charge processing service fees. We outsource these services because they primarily involve standardized and mature production processes that are commonly outsourced in the semiconductor industry. These arrangements allow us to leverage the specialized processing capabilities of third-party service providers, enhance operational efficiency and allocate our internal production resources more effectively.

The following table sets forth a breakdown of our cost of sales by solution type in absolute amount and as a percentage of our total cost of sales for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|---|--|--------------|---------------------------------|--------------|------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentage)</i> | | | | | |
| Smart mobile and emerging edge | | | | | | |
| AI devices | 1,313,630 | 35.8 | 3,034,917 | 54.8 | 4,083,207 | 45.9 |
| PC and enterprise storage | 1,698,978 | 46.3 | 1,710,488 | 30.9 | 2,966,425 | 33.4 |
| Intelligent automotive and other applications | 578,680 | 15.8 | 719,740 | 13.0 | 1,733,663 | 19.5 |
| Advanced packaging and testing services | 76,182 | 2.1 | 72,775 | 1.3 | 105,627 | 1.2 |
| Total | 3,667,470 | 100.0 | 5,537,920 | 100.0 | 8,888,922 | 100.0 |

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

Our gross profit amounted to RMB1,157.3 million and RMB2,413.6 million in 2024 and 2025, respectively. However, our gross loss amounted to RMB76.7 million for 2023. Our gross profit margin was 17.3% and 21.4% in 2024 and 2025, respectively. Our gross loss margin was 2.1% in 2023.

The following table sets forth a breakdown of our gross (loss)/profit and gross (loss)/profit margin by solution type for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|---|--|----------------------------|---------------------------------|----------------------------|---------------------|----------------------------|
| | Gross profit/(loss) | Gross profit/(loss) margin | Gross profit/(loss) | Gross profit/(loss) margin | Gross profit/(loss) | Gross profit/(loss) margin |
| | <i>(RMB in thousands, except for percentage)</i> | | | | | |
| Smart mobile and emerging edge | | | | | | |
| AI devices | (131,685) | (11.1) | 675,317 | 18.2 | 861,378 | 17.4 |
| PC and enterprise storage | 67,511 | 3.8 | 330,948 | 16.2 | 673,450 | 18.5 |
| Intelligent automotive and other applications | (50,430) | (9.5) | 116,656 | 13.9 | 814,843 | 32.0 |
| Advanced packaging and testing services | 37,886 | 33.2 | 34,344 | 32.1 | 63,887 | 37.7 |
| Total | (76,718) | (2.1) | 1,157,265 | 17.3 | 2,413,558 | 21.4 |

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FINANCIAL INFORMATION

The following table sets forth the breakdown of gross profit and gross profit margin by semiconductor memory solution category during the Track Record Period:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|--|---|-------------------------------|---------------------------------|-------------------------------|------------------|-------------------------------|
| | Gross Profit | Gross Profit Margin (%) | Gross Profit | Gross Profit Margin (%) | Gross Profit | Gross Profit Margin (%) |
| | <i>(RMB in thousands, except for percentages)</i> | | | | | |
| DRAM | (125,095) | (17.4) | 114,627 | 9.5 | 856,587 | 28.3 |
| NAND Flash | (88,315) | (3.8) | 816,982 | 18.3 | 1,046,462 | 16.2 |
| MCPs | 94,413 | 24.0 | 179,866 | 20.5 | 421,474 | 26.3 |
| Others | | | | | | |
| — Advanced packaging and testing services | 37,886 | 33.2 | 34,345 | 32.1 | 64,744 | 38.0 |
| — Technical services | 11,243 | 99.9 | 5,725 | 100.0 | 18,947 | 87.8 |
| — Others ⁽¹⁾ | (6,850) | (76.6) | 5,720 | 28.3 | 5,344 | 22.9 |
| Total | (76,718) | (2.1) | 1,157,265 | 17.3 | 2,413,558 | 21.4 |

Note:

(1) Others primarily include the sales of raw materials and consumables.

We recorded a gross loss margin of 17.4% and a gross profit margin of 9.5% for our DRAM products in 2023 and 2024, primarily driven by the cyclical nature of the semiconductor industry. The gross profit margin for our DRAM products subsequently increased from 9.5% in 2024 to 28.3% in 2025, primarily due to an increase in average selling prices driven by stronger market demand from AI-related applications in the second half of 2025, economies of scale from higher sales volumes, and increased sales of DRAM products used in higher-margin applications. We recorded gross loss margin of 3.8% and gross profit margin of 18.3% for our NAND Flash products in 2023 and 2024, respectively, primarily driven by the cyclical nature of the semiconductor industry. The gross profit margin for our NAND Flash products slightly decreased from 18.3% in 2024 to 16.2% in 2025, primarily due to a decline in average selling prices in the first half of 2025, particularly in the first quarter, driven by industry cyclicality. The gross profit margin for our MCP products decreased from 24.0% in 2023 to 20.5% in 2024, primarily due to (i) an increase in raw material costs; and (ii) our competitive pricing strategy to expand our market shares. The gross profit margin for our MCP products subsequently increased from 20.5% in 2024 to 26.3% in 2025, primarily due to improved economies of scale arising from increased sales volumes and stronger downstream market demand driven by the growth of edge AI device industry. Compared with DRAM and NAND Flash products, MCP products are more resilient to industry cyclicality, as they are widely adopted in smart wearables and generally carried higher margins during the Track Record Period. In contrast, our DRAM products experienced more pronounced gross profit margin recovery in 2024 and 2025, primarily attributable to (i) a surge in market demand driven by the wider adoption of AI servers and (ii) the expansion of our smart mobile customer base.

