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Application Proof of

Zhejiang Zentel Memory Technology Co., Ltd.*

浙江力積存儲科技股份有限公司

(the “Company”)

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

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Zhejiang Zentel Memory Technology Co., Ltd.*

浙江力積存儲科技股份有限公司

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

[REDACTED]

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

Sole Sponsor, [REDACTED] and [REDACTED]



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[REDACTED]

* For identification purposes only

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a leading DRAM⁽¹⁾ chip design company in China. Leveraging our technological expertise, industry partnerships and comprehensive product portfolio, we have built a broad customer base and achieved large-scale commercialization of our products and solutions. In 2025, we sold over 100 million memory chips (including chips contained in modules and wafers). The DRAM market is generally divided into mainstream and niche segments. We focus on the niche segment, which includes 8Gb DDR4 and older generation products. Mainstream DRAM, typically characterized by its large capacity and high speed, is mainly used in standardized devices like smartphones and PCs. In contrast, niche DRAM is developed based on mature technologies and often have lower performance demands, serving specialized applications with more stable market share, accounting for approximately 7.0% of the global DRAM market and 12.3% of the Chinese DRAM market in terms of sales revenue in 2025. According to Frost & Sullivan, in terms of niche DRAM revenue in 2025, we ranked fifth among Chinese companies and fourth among Chinese fabless companies in the global niche DRAM market and 12th among all players in the global niche DRAM market. We have developed expertise in Wafer-on-Wafer 3D heterogeneous integration technology and are advancing toward achieving mass production of high bandwidth memory products.

We are committed to developing high-bandwidth, low-power, and highly reliable memory solutions. Our product lineup spans multiple generations of DRAM memory types, offering comprehensive system-level memory solutions that are widely applicable in consumer electronics, network communications, automotive electronics, energy and industrial control systems. We are strategically focused on high-bandwidth and high-performance products to meet diverse market demands across various sectors. Through our independent R&D, we have developed expertise in high-bandwidth memory products. We maintain long-term partnerships with PSMC, a globally renowned wafer foundry, and have established collaborations with ADATA and Ramaxel, two of the world’s top 10 DRAM module manufacturers according to Frost & Sullivan, ensuring a stable and robust supply chain. Leveraging our international R&D and sales teams, along with our Zentel brand inherited from Zentel Japan, which boasts over 20 years of history, we have developed business relationships with premium customers worldwide, enabling us to rapidly expand our customer network and tap into vast market opportunities.

Benefiting from the recent rapid expansion of the global and Chinese memory chip and AI computing industries, we have experienced a continuous improvement in the sales of our major products. During the Track Record Period, the total storage capacity of our products sold grew from approximately 29.3 million GB in 2023 to approximately 54.3 million GB in 2025, representing a CAGR of 36.1%.

Note:

- (1) “DRAM” stands for dynamic random-access memory, a type of random-access memory that requires periodic refreshing to maintain the stored information.

SUMMARY



OUR BUSINESS MODEL

We are primarily engaged in the design and sales of DRAM products. We offer a complete suite of memory solutions encompassing (a) DRAM chips, (b) DRAM modules and (c) DRAM KGD wafers, which are widely applicable in consumer electronics, network communications, automotive electronics, energy and industrial control systems. Our DRAM chips are independently designed, which are manufactured by our production partner and subject to rigorous packaging and testing processes, making them ideal for broad applications in both commercial and industrial sectors. Our DRAM modules are crafted by integrating memory chips with PCB using advanced packaging technologies. They are widely used in high-end computing products, including industrial PCs and enterprise servers. Our DRAM KGD wafer is a thin silicon wafer on which multiple DRAM dies are fabricated and rigorously tested. Our customized DRAM KGD wafer solutions are tailored to meet the needs of SoC manufacturers.

We operate under a fabless model, where we collaborate with third-party semiconductor foundries with manufacturing capabilities, which handle the fabrication, testing, and packaging of semiconductor components based on our design specifications and requirements. This approach allows us to concentrate on our core competencies in innovation and product design, while leveraging the specialized expertise of industry-leading manufacturers for wafer fabrication, packaging, and testing. PSMC serves as our main foundry partner, while leading OSAT companies including FATC and ChipMOS provide packaging, testing and assembly services. See also “Business — Our Business Model” for a diagram of our business model.

In terms of sales and marketing strategy, we employ a combination of direct sales and distributorship model with sales through distributorship contributing the majority of our revenue. During the Track Record Period, revenue from distributors amounted to RMB402.9 million, RMB421.4 million and RMB642.1 million, representing 69.4%, 65.2% and 58.1% of our total revenue for the respective periods; revenue from direct sales amounted to RMB177.4 million, RMB225.0 million and RMB462.8 million, respectively, representing 30.6%, 34.8% and 41.9% of our total revenue for the respective periods. Our key customers include (a) distributors principally

SUMMARY

engaged in the trading of electronic components and (b) direct sales customers principally engaged in the IT application innovation business. We apply strict quality control standards and have implemented various quality control checks to ensure that our products meet our customers’ expectations and international and industry standards. We also require our business partners to apply their stringent quality control standards and meet our internal requirements.

OUR COMPETITIVE STRENGTHS

We believe our following core competitive strengths will allow us to further consolidate our market leading position: (a) we are a leading DRAM chip design company in China with vast future growth potential; (b) our multi-center R&D platform and long-term technological expertise have established a mature leadership position in technology; (c) we offer comprehensive memory solutions to meet diverse customer needs; (d) we build scalable commercial capabilities through long-term and stable ecosystem partnerships; (e) we boast a world-class customer portfolio and continue to expand our presence in international markets; and (f) our management and core team possess profound technical expertise and extensive industry experience.

OUR DEVELOPMENT STRATEGIES

We intend to pursue the following strategies: (a) we will continuously focus on technological innovation to lead transformation in global DRAM and memory-computing solutions; (b) we will expand our product portfolio and strengthen our customization and independent development; (c) we will selectively pursue strategic collaboration, investment and acquisition opportunities to integrate industry resources; and (d) we will relentlessly implement our global strategy.

OUR PRODUCTS AND SOLUTIONS

Our product portfolio includes DRAM chips, DRAM modules, and DRAM KGD wafers, all of which have contributed to our historical success and are poised to capture significant market opportunities in the future. In particular:

DRAM Chips: Our independently designed DRAM chips undergo rigorous packaging and testing, making them ideal for embedded systems with broad applications in both commercial and industrial sectors. Commercial-grade DRAM chips are primarily used in consumer electronics and network communications, such as robots, smart speakers, and Wi-Fi devices, while industrial-grade memory chips are tailored for demanding industrial control applications, particularly those requiring high reliability in extreme temperature environments. These chips ensure stability and longevity under extreme operating conditions. During the Track Record Period, revenue from commercial-grade DRAM chips accounted for approximately 97.7%, 97.6% and 96.6% of our total revenue from DRAM chips, respectively, while revenue from industrial-grade DRAM chips accounted for approximately 2.3%, 2.4% and 3.4% of our total revenue from DRAM chips, respectively.

DRAM Modules: Our DRAM modules are crafted by integrating memory chips with PCB using advanced packaging technologies. They are widely used in high-end computing products, including industrial PCs and enterprise servers. Through efficient packaging and modular design, our DRAM modules deliver exceptional performance and stability, meeting stringent requirements for storage density, speed, and reliability across diverse application scenarios.

DRAM KGD Wafers: We provide customized DRAM KGD wafers primarily for SoC manufacturers. During the chip design phase, we conduct precise wafer testing tailored to customer specifications and deliver qualified wafers to downstream manufacturers for further packaging and processing. Through deep collaboration with customers, our wafers consistently meet their high technical standards.

SUMMARY

OUR CUSTOMERS AND SUPPLIERS

The industries which our customers operate in include consumer electronics, network communications, automotive electronics, energy and industrial control equipment. Revenue generated from our top five customers in each year/period during the three years ended December 31, 2025 amounted to approximately RMB387.6 million, RMB336.1 million and RMB479.2 million, representing approximately 66.8%, 52.0% and 43.4% of our total revenue for the respective year/period. Our major suppliers are (i) our production partners including (a) wafer fabrication service provider and (b) packaging and testing service providers, as well as (ii) the suppliers of other raw materials. The purchases from our top five suppliers in each year/period during the three years ended December 31, 2025 amounted to approximately RMB475.9 million, RMB451.1 million and RMB754.2 million, representing approximately 88.6%, 76.2% and 68.7% of our total purchase amount for the respective year/period. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest customers or suppliers (except for PSMC) in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

OUR R&D ACHIEVEMENTS

We have consistently demonstrated our ability to innovate and iterate technology, driving advancements in product performance, customization, and R&D efficiency. Key examples that highlight how our iterative technological advancements have led to significant breakthroughs in product design, customization, and development efficiency include: (i) enhancing product performance through design improvements, (ii) meeting customization needs through technical adaptation, and (iii) improving R&D efficiency through technological accumulation. Our innovation capabilities have garnered widespread recognition and respect both domestically and internationally. In 2025, we were designated as a National-Level Specialized and Sophisticated Key “Little Giant” Enterprise (國家級專精特新重點「小巨人」企業).

OUR RELATIONSHIP WITH PSMC

We relied on PSMC, our main foundry partner, for the production of DRAM wafers during the Track Record Period. The cost of sales attributable to PSMC (including the cost of sales attributable to the purchase from PSMC through AP Memory) during the Track Record Period amounted to RMB336.4 million, RMB258.3 million and RMB282.8 million, accounting for 63.5%, 46.0% and 25.8% of our total cost of sales in the respective periods.

In the typical collaboration model between fabless companies and foundries, a single foundry is usually responsible for the entire wafer fabrication and associated foundry services. According to Frost & Sullivan, there are only a limited number of foundries worldwide, which are currently capable of providing comprehensive DRAM wafer fabrication and foundry services.

As our main foundry supplier during the Track Record Period, PSMC was responsible for the performance of the majority of wafer fabrication and associated foundry services. The wafer fabrication and associated foundry services provided by PSMC include wafer loading, oxidation, pattern generation, photo resist (PR) coating, lithography exposure, PR development, thin film pattern etching, PR stripping and wafer acceptance testing.

SUMMARY

COMPETITION

We primarily compete against global and local DRAM chip design companies adopting similar fabless model as ours. The principal competitive factors in our markets include technological expertise and innovative R&D capabilities, product development capabilities and supply chain partnerships. We have significant in-house capabilities across critical areas of DRAM chip design and testing and are increasing spending in R&D in key areas. We offer a comprehensive range of DRAM products to meet diverse customer needs in various segments. We continue to enhance our existing product portfolio, including the continuous iteration of our DRAM chip offerings, as well as the development of high-bandwidth memory products. We have also established strong, long-term relationships with fabrication foundries and packaging and testing service providers. We have demonstrated strong market competitiveness among mainland Chinese companies in the global niche DRAM market. According to Frost & Sullivan, in terms of niche DRAM revenue in 2025, we ranked fifth among Chinese companies and fourth among Chinese fabless companies in the global niche DRAM market.

SUMMARY OF 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 set out 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 Consolidated Statements of Profit or Loss

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue
Revenue	580,346	100.0	646,401	100.0	1,104,889	100.0
Cost of sales						
Cost of sales of goods and services	(529,458)	(91.2)	(562,092)	(87.0)	(929,944)	(84.2)
(Impairment losses)/reversal of impairment losses on inventories	(29,684)	(5.1)	(24,026)	(3.7)	3,004	0.3
Gross profit	21,204	3.7	60,283	9.3	177,949	16.1
Other income and gains ⁽²⁾	2,470	0.4	15,286	2.4	8,107	0.7
Selling and marketing expenses	(32,430)	(5.6)	(40,609)	(6.3)	(27,852)	(2.5)
Administrative expenses ⁽¹⁾	(153,196)	(26.4)	(42,548)	(6.6)	(62,374)	(5.6)
Research and development expenses	(77,242)	(13.3)	(95,762)	(14.8)	(102,126)	(9.2)
Other expenses	(1,644)	(0.3)	(84)	(0.0)	(2,924)	(0.3)
(Impairment losses)/reversal of impairment losses on financial assets, net	(356)	(0.1)	(1,199)	(0.2)	701	0.1
Finance costs	(4,030)	(0.7)	(5,205)	(0.8)	(2,594)	(0.2)
Loss before tax	(245,224)	(42.3)	(109,838)	(17.0)	(11,113)	(1.0)
Income tax credit	916	0.2	933	0.1	576	0.1
Loss for the year	(244,308)	(42.1)	(108,905)	(16.8)	(10,537)	(1.0)

Notes:

- (1) Our administrative expenses decreased substantially from 2023 to 2024, primarily due to the decrease in share-based payment expenses from RMB135.0 million in 2023 to RMB17.3 million in 2024.
- (2) Our other income and gains increased substantially from 2023 to 2024 primarily attributable to an increase in foreign exchange gain and an increase in government grants.

SUMMARY

NON-IFRS MEASURE

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

We define adjusted net profit/loss (non-IFRS measure) as loss excluding the effects of share-based payment expenses and [REDACTED] expenses. Share-based payment expenses are non-cash in nature and are employee related expenses arising from grant of shares under our employee incentive scheme. We also exclude [REDACTED] expenses with respect to the [REDACTED]. The adjustments have been consistently made during the Track Record Period. The following table sets forth the reconciliation of net loss to adjusted net profit/loss (non-IFRS measure) for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss for the year	(244,308)	(108,905)	(10,537)
Add:			
Share-based payment expenses	151,145	56,095	17,305
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit/loss (non-IFRS measure)	(93,163)	(52,810)	26,090

We incurred net losses of RMB244.3 million, RMB108.9 million and RMB10.5 million, respectively, in 2023, 2024 and 2025. Our net loss decreased from RMB224.3 million in 2023 to RMB108.9 million in 2024 partially due to the share-based payment expenses incurred in 2023. Our net loss further decreased from RMB108.9 million in 2024 to RMB10.5 million in 2025, mainly attributable to the increase in our revenue and gross profit in 2025 further driven by our business growth.

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets	115,750	120,123	124,777
Current assets	332,178	316,368	596,635
Total assets	447,928	436,491	721,412
Non-current liabilities	9,258	8,999	9,030
Current liabilities	305,599	375,576	251,251
Total liabilities	314,857	384,575	260,281
Net current assets/(liabilities)	26,579	(59,208)	345,384
Net assets	133,071	51,916	461,131
Non-controlling interests	4,952	–	–

SUMMARY

We recorded net assets of RMB133.1 million, RMB51.9 million and RMB461.1 million as of December 31, 2023, 2024 and 2025, respectively. Our net assets decreased from RMB133.1 million as of December 31, 2023 to RMB51.9 million as of December 31, 2024 mainly reflecting changes in equity including (i) total comprehensive loss for the year of RMB110.0 million, (ii) share-based payments of RMB56.1 million, (iii) acquisition of non-controlling interests of RMB51.2 million, and (iv) capital injection of RMB23.9 million. Our net assets increased from RMB51.9 million as of December 31, 2024 to RMB461.1 million as of December 31, 2025, mainly reflecting changes in equity including (i) capital injection of RMB403.5 million, (ii) share-based payments of RMB17.3 million, and (iii) total comprehensive loss for the year of RMB11.6 million. For more information, see “Consolidated Statements of Changes in Equity” included in the Accountants’ Report in Appendix I to this document.

We had net current assets of RMB26.6 million and RMB345.4 million as of December 31, 2023 and 2025, respectively, and net current liabilities of RMB59.2 million as of December 31, 2024. The change from net current assets as of December 31, 2023 to net current liabilities position as of December 31, 2024 was mainly due to the loss of RMB108.9 million in 2024. For a detailed discussion of our current assets and current liabilities during the Track Record Period, please see “Financial Information — Discussion of Certain Key Consolidated Statements of Financial Position Items” in this document.

Summary of the Consolidated Statements of Cash Flow

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows used in operating activities	(62,883)	(18,233)	(192,119)
Net cash flows from/(used in) investing activities	28,318	(10,857)	(21,617)
Net cash flows from financing activities. .	19,274	31,746	222,225

We recorded net cash outflows from operating activities in 2023, 2024 and 2025, amounting to RMB62.9 million, RMB18.2 million and RMB192.1 million, respectively, mainly due to our loss before tax amounting to RMB245.2 million, RMB109.8 million and RMB11.1 million in the respective years. See “Financial Information — Period-to-Period Comparison of Results of Operations” for detailed reasons of the loss before tax. We plan to improve our net operating cash outflows position by (i) enhancing inventory management, and (ii) optimizing our receivables and payables. For detailed strategies and measures we plan to take to improve our net operating cash outflows position and achieve profitability, see “Business — Business Sustainability and Path to Profitability.”

KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios for the years/periods indicated:

	For the year ended December 31 or as of December 31,		
	2023	2024	2025
Gross margin ⁽¹⁾	3.7%	9.3%	16.1%
Current ratio ⁽²⁾	1.1	0.8	2.4
Quick ratio ⁽³⁾	0.6	0.4	1.2
Gearing ratio ⁽⁴⁾	2.4	7.4	0.6

SUMMARY

Notes:

- (1) $\text{Gross margin} = \text{gross profit/loss} \div \text{revenue} \times 100\%$
- (2) $\text{Current ratio} = \text{total current assets} \div \text{total current liabilities}$
- (3) $\text{Quick ratio} = (\text{total current assets} - \text{inventories}) \div \text{total current liabilities}$
- (4) $\text{Gearing ratio} = \text{total liabilities} \div \text{total equity}$

RISK FACTORS

Our business and the [REDACTED] involve certain risks, which are set out in the section headed “Risk Factors.” You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include: (i) If we are unable to design or deliver high quality and innovative products that address the evolving customer preferences and achieve market acceptance in a timely and cost effective manner, our business may be materially and adversely affected; (ii) The markets for our products are highly and increasingly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed; (iii) We depend on growth in the end markets that adopt our products. Any slowdown in the growth of these end markets could adversely affect our business, financial condition and results of operations; (iv) The markets in which we compete have historically been cyclical and have experienced downturns with declines in average selling prices that could adversely affect our business, results of operations and financial condition; and (v) We rely on a limited number of third party production partners for wafer fabrication and packaging, testing and assembly services for our DRAM products.

OUR CONTROLLING SHAREHOLDERS

Upon [REDACTED] (assuming that the [REDACTED] are not exercised), Mr. Ying will control [REDACTED]% of our total issued share capital, comprising (i) [REDACTED]% beneficially owned by Hangzhou Dingyuan; (ii) [REDACTED]% beneficially owned by Tianyuan Liji; (iii) [REDACTED]% beneficially owned by Yingxi No. 1; (iv) [REDACTED]% beneficially owned by Yingxi No. 4; (v) [REDACTED]% beneficially owned by Yingxi No. 5; and (vi) [REDACTED]% beneficially owned by Eaglestream Partners. Each of Hangzhou Dingyuan, Tianyuan Liji, and Yingxi No. 1 is controlled by Ningbo Yingxi as general partner, which is in turn wholly owned by Ningbo Hunting. Ningbo Hunting is wholly owned by Safari Capital Company Limited, which is in turn wholly owned by Advance Faith Investing Limited. Mr. Ying owns 100% interests in Advance Faith Investing Limited. Each of Yingxi No. 4 and Yingxi No. 5 is controlled by Hangzhou Yingxi as general partner, which is wholly owned by Ningbo Yingxi. Eaglestream Partners is owned as to 54.6% and 12.3% by Mr. Ying and Mr. Lin Kuo Hsiung, respectively. The remaining 33.1% of Eaglestream Partners is held by 10 existing or former employees and six consultants of our Group, all of whom are Independent Third Parties. Accordingly, Mr. Ying, Advance Faith Investing Limited, Safari Capital Company Limited, Ningbo Hunting, Ningbo Yingxi, Hangzhou Dingyuan, Tianyuan Liji, Yingxi No. 1, Hangzhou Yingxi, Yingxi No. 4, Yingxi No. 5 and Eaglestream Partners will be our Controlling Shareholders upon the [REDACTED].