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FINANCIAL INFORMATION

General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|---|--|--------------|---------------------------------|--------------|----------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentage)</i> | | | | | |
| Employee compensation | 100,690 | 65.9 | 229,342 | 78.3 | 319,759 | 75.0 |
| Professional service expenses | 12,665 | 8.3 | 9,914 | 3.4 | 20,282 | 4.8 |
| Depreciation and amortization | 7,961 | 5.2 | 17,375 | 5.9 | 19,990 | 4.7 |
| Taxes and surcharges | 6,904 | 4.5 | 9,256 | 3.2 | 15,599 | 3.7 |
| Consumables used | 1,703 | 1.1 | 2,209 | 0.8 | 10,940 | 2.6 |
| Travel expenses | 7,962 | 5.2 | 6,571 | 2.2 | 13,764 | 3.2 |
| Office expenses | 3,910 | 2.6 | 2,774 | 0.9 | 4,879 | 1.1 |
| Others | 10,965 | 7.2 | 15,497 | 5.3 | 21,036 | 4.9 |
| Total | 152,760 | 100.0 | 292,938 | 100.0 | 426,249 | 100.0 |

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses in absolute amounts and as a percentage of our total selling and marketing expenses for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|---|--|--------------|---------------------------------|--------------|----------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentage)</i> | | | | | |
| Employee compensation | 69,917 | 43.0 | 134,339 | 52.9 | 165,282 | 50.3 |
| Marketing, conference and travelling expenses | 42,087 | 25.9 | 58,840 | 23.2 | 83,335 | 25.4 |
| License fees | 37,539 | 23.1 | 36,278 | 14.3 | 46,975 | 14.3 |
| Depreciation and amortization | 2,969 | 1.8 | 692 | 0.3 | 3,200 | 1.0 |
| Others | 9,965 | 6.2 | 23,677 | 9.3 | 29,679 | 9.0 |
| Total | 162,477 | 100.0 | 253,826 | 100.0 | 328,471 | 100.0 |

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|---|--|--------------|---------------------------------|--------------|----------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentage)</i> | | | | | |
| Employee compensation | 194,860 | 78.0 | 362,526 | 81.0 | 490,318 | 77.5 |
| Consumables used | 19,061 | 7.6 | 30,620 | 6.8 | 52,076 | 8.2 |
| Professional service expenses | 7,578 | 3.0 | 10,630 | 2.4 | 27,397 | 4.3 |
| Depreciation and amortization | 18,578 | 7.4 | 24,906 | 5.6 | 39,463 | 6.2 |
| Others | 9,903 | 4.0 | 18,750 | 4.2 | 23,127 | 3.8 |
| Total | 249,980 | 100.0 | 447,432 | 100.0 | 632,381 | 100.0 |

Net Impairment Losses on Financial Assets

During the Track Record Period, our net impairment losses on financial assets represent expected credit losses on our trade receivables and other receivables. Our net impairment losses on financial assets amounted to RMB1.8 million, RMB5.0 million and RMB13.1 million in 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Other Income

During the Track Record Period, our other income primarily consisted of (i) government grants, (ii) VAT refund, and (iii) interest income. Our other income amounted to RMB14.0 million, RMB36.1 million and RMB57.0 million in 2023, 2024 and 2025, respectively.

Other (Losses)/Gains, Net

During the Track Record Period, our other (losses)/gains, net primarily consisted of (i) net gains/(losses) on disposal of financial instruments, (ii) fair value changes on financial instruments and (iii) net foreign exchange (losses)/gains. Our net other losses amounted to RMB3.4 million in 2023. We recorded net other gains of RMB110.5 million and RMB32.2 million in 2024 and 2025, respectively.

The following table sets forth a breakdown of our other (losses)/gains, net in absolute amount and as a percentage of our other (losses)/gains, net for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|--|--|--------------|---------------------------------|--------------|---------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentage)</i> | | | | | |
| Net gains/(losses) on disposal of financial instruments | 5,528 | (165.0) | (2,865) | (2.6) | 6,064 | 18.8 |
| Fair value changes on financial instruments | 3,237 | (96.6) | 96,689 | 87.5 | 58,050 | 180.0 |
| Net foreign exchange (losses)/gains | (13,138) | 392.2 | 16,703 | 15.1 | (31,958) | (99.1) |
| Net (losses)/gains on disposal of property, plant and equipment and other non-current assets . . | (68) | 2.0 | 313 | 0.3 | 397 | 1.2 |
| Others | 1,091 | (32.6) | (349) | (0.3) | (309) | (0.9) |
| Total | (3,350) | 100.0 | 110,491 | 100.0 | 32,244 | 100.0 |

Finance Income

During the Track Record Period, our finance income represents interest income from financial assets held for cash management purposes. Our finance income amounted to RMB4.3 million, RMB7.3 million and RMB5.3 million in 2023, 2024 and 2025, respectively.

Finance Costs

During the Track Record Period, our finance costs primarily includes (i) interest expenses on lease liabilities, (ii) interest expenses on borrowings, (iii) net exchange gains/(losses) on foreign currency borrowings and (iv) others. Our finance costs amounted to RMB113.2 million, RMB147.2 million and RMB175.3 million in 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of our finance costs in absolute amount and as a percentage of our total finance costs for the periods indicated:

| | 2023 | | Year ended December 31, 2024 | | 2025 | |
|--|--|--------------|---------------------------------|--------------|------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| | <i>(RMB in thousands, except for percentage)</i> | | | | | |
| Interest expenses on lease liabilities | (543) | 0.5 | (755) | 0.5 | (1,181) | 0.7 |
| Interest expenses on borrowings . . | (112,774) | 99.6 | (145,287) | 98.7 | (165,292) | 94.3 |
| Net exchange gains/(losses) on foreign currency borrowings . . . | 1,450 | (1.3) | 818 | (0.6) | (5,868) | 3.3 |
| Others | (1,363) | 1.2 | (1,987) | 1.3 | (2,991) | 1.7 |
| Total | (113,230) | 100.0 | (147,211) | 100.0 | (175,332) | 100.0 |

FINANCIAL INFORMATION

Income Tax Credit/(Expenses)

Our income tax credit amounted to RMB111.2 million in 2023 and our income tax expenses amounted to RMB29.5 million and RMB92.9 million in 2024 and 2025, respectively. We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members of our Group are domiciled and operated. See Note 12 of the Accountants’ Report in Appendix I to this document.

As of the Latest Practicable Date, we did not have any dispute with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material tax investigation, enquiries, penalties or surcharges.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with the Year Ended December 31, 2024

Revenue

Our total revenue increased by 68.8% from RMB6,695.2 million in 2024 to RMB11,302.5 million in 2025, primarily attributable to the following changes:

- Our revenue from smart mobile and emerging edge AI devices increased by 33.3% from RMB3,710.2 million in 2024 to RMB4,944.6 million in 2025, primarily due to increased sales of products used in AI/AR glasses and other smart wearable applications and broader customer adoption of our solutions in this area.
- Our revenue from PC and enterprise storage increased by 78.3% from RMB2,041.4 million in 2024 to RMB3,639.9 million in 2025, primarily due to improved market conditions, higher sales volume and greater customer recognition.
- Our revenue from intelligent automotive and other applications increased significantly from RMB836.4 million in 2024 to RMB2,548.5 million in 2025, primarily due to the expansion of our customer base and increased sales of our solutions for automotive and industry-related applications.
- Our revenue from advanced packaging and testing services increased by 58.2% from RMB107.1 million in 2024 to RMB169.5 million in 2025, primarily due to increased demand from major customers and growing recognition of our advanced packaging and testing capabilities.

Cost of Sales

Our cost of sales increased by 60.5% from RMB5,537.9 million in 2024 to RMB8,888.9 million in 2025, primarily due to an increase in raw materials and consumables, which was in line with the growth in our sales.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB1,157.3 million in 2024 to RMB2,413.6 million in 2025. Our gross profit margin increased from 17.3% in 2024 to 21.4% in 2025, primarily attributable to (i) improved market conditions in the memory solutions industry, which supported the pricing of certain of our products, and (ii) a greater contribution from intelligent automotive and other applications, a higher-margin business line whose profitability benefited from increased sales scale and higher average selling prices of DRAM and NAND Flash products.

FINANCIAL INFORMATION

General and Administrative Expenses

Our general and administrative expenses increased by 45.5% from RMB292.9 million in 2024 to RMB426.2 million in 2025, primarily due to an increase in employee compensation due to an increase in headcount as we expanded our scale.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 29.4% from RMB253.8 million in 2024 to RMB328.5 million in 2025, primarily due to (i) an increase in employee compensation expenses due to an increase in selling and marketing personnel to support business expansion and customer coverage, and (ii) an increase in marketing, conference and travelling expenses due to increased customer engagement and participation in industry events.

Research and Development Expenses

Our research and development expenses increased by 41.3% from RMB447.4 million in 2024 to RMB632.4 million in 2025, primarily due to a significant increase in headcount driven by expanded investment in chip design, firmware development, new product innovation, and advanced packaging and testing.

Other income

Our other income increased by 58.0% from RMB36.1 million in 2024 to RMB57.0 million in 2025, primarily attributable to increases in government grants and VAT refund.

Other (Loss)/Gains, Net

Our other gains decreased by 70.8% from RMB110.5 million in 2024 to RMB32.2 million in 2025, primarily attributable to net foreign exchange differences due to fluctuations in the U.S. dollar against the RMB.

Finance Costs

Our finance costs increased by 19.1% from RMB147.2 million in 2024 to RMB175.3 million in 2025, primarily due to an increase in interest expenses on borrowings due to an increase in outstanding borrowings.

Income Tax Expense

Our income tax expenses increased by 214.6% from RMB29.5 million in 2024 to RMB92.9 million in 2025, primarily due to an increase in our operating profit.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 520.8% from RMB135.2 million in 2024 to RMB839.6 million in 2025.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 86.5% from RMB3,590.8 million in 2023 to RMB6,695.2 million in 2024, primarily attributable to the following changes:

- Our revenue from smart mobile and emerging edge AI devices increased significantly from RMB1,181.9 million in 2023 to RMB3,710.2 million in 2024, mainly due to higher prices and increased sales volumes primarily driven by substantial purchase increases from key customers and an expanded customer base, alongside improved industry conditions.

FINANCIAL INFORMATION

- Our revenue from PC and enterprise storage increased by 15.6% from RMB1,766.5 million in 2023 to RMB2,041.4 million in 2024, mainly due to an increase in prices as a result of (i) our increased offering of upgraded products with premium functionalities; and (ii) our growing brand recognition.
- Our revenue from intelligent automotive and other applications increased by 58.3% from RMB528.3 million in 2023 to RMB836.4 million in 2024, mainly due to an increase in prices as a result of our increased offering of upgraded products with premium functionalities, catering to more sophisticated customer needs.
- Our revenue from advanced packaging and testing services remained relatively stable at RMB114.1 million in 2023 and RMB107.1 million in 2024.

Cost of Sales

Our cost of sales increased by 51.0% from RMB3,667.5 million in 2023 to RMB5,537.9 million in 2024, primarily due to an increase in raw materials and consumables, which was in line with the growth in our sales.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

As a result of the foregoing, we incurred a gross loss of RMB76.7 million in 2023 and a gross profit of RMB1,157.3 million in 2024. Our gross loss margin amounted to 2.1% in 2023 and our gross profit margin amounted to 17.3% in 2024, primarily attributable to (i) a shift in our product mix as we increased the offering of products used in emerging edge AI devices, which generally carry higher margin, and (ii) a strong recovery in industry demand, which led to higher prices for our solutions.

General and Administrative Expenses

Our general and administrative expenses increased by 91.8% from RMB152.8 million in 2023 to RMB292.9 million in 2024, primarily attributable to an increase in employee compensation due to (i) an increase in headcount as we expanded our scale and (ii) an increase in share-based payments.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 56.2% from RMB162.5 million in 2023 to RMB253.8 million in 2024, primarily attributable to an increase in employee compensation due to increased headcount and share-based payments.

Research and Development Expenses

Our research and development expenses increased by 79.0% from RMB250.0 million in 2023 to RMB447.4 million in 2024, primarily attributable to (i) a significant increase in headcount driven by expanded investment in chip design, firmware development, new product innovation, and advanced packaging and testing, and (ii) increased share-based payments.

Other Income

Our other income increased by 158.0% from RMB14.0 million in 2023 to RMB36.1 million in 2024, primarily attributable to (i) an increase in government grants due to one-time project grants from local governments, and (ii) an increase in VAT refund.

Other (Losses)/Gains, Net

We recorded other losses, net of RMB3.4 million in 2023 as compared to other gains, net of RMB110.5 million in 2024, primarily attributable to fair value changes on financial assets at FVTPL due to significant market appreciation in our equity investments.

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FINANCIAL INFORMATION

Finance Costs

Our finance costs increased by 30.0% from RMB113.2 million in 2023 to RMB147.2 million in 2024, primarily attributable to an increase in outstanding borrowings.

Income Tax Credit/(Expenses)

We incurred income tax credit of RMB111.2 million in 2023 and income tax expense of RMB29.5 million in 2024, primarily attributable to an increase in net profit in 2024, resulting in an increase in our taxable income.