[REDACTED] INVESTMENTS

We have conducted several rounds of [REDACTED] Investments. Please see “History, Development and Corporate Structure — [REDACTED] Investments” in this document for details.

SUMMARY

DIVIDEND

We may distribute dividends by way of cash or by other means that we consider appropriate. No dividends have been paid or declared by our Company during the Track Record Period. Currently, we do not have a formal dividend policy or a pre-determined dividend distribution ratio. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account of factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. As advised by our PRC Legal Advisor, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. 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 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. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

[REDACTED]

[REDACTED] EXPENSES

The total [REDACTED] expenses borne or to be borne by us are estimated to be approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million) (comprising (i) [REDACTED] commission of approximately RMB[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED] million, which consist of fees and expenses of legal advisors and reporting accountants of approximately RMB[REDACTED] million and other fees and expenses of approximately RMB[REDACTED] million), accounting for approximately [REDACTED]% of the gross [REDACTED] of the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, which is the [REDACTED] of the indicative [REDACTED] range stated in this document and assuming that the [REDACTED] is not exercised. We expect that approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million) will be charged to our statements of profit or loss as [REDACTED] expenses, and approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million) will be accounted for as a deduction from equity upon the [REDACTED]. During the Track Record Period, [REDACTED] expenses of RMB[REDACTED] million were recognized in our consolidated statements of profit or loss. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such [REDACTED] expenses to have a material adverse impact on our results of operation for the year ending December 31, 2026.

SUMMARY

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We have experienced a continuous improvement in the sales of our major products during the Track Record Period, demonstrating our ability to successfully commercialize our products and solutions. Our revenue increased from RMB580.3 million in 2023 to RMB1,104.9 million in 2025. Notwithstanding the increase in our revenue, we incurred loss for the year of RMB244.3 million, RMB108.9 million and RMB10.5 million for the three years ended December 31, 2025, respectively. Our significant net loss in 2023 was primarily attributable to the substantial share-based payment expenses incurred during the year. Our adjusted net loss (non-IFRS measure) was RMB93.2 million and RMB52.8 million in the years ended December 31, 2023 and 2024, respectively. We had adjusted net profit (non-IFRS measure) of RMB26.1 million for the year ended December 31, 2025. We did not achieve a net profit during the Track Record Period, primarily due to the following factors:

- *Prioritization of business expansion over short-term profitability:* As the niche DRAM market in China (including Hong Kong, Macau and Taiwan) presents significant market potential, we strategically invested in our business and prioritized the business expansion and market share growth instead of short-term profitability to capture the market opportunities in the rising market. In addition, we have been developing our AI memory-computing solutions, which have materialized into revenue during the Track Record Period, which demonstrated high market potential.
- *Fluctuations in prices of raw materials for DRAM chips:* During the Track Record Period, the prices of our raw materials, mainly wafers used in the production of DRAM chips, have been subject to significant fluctuations. For the three years ended December 31, 2025, the average unit price of wafers was RMB5,486.2, RMB5,750.0 and RMB5,010.4 per wafer, respectively. These fluctuations have been driven by a combination of the features of the “silicon cycle”, supply chain disruptions, changes in global commodity prices, and increased demand. Between 2020 and 2021, supported by the upward trend in the DRAM industry, customer inventory accumulation, and the reduction of DDR3 production capacity by Samsung and SK Hynix, supply-demand imbalances significantly pushed up wafer prices. At the same time, the pandemic caused severe global supply chain constraints, raw material shortages, and logistics disruptions, further tightening supply. In addition, rising global energy and commodity prices increased the cost of silicon materials, leading to a surge in wafer prices. From 2022 to 2024, as end-market demand weakened and inventory levels remained high, the DRAM industry entered a downward cycle, resulting in a sharp decline in demand and a subsequent drop in wafer prices. Against this industry backdrop, the unit price of wafers that we contracted to procure before the market price decline in 2022 but consumed later was relatively high. Such increased cost has had a direct impact on our profitability.

We expect to improve our financial performance and achieve profitability in the near future through continual revenue growth, growing economies of scale and improving operating efficiency. Specifically:

- *Achieving sustained growth in revenue:* We seek to drive continual overall revenue growth through (i) expanding and deepening our DRAM product portfolio to address the increasingly diverse requirements of high-growth segments such as AI computing, cloud data centers, and automotive electronics; (ii) actively diversifying our customer base and deepening our engagement with our business partners to mitigate customer concentration risk and tap into new demand pools; (iii) actively pursuing a global strategy through our regional R&D and technical support centers in China and Japan, tailored marketing campaigns, and active participation in industry forums; and (iv) progressively enhancing our industry chain integration capabilities by expanding our packaging and testing capacity within the industry chain and exploring investments or acquisitions to ensure stable and efficient production.

SUMMARY

- *Narrowing loss:* We will endeavor to continuously improve margin and achieve long-term profitability by (i) aligning our go-to-market strategy with volume customers, particularly in fast-growing segments like IoT devices and AI computing, to achieve scale and spread fixed costs more effectively; (ii) reusing proven IP across multiple product lines, we reduce engineering time and lower the risk of design flaws that affect yields and cost; and (iii) utilizing a pre-designed MBIST to reduce time and cost per unit without sacrificing quality.
- *Improving cash flow performance:* We seek to improve cash flow by (i) enhancing inventory management by adopting a dynamic, data-driven approach that aligns with the cyclical nature of the DRAM market and (ii) optimizing receivables and payables by clearing long aging inventories and utilizing the credit periods granted to us to optimize cash flow and preserve liquidity.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED], after deducting the estimated [REDACTED] and other estimated [REDACTED] payable by us in connection with the [REDACTED], assuming that an [REDACTED] of HK\$[REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] range stated in this document) and assuming that the [REDACTED] is not exercised.

We intend to use the net [REDACTED] as follows: (1) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for enhancing our R&D and innovation capabilities; (2) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for upgrading our production and testing equipment and capacity; (3) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for enhancing our global sales and marketing capability; (4) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for strategic investments and/or acquisition to achieve our long-term growth strategies; and (5) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for working capital and general corporate purposes.

LEGAL PROCEEDINGS AND COMPLIANCE

Our Directors confirm that, during the Track Record Period and as of the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral, administrative proceedings or non-compliance incidents that led to fines, enforcement actions or other penalties, which could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, our business operation remained stable and our business continued to grow. We are in the process of commercializing our HSM1 product, which is one of our key AI memory-computing solutions.

Our Directors have confirmed that as of the date of this document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of our latest audited financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

SUMMARY

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We are applying for the [REDACTED] under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test, among other things, with reference to (i) our revenue for the year ended December 31, 2025, being RMB1,104.9 million, which exceeds HK\$500 million as required by Rule 8.05(3) of the Listing Rules; and (ii) our expected [REDACTED] at the time of the [REDACTED], which, based on the low end of the [REDACTED] range, would exceed HK\$4 billion as required by Rule 8.05(3) of the Listing Rules.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this document.

“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period prepared by Ernst & Young, the text of which is set out in Appendix I to this document
“ADATA”	ADATA TECHNOLOGY CO., LTD. (威剛科技股份有限公司), a joint stock company incorporated in Taiwan on May 4, 2001 and listed on the Taiwan Stock Exchange with stock code 3260, and one of our suppliers
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“AP Memory”	AP Memory Technology Corp. (愛普科技股份有限公司), a corporation incorporated in Taiwan on August 4, 2011 and listed on the Taiwan Stock Exchange with stock code 6531, and one of our suppliers and customers
“Articles of Association”	the articles of association of our Company, adopted on May 23, 2025 with effect upon the [REDACTED] (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix IV to this document
“Audit Committee”	the audit committee of our Board
“BIS”	the Bureau of Industry and Security of the United States Department of Commerce
“Board” or “Board of Directors”	the board of Directors
[REDACTED]	the [REDACTED] as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this document
“Business Day” or “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
“CAGR”	compound annual growth rate

DEFINITIONS

[REDACTED]

“Changzhi Licun”	Changzhi Zentel Technology Co., Ltd.* (長治力存科技有限公司), a limited liability company established in the PRC on May 10, 2021, and a wholly owned subsidiary of our Company
“China” or “the PRC”	the People’s Republic of China, but for the purposes of this document and for geographical reference only (unless otherwise indicated), excluding Hong Kong, Macau and Taiwan
“ChipMOS”	CHIPMOS TECHNOLOGIES INC. (南茂科技股份有限公司), a company incorporated in Taiwan with limited liability on July 28, 1997 and listed on the Taiwan Stock Exchange with stock code 8150, and one of our suppliers
“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”, “our Company”, “the Company”	Zhejiang Zentel Memory Technology Co., Ltd.* (浙江力積存儲科技股份有限公司), a limited liability company established in the PRC on March 23, 2020 which was converted into a joint stock company with limited liability on April 25, 2025
“Company Law” or “PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Ying, Advance Faith Investing Limited, Safari Capital Company Limited, Ningbo Hunting, Ningbo Yingxi, Hangzhou Dingyuan, Tianyuan Liji, Yingxi No. 1, Hangzhou Yingxi, Yingxi No. 4, Yingxi No. 5 and Eaglestream Partners, details of which are set forth in the section headed “Relationship with Our Controlling Shareholders”
“COVID-19”	a coronavirus known to cause contagious respiratory illness
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Eaglestream HK”	Zentel (Hong Kong) Limited (formerly known as Eaglestream Technology Holdings (Hong Kong) Limited), a limited company incorporated in Hong Kong on February 14, 2018 and a wholly owned subsidiary of the Company
“Eaglestream Partners”	Eaglestream Partners Limited, a limited company incorporated in the British Virgin Islands on January 15, 2025, details of which are set out in “History, Development and Corporate Structure — Employee Incentive Scheme”, and one of our Controlling Shareholders
“EAR”	United States Export Administration Regulations
“Entity List”	the entity list maintained by BIS
“EIT”	enterprise income tax
“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“ETH Zurich”	Swiss Federal Institute of Technology Zurich
“EU”	European Union