Profit/(Loss) for the Year

As a result of the foregoing, our loss for the year amounted to RMB630.9 million in 2023 and our profit for the year amounted to RMB135.2 million in 2024.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth the 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, | | |
|--|---------------------------|-------------------------|--------------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | 1,132,014 | 1,544,577 | 2,959,293 |
| Right-of-use assets | 26,974 | 108,936 | 159,251 |
| Intangible assets | 48,796 | 79,693 | 63,306 |
| Deferred tax assets | 164,272 | 150,189 | 115,176 |
| Financial assets at fair value through profit and loss | 50,130 | 55,800 | 168,013 |
| Other non-current assets | 29,765 | 334,247 | 115,653 |
| Total non-current assets | <u>1,451,951</u> | <u>2,273,442</u> | <u>3,580,692</u> |
| Total current assets | <u>4,880,448</u> | <u>5,687,514</u> | <u>11,939,847</u> |
| Total current liabilities | <u>3,898,444</u> | <u>4,573,691</u> | <u>7,268,344</u> |
| Non-current liabilities | | | |
| Borrowings | 503,000 | 928,283 | 2,666,699 |
| Lease liabilities | 7,572 | 10,107 | 61,590 |
| Deferred tax liabilities | 4 | 14,459 | 1,882 |
| Deferred income | 2,257 | 3,649 | 7,872 |
| Total non-current liabilities | <u>512,833</u> | <u>956,498</u> | <u>2,738,043</u> |

FINANCIAL INFORMATION

Property, plant and equipment

Our property, plant and equipment consisted of (i) buildings, (ii) machinery and equipment, (iii) motor vehicles, (iv) electronic equipment, (v) construction in progress and (vi) leasehold improvement. The following table sets out a breakdown of our property, plant and equipment as of the dates indicated:

| | As of December 31, | | |
|------------------------------------|---------------------------|-------------------------|-------------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Buildings | 402,401 | 401,125 | 755,498 |
| Machinery and equipment | 409,503 | 720,776 | 1,078,296 |
| Motor vehicles | 1,547 | 2,641 | 3,037 |
| Electronic equipment | 35,198 | 54,583 | 62,428 |
| Construction in progress | 275,290 | 353,784 | 1,049,657 |
| Leasehold improvement | 8,075 | 11,668 | 10,337 |
| Total | <u>1,132,014</u> | <u>1,544,577</u> | <u>2,959,293</u> |

Our property, plant and equipment amounted to RMB1,132.0 million, RMB1,544.6 million and RMB2,959.3 million as of December 31, 2023, 2024 and 2025, respectively. The increase in our property, plant and equipment over time was primarily attributable to (i) an increase in buildings due to the completion of factory buildings at our Huizhou production base in 2023 and subsequent expansion works in 2025, (ii) an increase in machinery and equipment due to continued procurement to expand production capacity at the Huizhou production base and significant purchases for the Dongguan production base since 2024, and (iii) an increase in construction in progress due to ongoing construction activities for Huizhou and Dongguan production bases prior to their completion. For details of the impairment testing performed in respect of our property, plant and equipment, see Note 16(d) to the Accountants’ Report in Appendix I to this Document.

Right-of-use assets

Our right-of-use assets consisted of (i) land-use rights, (ii) leased properties and (iii) production facilities. Our right-of-use assets increased from RMB27.0 million as of December 31, 2023 to RMB108.9 million as of December 31, 2024, primarily attributable to the recognition of additional lease contracts for properties to support our business expansion. Our right-of-use assets further increased to RMB159.3 million as of December 31, 2025, primarily attributable to the recognition of right-of-use assets in relation to the bulk gas yard leased for the Dongguan production base in 2025.

Intangible Assets

Our intangible assets consisted of (i) software and (ii) license rights. Our intangible assets increased from RMB48.8 million as of December 31, 2023 to RMB79.7 million as of December 31, 2024, primarily attributable to an increase in software due to the purchase of externally developed software, including proprietary and non-proprietary technologies in line with expanded business scale. Our intangible assets subsequently decreased to RMB63.3 million as of December 31, 2025, primarily attributable to amortization and impairment of software and license rights. For details of the impairment testing performed in respect of our intangible assets, see Note 18 to the Accountants’ Report in Appendix I to this Document.

Other non-current assets

Our other non-current assets consisted primarily of prepayments for property, plant and equipment and construction-in-progress, mainly related to our capacity expansion projects. Our other non-current assets amounted to RMB29.8 million, RMB334.2 million and RMB115.7 million as of December 31, 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Our non-current assets increased significantly from RMB29.8 million as of December 31, 2023 to RMB334.2 million as of December 31, 2024, primarily attributable to a significant increase in prepayments for large-scale equipment procurements and engineering projects. Our non-current assets subsequently decreased to RMB115.7 million as of December 31, 2025, primarily attributable to a decrease in such prepayments, as they were progressively transferred to property, plant and equipment and other long-term assets upon the delivery and acceptance of the relevant long-term assets and the completion of the related projects.

Inventories

Our inventories primarily consisted of (i) raw materials, (ii) outsourced processing materials, (iii) semi-finished goods, (iv) work in progress and (v) finished goods. The following table sets out a breakdown of our inventories as of the dates indicated:

| | As of December 31, | | |
|--|---------------------------|-------------------------|-------------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Raw materials | 1,413,826 | 1,047,488 | 3,375,156 |
| Outsourced processing materials. | 76,991 | 109,483 | 271,151 |
| Semi-finished goods | 63,594 | 79,451 | 470,196 |
| Work in progress | 362,810 | 367,104 | 1,376,192 |
| Finished goods | 1,870,938 | 2,170,443 | 2,510,861 |
| Goods in transit | 6,931 | 40,336 | 37,783 |
| Low-value consumables. | 6,178 | 6,807 | 20,801 |
| Less: provision for impairment. | <u>(249,049)</u> | <u>(283,761)</u> | <u>(193,723)</u> |
| Total | <u>3,552,219</u> | <u>3,537,351</u> | <u>7,868,417</u> |

Our inventories remained relatively stable at RMB3,552.2 million and RMB3,537.4 million as of December 31, 2023 and 2024, respectively. Our inventories increased to RMB7,868.4 million as of December 31, 2025, primarily attributable to increased procurement of raw materials and higher work in progress and finished goods levels in 2025 to support customer orders and production planning amid improving market conditions.