[REDACTED]

DEFINITIONS

“Extreme Conditions” the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to a super typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period

“FATC” FORMOSA ADVANCED TECHNOLOGIES CO., LTD. (福懋科技股份有限公司), a company incorporated in Taiwan with limited liability on September 11, 1990 and listed on the Taiwan Stock Exchange with stock code 8131, which is one of our suppliers

[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

[REDACTED]

“Group”, “our Group”, “we”, “us” or “our” the Company and its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it

“H Share(s)” overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and [REDACTED] in HK dollars and are to be [REDACTED] on the Hong Kong Stock Exchange

[REDACTED]

DEFINITIONS

“Hangzhou Chuyu”	Hangzhou Chuyu Electronic Technology Partnership (Limited Partnership)* (杭州矗譽電子科技合夥企業(有限合夥)), a limited partnership established in the PRC on June 30, 2017, details of which are set out in “History, Development and Corporate Structure — Corporate Structure”, and one of our Shareholders
“Hangzhou Chuyuan”	Hangzhou Chuyuan Enterprise Management Partnership (Limited Partnership)* (杭州矗元企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on June 23, 2017, details of which are set out in “History, Development and Corporate Structure — Corporate Structure”, and one of our Shareholders
“Hangzhou Dingyuan”	Hangzhou Dingyuan Electronic Technology Partnership (Limited Partnership)* (杭州鼎輓電子科技合夥企業(有限合夥)), a limited partnership established in the PRC on June 30, 2017, details of which are set out in “History, Development and Corporate Structure — Corporate Structure”, and one of our Controlling Shareholders
“Hangzhou Fuxin”	Hangzhou Fuxin Information Consulting Partnership (Limited Partnership)* (杭州孚芯信息諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on March 5, 2025, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Hangzhou Heda”	Hangzhou Heda Hengyi Venture Capital Fund Partnership (Limited Partnership)* (杭州和達恒毅創業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on April 23, 2025, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Hangzhou Lixin”	Hangzhou Lixin Storage Technology Co., Ltd.* (杭州力芯存儲科技有限公司), a limited liability company established in the PRC on March 5, 2024, and a subsidiary of our Company
“Hangzhou Yingxi”	Hangzhou Yingxi Enterprise Management Co., Ltd.* (杭州鷹溪企業管理有限公司), a limited liability company established in the PRC on November 23, 2023 and indirectly wholly owned by Mr. Ying, and one of our Controlling Shareholders

[REDACTED]

DEFINITIONS

“HK\$” or “HK dollars”

Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

[REDACTED]

“Hong Kong” or “HK”

the Hong Kong Special Administrative Region of the PRC

“Hong Kong Listing Rules” or
“Listing Rules”

the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[REDACTED]

DEFINITIONS

[REDACTED]

“Hongfan Qiguan”	Hainan Hongfan Enterprise Management Partnership (Limited Partnership)* (海南鴻鈺企業管理合夥企業(有限合夥)), formerly known as Ningbo Hongfan Enterprise Management Partnership (Limited Partnership)* (寧波鴻鈺企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 5, 2021, general partner of which is Shanghai Shida Investment Management Co., Ltd.* (上海適達投資管理有限公司) and the only limited partner of which is Hainan Shida Investment Group Co., Ltd.* (海南適達投資集團有限公司), and one of our former Shareholders
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“Independent Third Party(ies)”	any entity or person who to the best of our Directors’ knowledge, information and belief, is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“Infineon Technologies”	Infineon Technologies North America Corp., a wholly owned subsidiary of Infineon Technologies AG, which is in turn a public limited company incorporated in Germany, spun off from Siemens AG on April 1, 1999, and listed on the Frankfurt Stock Exchange with stock code IFX, and an Independent Third Party

[REDACTED]

DEFINITIONS

[REDACTED]

“International Sanctions”	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the U.K., the EU and its member states, UN or Government of Australia
“International Sanctions Legal Advisors”	Hogan Lovells, our legal advisors as to International Sanctions laws in connection with the [REDACTED]

[REDACTED]

“Jeju Semiconductor”	Jeju Semiconductor Corp., a stock company incorporated in the South Korea on April 4, 2000 and listed on KOSDAQ with stock code 080220, and an Independent Third Party
“JPY”	Japanese Yen, the lawful currency of Japan
“KOSDAQ”	Korean Securities Dealers Automated Quotations
“Latest Practicable Date”	May 21, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

DEFINITIONS

[REDACTED]

“Longxin Chuangqi”	Gongqingcheng Longxin Chuangqi Venture Capital Partnership (Limited Partnership)* (共青城龍芯創啟創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on March 27, 2023, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Longxin Chuangxi”	Gongqingcheng Longxin Chuangxi Venture Capital Partnership (Limited Partnership)* (共青城龍芯創溪創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 8, 2025, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Longxin Chuangxin”	Gongqingcheng Longxin Chuangxin Equity Investment Partnership (Limited Partnership)* (共青城龍芯創信股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on August 24, 2020, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Longxin Huiyu”	Gongqingcheng Longxin Huiyu Venture Capital Fund Partnership (Limited Partnership)* (共青城龍芯匯裕創業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on April 2, 2024, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Longxin Juneng”	Gongqingcheng Longxin Juneng Entrepreneurship Investment Partnership (Limited Partnership)* (共青城龍芯聚能創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on October 18, 2021, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Longxin Liji”	Gongqingcheng Longxin Liji Venture Capital Partnership (Limited Partnership)* (共青城龍芯立積創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on November 19, 2020, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders

DEFINITIONS

“Longxin Shenzhen”	Longxin (Shenzhen) Private Equity Venture Capital Fund Management Co., Ltd.* (龍芯(深圳)私募創業投資基金管理有限公司), a limited liability company established in the PRC on May 4, 2017, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, an Independent Third Party
“Loongson Technology”	Loongson Technology Corporation Limited (龍芯中科技術股份有限公司), a joint stock company listed on the Shanghai Stock Exchange Science and Technology Innovation Board with stock code 688047 and established in the PRC on March 5, 2008 and one of our former Shareholders
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“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 Growth Enterprise Market of the Hong Kong Stock Exchange
“Ministry of Finance” or “MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Ying”	Mr. Ying Wei (應偉先生), chairman of our Board, non-executive Director and one of our Controlling Shareholders
“NDRC”	the 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)
“Ningbo Hunting”	Ningbo Hunting Investment Management Co., Ltd.* (寧波遊獵投資管理有限公司), a limited liability company established in the PRC on April 12, 2018 and indirectly wholly owned by Mr. Ying, and one of our Controlling Shareholders
“Ningbo Yingxi”	Ningbo Yingxi Electronic Technology Co., Ltd.* (寧波鷹溪電子科技有限公司), a limited liability company established in the PRC on January 12, 2021 and indirectly wholly owned by Mr. Ying, and one of our Controlling Shareholders
“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)
“OFAC”	the U.S. Department of Treasury’s Office of Foreign Assets Control

DEFINITIONS

[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, as amended, supplemented or otherwise modified from time to time
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PIHC”	Powerchip Investment Holding Corporation* (力晶創新投資控股股份有限公司) (formerly known as Powerchip Technology Corporation* (力晶科技股份有限公司) and Powerchip Semiconductor Corp.* (力晶半導體股份有限公司)), a publicly traded company incorporated in Taiwan on December 20, 1994, which is an Independent Third Party upon the [REDACTED]
“PRC GAAP”	generally accepted accounting principles of PRC
“PRC Legal Advisor”	Jingtian & Gongcheng, the legal advisor of our Company as to the PRC laws

DEFINITIONS

“[REDACTED] Investment(s)”	the investment(s) in our Company undertaken by the [REDACTED] Investors pursuant to the relevant equity transfer agreement(s) and/or capital increase agreement(s) prior to the [REDACTED], details of which are set out in the section headed “History, Development and Corporate Structure” in this document
“[REDACTED] Investor(s)”	the investor(s) who participated in our [REDACTED] Investments, details of which are set out in the section headed “History, Development and Corporate Structure” in this document
[REDACTED]	
“PSMC”	Powerchip Semiconductor Manufacturing Corporation (力晶積成電子製造股份有限公司) (formerly known as Maxchip Electronics Corp.* (鉅晶電子股份有限公司)), a corporation incorporated in Taiwan on April 17, 2008 and listed on the Taiwan Stock Exchange with stock code 6770, and one of our suppliers
“Ramaxel”	RAMAXEL INFORMATION LIMITED (記憶信息有限公司), a limited company incorporated in Hong Kong on October 12, 2010 and an Independent Third Party
“Regulation S”	Regulation S under the US Securities Act
“Relevant Jurisdiction”	any jurisdiction that is relevant to the Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets or services in certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this Document, Relevant Jurisdictions include the U.S., EU, UK, UN and Australia
“Relevant Region”	Hong Kong
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“R&D”	research and development
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAMR”	the State Administration for Market Regulation (國家市場監督管理總局)