The following table sets forth an aging analysis of our inventories:

| | As of December 31, | | |
|---|---------------------------|-------------------------|-------------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Within 3 months. | 2,056,431 | 2,398,915 | 6,254,552 |
| 3 to 12 months | 1,182,890 | 876,308 | 1,044,608 |
| 1–2 years | 358,867 | 258,128 | 450,310 |
| Over 2 years. | 203,080 | 287,761 | 312,670 |
| Less: provision for impairment. | <u>(249,049)</u> | <u>(283,761)</u> | <u>(193,723)</u> |
| Total | <u>3,552,219</u> | <u>3,537,351</u> | <u>7,868,417</u> |

FINANCIAL INFORMATION

Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 365 days. Our inventory turnover days were 274.0 days, 233.6 days and 234.2 days in 2023, 2024 and 2025, respectively. Our relatively long inventory turnover days during the Track Record Period primarily reflected the level of raw materials, work-in-progress and finished goods maintained to support production continuity, customer delivery schedules and business expansion, having regard to the nature of our semiconductor memory solutions business. In particular, we maintained inventories of key raw materials, including memory wafers, and products of different types and specifications to meet production requirements and respond to customer demand in a timely manner. Our inventory turnover days decreased from 274.0 days in 2023 to 233.6 days in 2024, primarily due to the gradual consumption of the higher inventory level maintained in 2023 to support expected production needs and business growth, together with enhanced inventory management and improved sales performance. Our inventory turnover days remained relatively stable at 234.2 days in 2025, as the inventories maintained to support our expanded production and sales scale were generally in line with the growth in our cost of sales.

We assess inventory provisions in accordance with applicable accounting standards, measuring inventories at the lower of cost or net realizable value at the end of each reporting period. Where the cost of inventories exceeds their net realizable value, a provision for inventory impairment is recognized and charged to profit or loss for the period. Provisions are calculated on an item-by-item basis to ensure a precise review that reflects the specific characteristics and market conditions of each item.

During the Track Record Period, we applied this method consistently. Net realizable value for each inventory category was determined based on estimated selling prices, completion costs and disposal expenses, while considering potential low utilization or sales. Based on this methodology and its consistent application, we believe the provisions made during the Track Record Period are adequate and reasonable to address potential risks arising from low subsequent utilization or sales.

As of March 31, 2026, RMB4,441.4 million, or 56.4% of inventories as of December 31, 2025, had been used, consumed or sold.

Trade and notes receivables

The following table sets out a breakdown of our trade and notes receivables as of the dates indicated.

| | As of December 31, | | |
|---------------------------------------|---------------------------|-----------------------|-------------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Trade receivables | 621,551 | 826,841 | 1,606,902 |
| Less: credit loss allowance | <u>(7,874)</u> | <u>(11,630)</u> | <u>(22,206)</u> |
| Total | <u>613,677</u> | <u>815,211</u> | <u>1,584,696</u> |

Our trade and notes receivables amounted to RMB613.7 million, RMB815.2 million and RMB1,584.7 million as of December 31, 2023, 2024 and 2025, respectively. The increase in our trade and notes receivables over time was primarily attributable to the expansion of our business scale and growth in sales to a growing customer base.

FINANCIAL INFORMATION

For certain key customers, we have engaged in credit sale with them during the Track Record Period and we usually grant credit terms of up to 90 days. We seek to maintain strict control over our outstanding receivables. Our credit control department is responsible for minimizing credit risks. Overdue balances are reviewed regularly by senior management. The following table sets out an aging analysis of our trade receivables as of the dates indicated:

| | As of December 31, | | |
|------------------------------|---------------------------|----------------|------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Within 3 months. | 582,982 | 791,904 | 1,519,309 |
| 3 months to 1 year | 37,569 | 28,245 | 67,284 |
| 1 to 2 years | 362 | 6,151 | 17,757 |
| 2 to 3 years | 635 | — | 2,552 |
| Over 3 years. | 3 | 541 | — |
| Total | 621,551 | 826,841 | 1,606,902 |

Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables for a year divided by revenue for the relevant year and multiplied by 365 days. Our trade receivables turnover days decreased from 58.0 days in 2023 to 38.9 days in 2024, primarily attributable to improved collection efficiency amidst higher sales. Our trade receivables turnover days remained relatively stable at 38.9 days in 2024 and 38.8 days in 2025.

As of March 31, 2026, RMB1,537.7 million, or 97.0% of our trade receivables as of December 31, 2025, had been settled.

Prepayments and other receivables

Our prepayments and other receivables primarily consisted of (i) prepayments for goods, (ii) security deposits and (iii) tax refund receivables. The following table sets out a breakdown of our prepayments and other receivables as of the dates indicated:

| | As of December 31, | | |
|---------------------------------------|---------------------------|----------------|----------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Prepayments: | | | |
| Prepayments for goods | 183,411 | 101,578 | 154,804 |
| Other receivables: | | | |
| Security deposits. | 27,391 | 20,752 | 29,760 |
| Tax refund receivables. | 20,036 | 64,675 | 58,533 |
| Others | 2,968 | 3,880 | 5,604 |
| Less: credit loss allowance | (2,253) | (3,540) | (5,104) |
| Total | 231,553 | 187,345 | 243,597 |

Our prepayments and other receivables decreased from RMB231.6 million as of December 31, 2023, to RMB187.3 million as of December 31, 2024, primarily attributable to a decrease in prepayments for goods as prior-year stocked materials were utilized and procurement normalized. Our prepayments and other receivables increased from RMB187.3 million as of December 31, 2024 to RMB243.6 million as of December 31, 2025, primarily attributable to an increase in prepayments for goods, mainly raw materials including wafers, to secure supply in light of business needs.

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FINANCIAL INFORMATION

As of March 31, 2026, RMB202.8 million, or 83.2% of our prepayments and other receivables as of December 31, 2025, had been settled.

Term deposits and restricted cash

Our term deposits and restricted cash primarily represented (i) bank acceptance bill margins, (ii) letter of credit margins, and (iii) term deposits pledged for borrowings. Our term deposits and restricted cash amounted to RMB207.1 million, RMB382.9 million, and RMB641.8 million as of December 31, 2023, 2024 and 2025, respectively. The increase in our term deposits and restricted cash over time was primarily attributable to an increased in margins for notes payable and letters of credit in line with our business growth.