DEFINITIONS

“Sanctioned Person”	certain person(s) and identity(ies) [REDACTED] on OFAC’s Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the U.S., EU, UK, UN or Australia
“SDN List”	the list of Specially Designated Nationals, and Blocked Persons maintained by OFAC, which sets forth individuals and entities that are subject to its sanctions and restricted from dealings with U.S. persons
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGD”	Singapore dollars, the lawful currency of Singapore
“Shanghai Hemu”	Shanghai Hemu Technology Co., Ltd. (上海翮沐科技有限公司), a limited liability company established in the PRC on June 15, 2021, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“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)
“Shenzhen Changzhen”	Shenzhen Changzhen Sanbai Private Equity Fund Partnership (Limited Partnership)* (深圳市長臻叁佰私募股權基金合夥企業(有限合夥)), a limited partnership established in the PRC on September 29, 2024, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Shenzhen Kechuang Dinghui”	Shenzhen Qianhai Sci Tech Innovation Dinghui Shenzhen Hong Kong Venture Capital Fund Partnership (Limited Partnership)* (深圳前海科創鼎暉深港創業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on April 18, 2025, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders

DEFINITIONS

“SK Hynix”	SK Hynix Inc. (formerly known as Hynix Semiconductor Inc.), a company incorporated in South Korea on October 15, 1949 and listed on the Korea Exchange with stock code 0660, and an Independent Third Party
“Sole Sponsor”	CITIC Securities (Hong Kong) Limited
“Sonder Crescent”	Sonder Crescent Limited, a company incorporated in British Virgin Islands on April 13, 2018, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“South Korea”	Republic of Korea
[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
“Taiwan”	Taiwan, province of the People’s Republic of China
“Taiwan Stock Exchange”	the Taiwan Stock Exchange Corporation
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Tianjin Dinghui”	Tianjin Dinghui Junyi Equity Investment Partnership (Limited Partnership)* (天津鼎暉駿逸股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 24, 2023, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Tianjin Dingying”	Tianjin Dingying Enterprise Management Partnership (Limited Partnership)* (天津鼎鷹企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on January 8, 2025, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Tianjin Haoxin”	Tianjin Haoxin Enterprise Management Partnership (Limited Partnership)* (天津灝鑫企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on June 23, 2017, details of which are set out in “History, Development and Corporate Structure — Corporate Structure”, and one of our Shareholders

DEFINITIONS

“Tianyuan Liji”	Jinhua Tianyuan Liji Electronic Technology Partnership Enterprise (Limited Partnership)* (金華田垣力積電子科技合夥企業(有限合夥)), a limited partnership established in the PRC on January 20, 2021, general partner of which is Ningbo Yingxi and the only limited partner of which is Ningbo Hunting, and one of our Controlling Shareholders
“Tianyuan Zhicheng”	Zhejiang Jinyi Tianyuan Zhicheng High Tech Industrial Development Co., Ltd.* (浙江金義田園智城高新技術產業發展有限公司), a limited liability company established in the PRC on November 15, 2012 and wholly owned by Zhejiang Jinyi Tianyuan Zhicheng Science and Technology Innovation Co., Ltd.* (浙江金義田園智城科創有限公司) which is ultimately owned by Jinhua State-owned Assets Supervision and Administration Commission* (金華市國有資產監督管理委員會), and one of our former Shareholders
“Tiantong Xin’an”	Beijing Tiantong Xin’an Technology Development Center (Limited Partnership)* (北京天童芯安科技發展中心(有限合夥)), a limited partnership established in the PRC on October 28, 2020, details of which are set out in “History, Development and Corporate Structure — Corporate Structure”, and one of our Shareholders
“Track Record Period”	the years ended December 31, 2023, 2024 and 2025
“TWD”	Taiwan New dollars

[REDACTED]

“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Unlisted Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange
“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
“Winbond Electronics”	Winbond Electronics Corp. (華邦電子股份有限公司), a corporation incorporated in Taiwan on September 29, 1987 and listed on the Taiwan Stock Exchange with stock code 2344, and an Independent Third Party

DEFINITIONS

“Xi’an UniIC”	Xi’an UniIC Semiconductor Co., Ltd.* (西安紫光國芯半導體股份有限公司) (formerly known as Xi’an UniIC Semiconductors Co., Ltd.* (西安紫光國芯半導體有限公司), Xi’an Sinochip Semiconductors Co., Ltd.* (西安華芯半導體有限公司), Qimonda Technologies (Xi’an) Co., Ltd.* (奇夢達科技(西安)有限公司) and Infineon Memory Products (Xi’an) Co., Ltd.* (英飛凌內存產品(西安)有限公司)), a joint stock company established in the PRC on April 24, 2006 and owned as to 76.6% by UNIC Memory Technology Co., Ltd.* (北京紫光存儲科技有限公司), and an Independent Third Party
“Yingxi No. 1”	Jinhua Yingxi No. 1 Electronic Technology Partnership (Limited Partnership)* (金華鷹溪一號電子科技合夥企業(有限合夥)), a limited partnership established in the PRC on January 25, 2022, one of our Controlling Shareholders and an employee incentive platform of our Group, details of which are set out in “History, Development and Corporate Structure — Employee Incentive Scheme”
“Yingxi No. 3”	Tianjin Yingxi No. 3 Enterprise Management Partnership (Limited Partnership)* (天津鷹溪三號企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on July 8, 2022, general partner of which is Ningbo Yingxi and the only limited partner of which is Tianyuan Liji, and one of our former Shareholders
“Yingxi No. 4”	Tianjin Yingxi No. 4 Enterprise Management Partnership (Limited Partnership)* (天津鷹溪四號企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on November 29, 2023, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Controlling Shareholders
“Yingxi No. 5”	Tianjin Yingxi No. 5 Enterprise Management Partnership (Limited Partnership)* (天津鷹溪五號企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on December 18, 2023, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Controlling Shareholders
“Yingfu Taike”	Yingfu Taike (Shenzhen) Global Technology Equity Investment Fund Partnership (Limited Partnership)* (盈富泰克(深圳)環球技術股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on May 7, 2018, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“Zentel Beijing”	Beijing Zentel Memory Technology Co., Ltd.* (北京力積存儲科技有限公司), a limited liability company established in the PRC on July 26, 2024, and a wholly owned subsidiary of our Company

DEFINITIONS

“Zentel Chengdu”	Chengdu Zentel Memory Technology Co., Ltd.*(成都力積存儲科技有限公司), formerly known as Chengdu Zhangjiang Technology Co., Ltd.* (成都市章江科技有限公司), a limited liability company established in the PRC on May 24, 2024, and a wholly owned subsidiary of our Company
“Zentel Hebi”	Hebi Zentel Memory Technology Co., Ltd.*(鶴壁力積存儲科技有限公司), a limited liability company established in the PRC on August 18, 2022, and a wholly owned subsidiary of our Company
“Zentel Japan”	Zentel Japan Co., Ltd.* (ゼンテルジャパン株式會社), a stock company incorporated in Japan on September 26, 2003 and a wholly owned subsidiary of our Company
“Zentel Jinhua”	Zentel Memory (Jinhua) Limited* (金華力存科技有限公司), a limited liability company established in the PRC on February 3, 2021, and a wholly owned subsidiary of our Company
“Zhejiang Jicun”	Zhejiang Jicun Technology Co., Ltd.* (浙江積存技術有限公司), a limited liability company established in the PRC on June 10, 2022, and a wholly owned subsidiary of our Company
“Zheshang Jiafu”	Zhejiang Merchants Jiafu (Lishui) Equity Investment Fund Partnership (Limited Partnership)* (浙商佳富(麗水)股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on November 25, 2024, details of which are set out in “History, Development and Corporate Structure — Background of the [REDACTED] Investors”, and one of our Shareholders
“%”	per cent

In this document, the terms “associate,” “close associate,” “core connected person” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

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

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

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.

“AEC-Q100”	a failure mechanism based stress test qualification for packaged integrated circuit
“ASIC”	application-specific IC, a type of motor control chip that is customized to the needs of a specific application
“BI system”	business intelligence system, a decision support information management tool, facilitating users to aggregate, catalogue and analyze business data from numerous sources within or outside the organization
“CoWoS”	Chip-on-Wafer-on-Substrate, an advanced packaging technology that offers the advantage of a larger package size and more I/O connection
“CPU”	central processing unit, a complex set of electronic circuitry that runs the machine’s operating system and applications
“DDR”	double data rate, an industry standard for SDRAM products introduced by JEDEC
“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 storage 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 environment
“DRAM”	dynamic random-access memory, a type of random-access memory that requires periodic refreshing to maintain the stored information. Because of this refresh requirement, it is a “dynamic”, or volatile, memory, as opposed to a non-volatile, or “static”, memory that keeps its contents when the power is turned off
“ECC”	error correction code, a method used to detect and correct errors in data transmission or storage
“GB”	gigabyte, a measure of computer data storage capacity that is roughly equivalent to 1 billion bytes
“Gb”	gigabit, a unit of digital information equal to one billion bits
“GDDR”	Graphic DDR, a high-performance DDR memory specification specifically designed for graphics cards

GLOSSARY OF TECHNICAL TERMS

“GPU”	graphic processing unit, a specialized electronic circuit designed to rapidly manipulate and alter memory to accelerate the creation of images
“HBM”	high-bandwidth memory, a type of memory used in high-performance computing and graphics applications, offering high-speed data transfer rates and increased bandwidth through advanced packaging techniques
“HSM”	hybrid-stacked memory, a type of memory currently under development by our Company which is aimed to be comparable to or better than JEDEC HBM standards in terms of performance
“IC” or “Integrated circuit”	integrated circuit, a type of miniature electronic device or component, manufactured using semiconductor techniques, integrating all the necessary transistors, resistors, capacitors, inductors and their connecting wires for a circuit onto a small semiconductor wafer (such as a silicon chip or substrate), which is then soldered and encapsulated within a casing to form an electronic device with the desired circuit functions
“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 manufacturing and packaging and testing
“IEEE”	Institute of Electrical and Electronics Engineers, the world’s largest association of technical professionals established for the advancement of technology
“IoT”	internet of things, a network of interconnected devices that communicate and exchange data with each other over the internet
“JEDEC”	Joint Electron Device Engineering Council, a standardization institution in the solid-state and semiconductor industry that develops industry standards for solid-state electronics
“KGD”	Known Good Die, a bare die or unpackaged chip that has undergone extensive testing and is confirmed to possess the same quality, reliability, and functionality as the packaged product, meeting specified functional and specification standards
“LLM”	large language model, an AI model trained on extensive text data to understand and generate human language, capable of tasks such as translation, summarization, and question answering

GLOSSARY OF TECHNICAL TERMS

“LPDDR”	low power double data rate, an industry standard for low-power SDRAM products introduced by the JEDEC
“Mb”	megabit, a unit of digital information equal to approximately one million bits
“MBIST”	Memory Built-In Self-Test, a self-testing and repair mechanism which tests the memories through an effective set of algorithms to detect possibly all the faults that could be present inside a typical memory cell
“MHz”	megahertz, a unit of alternating current or electromagnetic wave frequency equal to one million hertz
“OSAT Company(ies)”	outsourced semiconductor assembly and test companies that provide third-party IC packaging and testing services
“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
“RDL”	redistribution layer, an extra metal layer on an integrated circuit that makes its I/O pads available in other locations of the chip, for better access to the pads where necessary
“SDR”	single data rate, an industry standard for SDRAM products introduced by JEDEC where data is transferred once per clock cycle
“SDRAM”	synchronous dynamic random-access memory, a type of DRAM that uses synchronous interface
“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
“SoC”	system-on-chips, an integrated circuit that integrates most or all components of a computer or other electronic system
“SRAM”	static random access memory, a type of random access memory that uses bi-stable latching circuitry to store each bit, providing faster access times than DRAM and not requiring periodic refreshing
“TSV”	Through Silicon Via, a packaging technology that replaces the conventional wires used to connect chips

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- general political and economic conditions, including those related to the jurisdictions where we operate;
- our business prospects and our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the jurisdictions where we operate and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the jurisdictions, the industry and markets in which we operate;
- various business opportunities that we may pursue; and
- capital market developments, changes in the global economic conditions and material volatility in the global financial markets.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors” and elsewhere in this document. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

You should carefully read all of the information in this document including the risks and uncertainties described below before making an investment in our H Shares. Our business, financial position or results of operations could be materially and adversely affected by any of the risks mentioned in this section. The [REDACTED] price of our H Shares could decline due to any of these risks, and you may lose all or part of your [REDACTED]. You should pay particular attention to the fact that we are a company incorporated in the PRC, our business is primarily located in mainland China, Hong Kong and Japan and we are governed by a legal and regulatory environment that may differ from that prevails in other countries and jurisdictions. For more information concerning mainland China, Hong Kong and Japan and certain related matters discussed below, see “Regulatory Overview” and “Appendix IV — Summary of Articles of Association” for further details.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are unable to design or deliver high quality and innovative products that address the evolving customer preferences and achieve market acceptance in a timely and cost-effective manner, our business may be materially and adversely affected.

Our products are primarily based on the design of DRAM chips, and our future success depends on the successful expansion of our DRAM products and AI memory-computing portfolio and customer base. Our customers are constantly seeking new products with more features and functionality at lower cost, and our success relies heavily on our ability to continue to develop and provide our customers with new and innovative products and improvements of existing products at favourable prices. In order to gain market share and remain at the forefront of the DRAM industry, we must constantly introduce new and innovative products and respond to new and evolving customer demands.

The success of a new product depends on a variety of specific implementation factors, including: (1) timely development of new technologies and adaption to changes in existing technologies; (2) successful tape-out and validation of new designs to ensure performance, functionality, and manufacturability before mass production; (3) timely and cost-effective processing and mass production to accommodate new product designs, while ensuring functionality, performance and reliability; (4) effective marketing, sales and services to gain market share; and (5) strong and sustainable market demand.

Product design, development, innovation and iteration is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. During the Track Record Period, our R&D expenses amounted to RMB77.2 million, RMB95.8 million and RMB102.1 million, respectively, representing 13.3%, 14.8% and 9.2% of our revenue in the respective periods. Meanwhile, the market in which we operate is highly competitive, characterized by rapidly changing technologies and technological obsolescence. There can be no assurance that we will be able to develop and introduce new and enhanced products in a timely or efficient manner.

Moreover, if we fail to anticipate the next-generation technology roadmap, particularly as we focus on the high-bandwidth memory technology, our revenue and market share may decrease. High-bandwidth memory is a highly specialized product, requiring breakthroughs in design, performance, and cost-effectiveness. Any delays or failures in achieving these technological milestones could hinder our ability to offer competitive products that meet the stringent performance expectations of high-performance computing and artificial intelligence markets. Additionally, the global high-bandwidth memory market is already dominated by a few well-established international players. Competing with these industry giants presents a major hurdle, as they have greater resources for R&D, stronger supply chain infrastructures, and deep relationships with key customers in the high-performance computing and artificial intelligence sectors. If we fail to develop competitive high-bandwidth memory products, we may not be able to gain traction in the market.

RISK FACTORS

The markets for our products are highly and increasingly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed.

The industry in which we operate is highly competitive worldwide and increasingly characterized by frequent introduction of new designs, short product life cycles, quick response to customers’ preference and increasing demand for quality products and price sensitivity. Some of our competitors may have longer track records and greater financial and other resources to invest in research, development and marketing of their products to increase their competitiveness. The selling price of our products and revenues generated by our products may also be driven down due to intense competition. There can be no assurance that we can continue to compete successfully in the future or sustain our market share. If we are not able to design or introduce to the market DRAM products and AI memory-computing solutions with the design and specifications which are compatible with end-market applications as quickly as other market players, or if we fail to expand our product portfolio and maintain competitive prices, or if the number of competitors increases substantially, or if the service quality of other market players improves significantly, or the commercial terms that our competitors could offer are more competitive, we may lose our competitive position, and our operating results, financial condition, profitability and prospects will be materially and adversely affected.

We depend on growth in the end markets that adopt our products. Any slowdown in the growth of these end markets could adversely affect our business, financial condition and results of operations.

Our products and solutions are adopted in the product offerings of our customers operating across various industries, including consumer electronics, network communications, auto-motive electronics, energy and industrial control systems. Demand for our products depends on growth within the markets for the end products, which is impacted by factors beyond our control. Factors affecting these markets include: (1) the inability of customers to dedicate the resources necessary to promote and commercialize their products; (2) the inability of our customers to adapt to changing technological demands resulting in their products becoming obsolete; (3) the failure of our customers’ products to meet evolving industry requirements; (4) the failure of our customers’ products to achieve market success and gain broad market acceptance; (5) delays and project cancellations as a result of design flaws in the products developed by our customers; (6) increased costs associated with potential disruptions to our customers’ supply chain and other manufacturing and production operations; (7) the deterioration of our customers’ financial condition; and (8) the effects of catastrophic and other disruptive events at our customers’ offices or facilities including, but not limited to, natural disasters, telecommunications failures, cyber-attacks, terrorist attacks, pandemics, epidemics or other outbreaks of infectious disease, breaches of security or loss of critical data.

Furthermore, we are developing a range of AI memory-computing solutions, including (1) high-bandwidth 3D stacked DRAM chip, (2) high-bandwidth memory-centric DRAM chip for AI applications and (3) silicon interposer for advanced packaging, which are expected to address storage bottlenecks in data-intensive AI applications. While these solutions hold significant potential, their market penetration may not meet projected growth targets due to multiple challenges, such as weaker-than-expected market demand, where adoption of these solutions may be slower due to cost concerns, evolving industry standards, or shifts in technology preferences. The commercialization process faces additional headwinds from intense sector competition, unresolved technical hurdles, elevated manufacturing expenses, and persistent supply chain complexities. In addition, if we fail to effectively differentiate our product portfolio and align our market strategy, the introduction of our AI memory-computing solutions could lead to internal competition, affecting overall profitability and market positioning.

RISK FACTORS

The markets in which we compete have historically been cyclical and have experienced downturns with declines in average selling prices that could adversely affect our business, results of operations and financial condition.

Historically, the DRAM market has been cyclical and has experienced downturns. These downturns have been characterized by diminished product demand, production overcapacity, high inventory levels and decreasing selling prices and inventory values. For example, the market size of the global DRAM industry was RMB612.4 billion in 2021, which dropped to RMB365.4 billion in 2023, and rebounded to RMB697.9 billion in 2024 and RMB984.1 billion in 2025. Additionally, due to changing conditions, our customers have experienced and may in the future experience periods of excess inventory that could have a significant adverse impact on our sales. During an industry downturn, there is also a higher risk that some of our trade receivables become delinquent or even uncollectible and that our inventory would decrease in value. We cannot predict the timing or the severity of the cycles within our industry. In particular, it is difficult to predict how long and to what levels any industry upturn or downturn, or general economic strength or weakness, will last or develop.

According to Frost & Sullivan, the pricing of memory chips, including DRAM chips, is driven by the balance between supply and demand in a cyclical manner, with periods of price drops when supply exceeds demand and price increases when supply falls short. The niche DRAM market has historically experienced declines in average selling prices during the Track Record Period. Our average selling prices may decline due to several factors, including general declines in demand for our products and excess supply of components as a result of overcapacity. During periods of overcapacity, our net sales may decline if we fail to increase sales volume of existing products or to introduce and sell new products in quantities sufficient to offset declines in selling prices. Our efforts to increase sales or to introduce new products to offset the impact of declines in average selling prices may not be successful.

The fluctuations and declines in average selling prices in the niche DRAM market have in the past had, and may again in the future have, a material adverse effect on our business, results of operations and financial condition. During the Track Record Period, the revenue contributed by the sales of DRAM chips amounted to RMB484.2 million, RMB454.4 million and RMB607.8 million, respectively. Our revenue may continue to fluctuate subject to the fluctuation of prices of DRAM chips in the niche market in the future. In addition, declines in prices could also affect the valuation of our inventory, which could result in inventory write-downs.