Trade and notes payables

Our trade and notes payables primarily consisted of (i) trade payables and (ii) notes payables. The following table sets out a breakdown of our trade and notes payables as of the dates indicated:

| | As of December 31, | | |
|--------------------------|---------------------------|-----------------------|-------------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Trade payables | 691,742 | 685,304 | 1,601,326 |
| Notes payables | <u>9,055</u> | <u>124,046</u> | <u>736,148</u> |
| Total | <u>700,797</u> | <u>809,350</u> | <u>2,337,474</u> |

Our trade and notes payables increased from RMB700.8 million as of December 31, 2023 to RMB809.4 million as of December 31, 2024, primarily attributable to an increase in notes payables as we utilized more bank acceptance notes for supplier payments following an expansion of our bank credit facilities. Our trade and notes payables increased from RMB809.4 million as of December 31, 2024 to RMB2,337.5 million as of December 31, 2025, primarily attributable to (i) an increase in trade payables due to continued growth in procurement to support higher production and sales, and (ii) an increase in notes payables as we further leveraged bank acceptance notes for supplier settlements.

The trade payables usually have credit terms of up to 90 days. The following table sets out an aging analysis of our trade payables as of the dates indicated:

| | As of December 31, | | |
|------------------------------|---------------------------|-----------------------|-------------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Within 3 months | 530,768 | 486,881 | 1,396,491 |
| 3 months to 1 year | 104,198 | 172,372 | 185,513 |
| 1 to 2 years | 52,885 | 21,045 | 16,021 |
| 2 to 3 years | 3,891 | 5,006 | 3,125 |
| Over 3 years | <u>—</u> | <u>—</u> | <u>176</u> |
| Total | <u>691,742</u> | <u>685,304</u> | <u>1,601,326</u> |

Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by cost of sales used for the relevant year and multiplied by 365 days. Our trade payables turnover days decreased from 49.1 days in 2023 to 45.4 days in 2024, primarily due to our improved bargaining power with suppliers, which enabled greater use of bank acceptance notes. Our trade payables turnover days remained relatively stable at 46.9 days in 2025.

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FINANCIAL INFORMATION

As of March 31, 2026, RMB1,362.0 million, or 85.1% of our trade payables as of December 31, 2025, had been settled.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from [REDACTED] from our business operations, bank borrowings and capital contribution from shareholders. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, bank borrowings and the net [REDACTED] from the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Current Assets and Current Liabilities

The following table sets forth a breakdown of our current assets and liabilities as of the dates indicated:

| | As of December 31, | | | As of |
|--|---------------------------|------------------|-------------------|-------------------|
| | 2023 | 2024 | 2025 | March 31, 2026 |
| | <i>(RMB in thousands)</i> | | | (Unaudited) |
| Current assets | | | | |
| Inventories | 3,552,219 | 3,537,351 | 7,868,417 | 12,069,121 |
| Trade and notes receivables | 613,677 | 815,211 | 1,584,696 | 2,159,703 |
| Prepayments and other receivables | 231,553 | 187,345 | 243,597 | 2,320,779 |
| Notes receivables at fair value through other comprehensive income | 1,000 | — | — | — |
| Financial assets measured at fair value through profit or loss | 6,535 | 138,995 | 186,324 | 299,834 |
| Term deposits and restricted cash | 207,130 | 382,880 | 641,755 | 441,499 |
| Cash and cash equivalents | 132,142 | 411,142 | 1,102,606 | 3,353,063 |
| Other current assets | 136,192 | 214,590 | 312,452 | 120,791 |
| Total current assets | 4,880,448 | 5,687,514 | 11,939,847 | 20,764,790 |
| Current liabilities | | | | |
| Borrowings | 3,062,042 | 3,554,236 | 4,511,304 | 6,807,534 |
| Trade and notes payables | 700,797 | 809,350 | 2,337,474 | 2,519,866 |
| Contract liabilities | 18,353 | 42,256 | 80,269 | 232,378 |
| Lease liabilities | 7,079 | 8,052 | 8,727 | 6,054 |
| Current income tax liabilities | 10,085 | 2,615 | 72,177 | 604,851 |
| Financial liabilities at fair value through profit or loss | 2,050 | 1,962 | 8,560 | 14,005 |
| Accruals and other payables | 96,997 | 153,649 | 246,541 | 93,965 |
| Other current liabilities | 1,041 | 1,571 | 3,292 | 11,775 |
| Total current liabilities | 3,898,444 | 4,573,691 | 7,268,344 | 10,290,428 |
| Net current assets | 982,004 | 1,113,823 | 4,671,503 | 10,474,362 |

Our net current assets increased by 13.4% from RMB982.0 million as of December 31, 2023 to RMB1,113.8 million as of December 31, 2024, primarily attributable to (i) an increase in trade and notes receivables of RMB201.5 million, and (ii) an increase in cash and cash equivalents of RMB279.0 million, partially offset by an increase in borrowings.

Our net current assets increased from RMB1,113.8 million as of December 31, 2024 to RMB4,671.5 million as of December 31, 2025, primarily attributable to (i) an increase in inventories of RMB4,331.1 million, (ii) an increase in trade and notes receivables of RMB769.5 million, and (iii) an increase in cash and cash equivalents of RMB691.5 million, partially offset by increases in borrowings and trade and notes payables.

FINANCIAL INFORMATION

Our net current assets increased from RMB4,671.5 million as of December 31, 2025 to RMB10,474.4 million as of March 31, 2026, primarily attributable to (i) an increase in inventories of RMB4,200.7 million, (ii) an increase in prepayments and other receivables of RMB2,077.2 million, (iii) an increase in cash and cash equivalents of RMB2,250.5 million, and (iv) an increase in trade and notes receivables of RMB575.0 million, partially offset by increases in current borrowings and current income tax liabilities.