We rely on a limited number of third party production partners for wafer fabrication and packaging, testing and assembly services for our DRAM products.

As a fabless chip design company, we do not own any fabrication facilities. During the Track Record Period, PSMC was our main third-party foundry supplier. For the three years ended December 31, 2025, the cost of sales attributable to PSMC (including the cost of sales attributable to the purchase from PSMC through AP Memory) accounted for 63.5%, 46.0% and 25.8%, respectively, of our total cost of sales for the respective periods. In addition, we procure packaging, testing and assembly services from a limited number of OSAT companies, including FATC and ChipMOS.

We depend on our foundry suppliers, including PSMC, to allocate an appropriate portion of their production capacity to meet our needs, to produce products of acceptable quality at acceptable final test yields, and to deliver those products on a timely basis. If our foundry suppliers raise prices or are unable to provide us with the required capacity for any reason, such as shortages, or delays in the shipment of semiconductor equipment or raw materials, or if our business relationships with foundry suppliers deteriorate, we may not be able to obtain the required capacity and would have to seek alternative foundry suppliers, which may not be immediately available on commercially reasonable terms, or at all. In addition, if our foundry suppliers suffer any damage to their facilities, experience power outages, encounter financial difficulties, or suffer any other disruption or

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reduction in efficiency, we may encounter supply delays or disruptions. See “Our operations and those of our production partners are vulnerable to natural disasters and other events beyond our control, the occurrence of which may have an adverse effect on the supply chain of our suppliers and on our facilities, personnel and results of operations” in this section. Furthermore, the production of our DRAM chips and other products requires advanced fabrication technologies, and foundries other than PSMC might not have sufficient production capacity for such technologies, if at all, to meet our requirement.

The engagement of packaging, testing and assembly service providers exposes us to risks associated with non-performance, delayed performance or substandard performance by our production partners. In such case, we will have to replace service providers and additional costs will be incurred. We may also be subject to liability due to defects in the works of our production partners. See “The complexity of our products may lead to undetected defects, failures or reliability issues in our products, which could reduce the market adoption of our products, damage our reputation or expose us to product liability, warranty claims and other claims” in this section. If we are unable to engage qualified packaging, testing and assembly service providers, or if we are unable to monitor the performance of our production partners, our business and results of operations may be materially and adversely affected.

We incurred net loss during the Track Record Period.

In the three years ended December 31, 2025, we had net loss of RMB244.3 million, RMB108.9 million and RMB10.5 million, respectively. Our net loss in 2023 was primarily attributable to the substantial share-based payment expenses incurred during the year. Our adjusted net loss (non-IFRS measure) in the years ended December 31, 2023 and 2024 were RMB93.2 million and RMB52.8 million, respectively. We had adjusted net profit (non-IFRS measure) of RMB26.1 million for the year ended December 31, 2025. We may continue to incur net loss in the short term, as we are in the stage of expanding our business and operations in the highly competitive DRAM market, and are continuously investing heavily in R&D. We may not be able to achieve or subsequently maintain profitability in the near future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully and develop new products and solutions. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We also expect our costs and expenses to increase in future periods as we continue to expand our business and operations, and invest in R&D and business expansion. In addition, we expect to incur substantial costs and expenses as a result of becoming a [REDACTED] company. If we are unable to generate adequate revenue and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

We require a significant amount of capital to fund our operations. We recorded negative cash flows from operating activities during the Track Record Period. If we cannot obtain sufficient capital on acceptable terms to fund our operations, our business, financial condition and prospects may be adversely affected.

Significant and continuous investments are required for research and development as well as the design and production of our products. See “If we are unable to design or deliver high quality and innovative products that address the evolving customer preferences and achieve market acceptance in a timely and cost-effective manner, our business may be materially and adversely affected” in this section. During the Track Record Period, we recorded net cash used in operating activities of RMB62.9 million, RMB18.2 million and RMB192.1 million, respectively. However, our future capital requirements may be substantial as we seek to expand our operations, diversify our product offerings, and pursue acquisitions and equity investments.

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Any indebtedness that we may incur in the future may contain operating and financing covenants that could restrict our business operations, ability to incur additional indebtedness or to distribute dividends. There can be no assurance that financing will be available in a timely manner or in amounts or on terms acceptable to us, or at all. A large amount of bank borrowings and other debt may result in a significant increase in interest expenses while at the same time exposing us to increased interest rate risks. Any failure to raise funds on terms favorable to us, or at all, could severely restrict our liquidity and have an adverse effect on our business, financial condition and results of operations.

Our ability to obtain additional capital in the future, however, is subject to a number of uncertainties, including those relating to our business development, financial condition and results of operations, general market conditions for financing activities in our industry. And macro-economic and other conditions in China and globally. If we cannot obtain sufficient capital to meet our capital needs, our business, financial condition and prospects may be adversely affected.

We recorded net current liabilities during the Track Record Period, which may expose us to certain liquidity risks.

We had net current liabilities of RMB59.2 million as of December 31, 2024. For reasons for our net current liabilities position during the Track Record Period, see paragraph headed “Financial Information — Indebtedness and Contingent Liabilities — Net Current Assets/Liabilities” in this document. We may continue to have net current liabilities in the future. The net current liabilities position may expose us to the risk of shortfalls in liquidity. This in turn would require us to seek additional financing from offering and issuing our Shares, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could incur high inventory-related expenses or lose sales, which could negatively affect our financial condition and results of operations.

Our inventories include raw materials, work in progress and finished products. As of December 31, 2023, 2024 and 2025, we had inventories of RMB158.3 million, RMB152.8 million and RMB299.4 million, respectively. Our business model requires us to manage our inventories efficiently.

We depend on our demand forecasts to make purchase decisions for raw materials and to pace our production progress to manage our inventories. Such demand, however, can change significantly from time to time and we may not always be able to accurately make predictions. Demand may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials may require significant lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of raw materials, which will make it more challenging for us to manage our inventory and logistics effectively.

Our inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. During the Track Record Period, we had write-down of inventories to net realizable value of RMB29.7 million and RMB24.0 million in the years ended December 31, 2023 and 2024, respectively and reversal of impairment losses on inventories of RMB3.0 million in the year ended December 31, 2025. See “Financial Information

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— Discussion of Certain Key Consolidated Statements of Financial Position Items — Inventories” in this document. If we continue to experience inventory write-down, our profitability, financial results and prospects will be negatively affected.

We cannot guarantee that our inventory levels will be able to swiftly meet the demands of customers, which may adversely affect our revenue. We also cannot guarantee that all of our inventory can be sold as products within a reasonable period of time. If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence, a decline in inventory value and significant inventory write-offs. Any of the above may adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which might result in delays in delivery of our products, a diminished customer base and loss of revenue, any of which could harm our business, financial condition and results of operations.

The complexity of our products may lead to undetected defects, failures or reliability issues in our products, which could reduce the market adoption of our products, damage our reputation or expose us to product liability, warranty claims and other claims.

Our customers generally have stringent specifications for quality, performance and reliability that our products must meet. Due to the complex product design, our products may contain undetected defects or failures when first introduced or after commencement of operation, which might require product replacement or recall. If defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expenses and costs associated with after-sales services, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which would harm our operating results. Additionally, such incidents could disrupt the development, production, and launch of new products, leading to further financial and operational setbacks.

We rely on third-party suppliers, including our production partners such as foundry and packaging and testing service providers, to provide quality products and services to customers. The production of our products by our production partners, including the fabrication of wafers, and the assembly and testing of products, involve highly complex processes. For example, minute levels of contaminants in the manufacturing environment, difficulties in the wafer fabrication process or other factors can cause a substantial portion of the components on a wafer to be nonfunctional. These problems may be difficult to detect at an early stage of the production process and often are time-consuming, expensive or impossible to correct. To the extent that third-party suppliers are unable to maintain their production facilities’ efficiency, supply sufficient raw materials in a timely manner, or provide satisfactory services to our customers, which may be due to events that are beyond our or their control, such as manufacturing defects, we may suffer reputational damage and loss of credibility with our current and prospective customers, and our business, financial condition and results of operations may be materially and adversely affected.

We cannot assure you that the measures we have taken to ensure the quality of products and services provided by third-party suppliers could prevent any of the above incidents from occurring, which are beyond our control, or that the third-party suppliers could maintain the quality of products and services they provide in the future. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from our third-party suppliers. If we engage in legal proceedings against our third-party suppliers, such proceedings may be time consuming and costly regardless of the outcomes. Any such issues may adversely affect our business, results of operations and financial condition.

In addition, the quality of our products and solutions depends on the effectiveness of our own quality control and quality assurance, which in turn depends on factors such as the quality and reliability of equipment used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. However,

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we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards. Any significant failure or deterioration of our quality control and quality assurance protocol could render our products and solutions unsuitable for use, cause defects in our products and solutions that may result in damages to end users and harm our market reputation and relationship with business partners.

Our business depends substantially on the efforts of our management and highly skilled personnel, including R&D personnel, and our operations may be disrupted if we lost their service.

Our future performance depends on the service and contribution of our management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, our future success depends, to a significant extent, on our ability to attract, recruit and train qualified employees and retain existing key personnel. Competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our R&D team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications in competition with other companies, particularly in the areas of design and product development. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the estimated value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

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

In the three years ended December 31, 2025, approximately 69.4%, 65.2% and 58.1% of our revenue was generated from our distributors, respectively. As of December 31, 2023, 2024 and 2025, we had 36, 37 and 51 distributors, respectively. See “Business — Sales and Marketing — Distribution” for further details. We have limited control over the operations and actions of our distributors. We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach our agreements and policies. We cannot assure you that our distributors will be successful in marketing and selling our products. Furthermore, we cannot assure you that our distributors will always be compliant with relevant laws, regulations or our distributorship agreements. If our distributors breach the agreements with us, fail to maintain the requisite licenses, permits or approvals or comply with applicable regulatory requirements when selling our products, improperly use our brands, products or intellectual property rights, it could damage our reputation and brand image, undermine customers’ confidence in us and reduce their long-term demands for our products.