Cash Flow

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

| | Year ended December 31, | | |
|--|--------------------------------|-------------|-------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Net cash (used in)/generated from operating activities | (1,789,081) | 529,747 | (1,964,504) |
| Net cash used in investing activities | (453,883) | (1,011,645) | (1,626,185) |
| Net cash generated from financing activities | 1,681,179 | 744,855 | 4,327,690 |
| Cash and cash equivalents at beginning of year | 690,077 | 132,142 | 411,142 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 3,850 | 16,043 | (45,537) |
| Cash and cash equivalents at end of year | 132,142 | 411,142 | 1,102,606 |

Net Cash Flows Used in Operating Activities

In 2025, we had net cash used in operating activities of RMB1,964.5 million, which represents our profit before taxation of RMB932.6 million, as adjusted by non-cash and non-operating items, primarily comprising (i) share-based payment expenses of RMB253.9 million, (ii) finance costs of RMB175.3 million and (iii) depreciation and amortization of RMB179.0 million; and changes in working capital, primarily comprising (i) increase in inventories of RMB4,325.7 million, (ii) increase in receivables of RMB981.0 million, partially offset by an increase in payables of RMB1,819.5 million.

In 2024, we had net cash generated from operating activities of RMB529.7 million, which represents our profit before taxation of RMB164.8 million, as adjusted by non-cash and non-operating items, primarily comprising (i) share-based payment expenses of RMB338.1 million, (ii) finance costs of RMB147.2 million, and (iii) depreciation and amortization of RMB115.6 million, partially offset by gains on financial instruments of RMB93.8 million; and changes in working capital, primarily comprising an increase in payables of RMB216.2 million, partially offset by an increase in receivables of RMB351.0 million.

In 2023, we had net cash used in operating activities of RMB1,789.1 million, which represents our loss before taxation of RMB742.0 million, as adjusted by non-cash and non-operating items, primarily comprising (i) impairment losses on inventories of RMB138.3 million, (ii) share-based payment expenses of RMB130.9 million and (iii) finance costs of RMB113.2 million; and changes in working capital, primarily comprising (i) increase in inventories of RMB1,736.8 million, (ii) increase in receivables of RMB490.4 million, partially offset by an increase in payables of RMB724.4 million.

FINANCIAL INFORMATION

We plan to improve our operating cash flow position through measures aimed at achieving positive operating cash flow in the near term, stabilizing cash flow growth and establishing a long-term cash flow management framework. In the short term, we will focus on reducing net operating cash outflows and improving liquidity by (i) shortening accounts receivable collection periods through customer credit grading and adjusting credit terms accordingly, including shortening payment periods or requiring higher prepayments, as well as utilizing bank factoring arrangements to accelerate cash recovery; and (ii) establishing a dedicated team to monitor and recover overdue accounts using structured collection procedures.

In the medium to long term, we aim to enhance cash flow stability and establish sustainable management practices by (i) optimizing our debt structure through negotiations to convert short-term borrowings into longer-term facilities, thereby extending repayment timelines; (ii) expanding financing channels, including implementing supply chain financing solutions to accelerate receivables recovery; (iii) refining our product portfolio based on margin and performance analysis to focus on higher-margin and customized offerings; (iv) driving revenue growth through expansion into new geographic markets and continued investment in research and development to develop products with differentiated features, in order to improve profitability and strengthen our market position; and (v) implementing monthly rolling cash flow forecasts covering the next 12 months, together with monitoring of key indicators such as net operating cash flow and receivables turnover days.

Measures to Manage Our Cash Conversion Cycle

We manage our cash conversion cycle as part of our ordinary-course liquidity management and working capital review, with particular focus on inventory turnover, receivables collection and supplier payment planning. For inventory management, we seek to align procurement and production planning with customer orders, production schedules and expected demand. We monitor inventory levels and work-in-progress turnover through regular inventory reviews, stock counts and integrated production and enterprise resource planning systems, which assist us in identifying production bottlenecks and improving inventory circulation across key production processes. For receivables management, we monitor outstanding receivables and overdue balances on a regular basis, coordinate collection efforts with relevant business teams, and manage customer credit terms through internal approval procedures. Where appropriate, we also take into account customer credit assessments and credit insurance arrangements in managing receivables exposure. For payables management, we plan supplier payments with reference to contractual payment terms, procurement arrangements and our liquidity position, so as to align cash outflows with our operating requirements. During the Track Record Period, we used bank acceptance notes and other trade financing arrangements for certain supplier settlements as part of our ordinary-course treasury and payment management, primarily to reduce financing costs and improve working capital efficiency.

Net Cash Flows Used in Investing Activities

In 2025, our net cash flows used in investing activities was RMB1,626.2 million, which was primarily attributable to (i) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB1,520.5 million and (ii) payments for purchase of investments RMB703.6 million, partially offset by proceeds from disposals of investments of RMB600.5 million.

In 2024, our net cash flows used in investing activities was RMB1,011.6 million, which was primarily attributable to (i) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB968.4 million and (ii) payments for purchase of investments RMB46.0 million.

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FINANCIAL INFORMATION

In 2023, our net cash flows used in investing activities was RMB453.9 million, which was primarily attributable to (i) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB416.3 million and (ii) payments for purchase of investments RMB41.5 million.

Net Cash Flows Generated from Financing Activities

In 2025, our net cash flows generated from financing activities were RMB4,327.7 million, primarily attributable to proceeds from borrowings of RMB7,814.5 million and proceeds from issuance of shares of RMB1,876.2 million, partially offset by (i) repayments of borrowings of RMB5,113.1 million, (ii) interest paid of RMB185.7 million and (iii) movements of restricted cash of RMB164.6 million.

In 2024, our net cash flows generated from financing activities were RMB744.9 million, primarily attributable to proceeds from borrowings of RMB5,255.1 million, partially offset by (i) repayments of borrowings of RMB4,334.6 million and (ii) interests paid of RMB146.3 million.

In 2023, our net cash flows generated from financing activities were RMB1,681.2 million, primarily attributable to proceeds from borrowings of RMB4,149.1 million, partially offset by (i) repayments of borrowings of RMB2,177.6 million and (ii) movements of restricted cash of RMB144.3 million.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025 and March 31, 2026, our indebtedness included bank loans and other borrowings and lease liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

| | As of December 31, | | | As of |
|----------------------------|---------------------------|------------------|------------------|-------------------|
| | 2023 | 2024 | 2025 | March 31, 2026 |
| | <i>(RMB in thousands)</i> | | | (Unaudited) |
| Current | | | | |
| Borrowings | 3,062,042 | 3,554,236 | 4,511,304 | 6,807,534 |
| Lease liabilities. | 7,079 | 8,052 | 8,727 | 6,054 |
| Non-current | | | | |
| Borrowings | 503,000 | 928,283 | 2,666,699 | 5,336,120 |
| Lease liabilities. | 7,572 | 10,107 | 61,590 | 71,222 |
| Total | 3,579,693 | 4,500,678 | 7,248,320 | 12,220,930 |

Except for our indebtedness as disclosed above as of December 31, 2023, 2024, 2025 and March 31, 2026, 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) or acceptance credits which were either guaranteed or unguaranteed, secured or unsecured.

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FINANCIAL INFORMATION

Borrowings

As of December 31, 2023, 2024, 2025, and March 31, 2026, we had borrowings of RMB3,565.0 million, RMB4,482.5 million, RMB7,178.0 million and RMB12,143.7 million, respectively, representing secured and unsecured bank loans. As at December 31, 2023, 2024, and 2025, and March 31, 2026, the weighted average effective interest rate of our short-term borrowings was 4.09%, 3.13%, 2.68% and 2.46%, respectively. As at December 31, 2023, 2024, and 2025, and March 31, 2026, the weighted average effective interest rate of our long-term borrowings was 4.17%, 3.99%, 3.22% and 3.00%, respectively. As of March 31, 2026, our committed unutilized banking facilities amounted to RMB2,196.1 million.

During the Track Record Period, our borrowings were obtained from commercial banks and financial institutions and our borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, there was no restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

As of December 31, 2023, 2024 and 2025 and March 31, 2026, our total lease liabilities (including current and non-current portions) amounted to RMB14.7 million, RMB18.2 million, RMB70.3 million and RMB77.3 million, respectively.

Our total lease liabilities increased from RMB14.7 million as of December 31, 2023 to RMB18.2 million as of December 31, 2024, primarily attributable to additional office leases. Our total lease liabilities further increased to RMB70.3 million as of December 31, 2025, primarily attributable to the recognition of additional lease liabilities in connection with new long-term lease arrangements entered into during 2025.

Our total lease liabilities remained relatively stable at RMB70.3 million as of December 31, 2025 and RMB77.3 million as of March 31, 2026.

No Other Outstanding Indebtedness

Save as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of March 31, 2026, being our indebtedness statement date. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since March 31, 2026.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities.

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FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

| | As of/For the Year ended December 31, | | |
|--|--|------|------|
| | 2023 | 2024 | 2025 |
| Revenue growth rate (%) | 20.3 | 86.5 | 68.8 |
| Gross (loss)/profit margin (%) ⁽¹⁾ | (2.1) | 17.3 | 21.4 |
| Net (loss)/profit margin ⁽²⁾ | (17.6) | 2.0 | 7.4 |
| Current ratio ⁽³⁾ | 1.3 | 1.2 | 1.6 |
| Adjusted net (loss)/profit margin (%) (non-IFRS measure) ⁽⁴⁾ | (13.9) | 7.1 | 9.7 |
| Adjusted EBITDA margin ⁽⁵⁾ (%) (non-IFRS measure) | (12.1) | 11.3 | 13.6 |

Notes:

- (1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.
- (2) Net (loss)/profit margin equals net (loss)/profit divided by revenue and multiplied by 100%.
- (3) Current ratio equals current assets divided by current liabilities as of the same date.
- (4) Adjusted net (loss)/profit margin (non-IFRS measure) is calculated as adjusted net (loss)/profit for the period (non-IFRS measure) divided by revenue for the corresponding period and multiplied by 100%.
- (5) Adjusted EBITDA margin (non-IFRS measure) is calculated as adjusted EBITDA for the period (non-IFRS measure) divided by revenue for the corresponding period and multiplied by 100%.

CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditure consisted of payments for purchase of property, plant and equipment, intangible assets and other non-current assets. In 2023, 2024 and 2025, our capital expenditures were RMB416.3 million, RMB968.4 million and RMB1,520.5 million, respectively.

Following the [REDACTED], we will continue to incur capital expenditure to grow our business. We plan to fund our planned capital expenditure primarily with cash flows generated from our operations, bank borrowings, and the net [REDACTED] received from the [REDACTED]. See “Future Plans and Use of [REDACTED].” We may adjust our capital expenditure for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

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FINANCIAL INFORMATION

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments were mainly (i) property, plant and equipment commitments and (ii) investment commitments. See Note 34.2 to the Accountants’ Report in Appendix I to this Document. As of December 31, 2023, 2024 and 2025, the total amount of our capital commitments was RMB3,165.6 million, RMB2,896.5 million and RMB2,169.6 million, respectively. The table below sets forth our capital commitments as of the dates indicated:

| | As of December 31, | | |
|--|---------------------------|-------------------------|-------------------------|
| | 2023 | 2024 | 2025 |
| | <i>(RMB in thousands)</i> | | |
| Property, plant and equipment commitments: | | | |
| — Contracted, but not provided for | 5,566 | 89,347 | 271,998 |
| — Authorized, but not contracted | 3,090,000 | 2,737,197 | 1,897,569 |
| Equity investment commitments: | | | |
| — Contracted, but not provided for | <u>70,000</u> | <u>70,000</u> | <u>—</u> |
| Total | <u>3,165,566</u> | <u>2,896,544</u> | <u>2,169,567</u> |

RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 35 of the Accountants’ Report included in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 35 to the Accountants’ Report in Appendix I to this Document was conducted in the ordinary course of business on an arm’s-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISKS DISCLOSURE

See Note 3 of Appendix I to this document.

DIVIDENDS AND DIVIDEND POLICY

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio or formal dividend policy. On March 19, 2026, our Board proposed a final dividend of RMB2.14 per 10 shares in respect of the year ended December 31, 2025, which was approved at our Shareholders’ meeting held on May 7, 2026. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be

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FINANCIAL INFORMATION

obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, operating cash flows, available financing facilities and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this Document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had distributable reserves of RMB507.3 million.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative price range for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. We estimate the [REDACTED] expenses to consist of approximately HK\$[REDACTED] in [REDACTED] fees and HK\$[REDACTED] in non-[REDACTED] fees (which consist of fees and expenses of legal advisors and our Reporting Accountants of approximately HK\$[REDACTED] and other fees and expenses of approximately HK\$[REDACTED]). Among the total [REDACTED] expenses, approximately HK\$[REDACTED] will be directly attributable to the [REDACTED] of our Shares, which will be deducted from equity upon the completion of the [REDACTED], and the remaining approximately HK\$[REDACTED] will be expensed in our consolidated statements of comprehensive income.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in Appendix I to this Document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER 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.