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

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

Revenue generated from our largest customer in each year or period during the Track Record Period accounted for 30.0%, 13.5% and 15.4%, respectively, of our total revenue for the respective year or period. Revenue generated from our five largest customers in each year or period during the Track Record Period accounted for 66.8%, 52.0% and 43.4%, respectively, of our total revenue for the respective year or period. Our business, results of operations and financial condition for the foreseeable future may continue to depend on sales to a relatively small number of customers. In the future, our current major customers may decide not to purchase our products or solutions, may purchase fewer of our products or solutions than they did in the past, or may alter their purchasing patterns, including as a result of a transition to solutions provided by our competitors, or their individual or aggregate production levels may decline due to a number of factors, including supply chain challenges and macroeconomic conditions. Further, the amount of revenue attributable to any single major customer, or our major customer concentration generally, may fluctuate in any given period. If our major customers scale back or terminate their business relationship with us, or if we are unable to negotiate favorable contractual terms with them, or we are unable to secure new customers at all or on favorable or comparable terms, our business, financial condition and results of operations may be adversely affected.

Any failure to offer high-quality maintenance and support services for our customers may harm our relationships with them and, consequently, our business.

Our policy allows products with defects to be returned and exchanged by our customers in certain circumstances within the warranty period. As we continue to grow our operations and support our customer base, we need to be able to continue to provide efficient customer support that meets our customers' needs at scale. We may not be able to recruit or retain sufficient qualified support personnel with experience in supporting customers of our products and solutions. As a result, we may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support or maintenance assistance. Also, we may not be able to modify the future scope and delivery of our maintenance services and technical support to compete with changes in the technical services provided by our competitors.

If we experience increased customer demand for technical support and maintenance, we may face increased costs that may harm our results of operations. If we are unable to provide efficient customer maintenance and support, our business may be harmed. Our ability to attract new customers is highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality maintenance and support services or a market perception that we do not maintain high-quality maintenance and support services for our customers, would harm our business.

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

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Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining and enhancing our well-recognized “Zentel” brand is crucial to the success of our business and sustaining our market position. We operate in a highly competitive market characterized by rapid technological evolution, swift changes in customer demands and preferences, frequent introduction of new products and services, and the constant emergence of new industry standards and practices. In addition, the successful promotion of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied customers. We may incur extra expenses in promoting our brand. The results of such initiatives may not cover the costs of the increased investment. We cannot guarantee that our marketing efforts will be successful, or that they will yield significant benefits that justify the costs. Any such failure may result in our declining market recognition and position, and adversely affect our business, financial condition and results of operations.

We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have an adverse impact on our business, financial condition, liquidity and prospects.

Our trade receivables primarily include amounts due from our customers for products in the ordinary course of business. As of December 31, 2023, 2024 and 2025, our trade receivables amounted to RMB99.6 million, RMB112.7 million and RMB152.9 million respectively. The credit period granted to our customers was generally one month from the date of billing. See “Financial Information — Discussion of Certain Key Consolidated Statements of Financial Position Items — Trade Receivables” in this document. We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. Our customers may face unexpected circumstances. Our trade receivables turnover days increased from 46 days in 2023 to 60 days in 2024, primarily due to the increase in our trade receivables further due to our business growth in 2024. Our trade receivables turnover days decreased to 44 days in 2025 mainly due to our collection efforts. While we did not incur any material impairment loss on trade receivables during the Track Record Period, we may not be able to receive such customers’ payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would adversely affect our financial condition and results of operations.

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

We had recorded relatively long inventory turnover days and accounts receivable turnover days, which may lead to delays in converting our revenue into cash. Our cash conversion cycle, a metric to measure how efficiently we manage its working capital by tracking the number of days it takes to convert our investments in inventory and other resources into cash flows from sales, was 108 days, 97 days and 90 days in 2023, 2024 and 2025, respectively. The cash conversion cycle is calculated by adding inventory turnover days and trade receivables turnover days, then subtracting trade payables turnover days. Our cash conversion cycle improved since 2023 as we enhanced cash flow efficiency through strengthened supply chain coordination and more effective inventory management. However, there can be no assurance that similar performance can be sustained in future periods, particularly in light of potential fluctuations in customer payment patterns, supply chain volatility, and broader macroeconomic conditions. 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.

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We rely on third-party logistics service providers to deliver our products. Disruption in logistics may prevent us from meeting customer demand and our business, financial condition and results of operations may suffer as a result.

We engage independent third party logistics service providers to deliver finished goods facilities to locations specified by our customers. Disputes with or termination in our contractual relationships with one or more of our logistics service providers could result in delayed delivery of products or increased costs. There can be no assurance that we can continue or extend relationships with our current logistics service providers on terms acceptable to us, or that we will be able to establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with our preferred logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis or at prices acceptable to our consumers. If there is any breakdown in our relationships with our preferred logistics service providers, we cannot assure you that no interruptions would occur or that they would not adversely affect our business, prospects and results of operations.

As we do not have any direct control over these logistics service providers, we cannot guarantee the quality of their services. In addition, services provided by these logistics service providers could be interrupted by unforeseen events beyond our control, such as poor handling provided by these logistics service providers, natural disasters, pandemics, adverse weather conditions, riots and labor strikes. If there is any delay in delivery, damage to products or any other issue, we may lose customers and sales and our brand image may be tarnished.

We are subject to risks relating to litigations and disputes with employees, competitors, business partners or other parties, which could adversely affect our business, financial condition, results of operations and prospects.

We may be subject to disputes or claims of various types brought by various external or internal parties. While we were not subject to any labor disputes during the Track Record Period, any future labor disputes and adverse employee relations could result in legal proceedings and lead to reputational harm, monetary damages, interruptions of our operation or diversion of managerial attention.

We may also be subject to disputes with our competitors, suppliers, business partners or governmental entities relating to contractual disputes, IP right infringements or legal compliance. Such claims and disputes may evolve into litigations or law enforcement actions. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Legal proceedings are distractive and expensive as it may cause us to incur defense costs, utilize a significant portion of our resources and divert managerial attention from our day-to-day operations, any of which could harm our business. In the case of an adverse verdict, we may be required to pay significant monetary damages, assume significant liabilities or suspend or terminate parts of our operations. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

Our business may be adversely affected by inadequate protection of intellectual property rights and/or claims by third parties for possible infringement of their rights.

We believe that our intellectual property rights are crucial to our success. We depend, to a significant extent, on intellectual property laws to protect our trademarks, patents or other intellectual property rights. There is no assurance that third parties will not infringe our intellectual property rights such as through the production and sale of counterfeit products. There is no assurance that we will always be able to identify cases of infringement or potential infringement of our intellectual property rights. If there are counterfeits of our branded products on the market, the image of our brands and our reputation as to quality may be adversely affected. Further, our efforts in enforcing or defending our intellectual property rights may not be adequate, and enforcing or

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defending such rights may require significant attention from our management team and may be costly. The outcome of any legal action to protect or safeguard our intellectual property rights may adversely affect our business, financial condition, results of operations and prospects.

Third parties, including our competitors, may believe that our products have infringed their intellectual property rights and initiate legal proceedings against us. If any legal proceeding against us for infringement of intellectual property rights is successful, we may be ordered to cease carrying on such infringing behavior. Intellectual property litigation against us may have an adverse impact on our business and results of operations. Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable judgment in all legal cases, in which case we may need to pay damages or be forced to cease using certain technologies or content that are critical to our products. Any resulting liabilities or expenses or any changes to our products that we have to make to limit future liabilities may have an adverse effect on our business, results of operations and prospects.

We face risks of sharing relevant R&D results and intellectual properties with our collaboration partners.

During the Track Record Period and up to the Latest Practicable Date, we collaborated with third parties to conduct R&D on certain technologies and shared certain R&D results. For example, we partnered with PSMC in April 2025 in respect of the development of DRAM products based on 19nm and below nodes. See “Business — Research and Development — Our R&D Cooperation with Third Parties” for details. We may enter into similar arrangements with other third parties in the future. Should the arrangements not be clearly articulated, they could lead to limited use of relevant shared R&D results, and the ownership of such shared R&D results may be unclear. There is no assurance that our relevant counterparties would not advertently or inadvertently misuse the R&D results that we collaboratively form, or advertently or inadvertently misappropriate the R&D results owned solely by us and that are incidentally shared during our collaboration with them. Our business, financial condition and results of operations may be adversely impacted if any of the aforementioned incidents occur.

Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have an adverse impact on our business, financial condition and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. See “Business — Licenses, Approvals and Permits” in this document. Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any non-compliance may expose us to liability. Furthermore, the regulatory requirements of certain sectors, such as data security and cybersecurity are relatively new and continuously evolving. See “Cybersecurity breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer” in this section. Therefore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing ones, we cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes and developments in this regard. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are

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unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could adversely affect our business, financial condition and results of operations.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based compensation expenses, affect our financial condition and results of operations, and potentially dilute the shareholding of our existing shareholders.

We adopted share incentive plans including share-based compensation for the benefit of our Directors and employees to incentivize and reward the eligible persons who have contributed to our success. In the three years ended December 31, 2025, we incurred share-based payment expenses of RMB151.1 million, RMB56.1 million and RMB17.3 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, share-based compensation expenses would potentially dilute the shareholding of our existing Shareholders. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive plan from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following this offering.

Any failure to fully comply with present or future labor, environmental, safety and occupational health laws and regulations in the jurisdictions that we operate in may have an adverse effect on our business, financial condition and results of operations.

Our business is subject to certain laws and regulations relating to environmental, safety and occupational health matters in the jurisdictions that we operate in, including mainland China, Hong Kong and Japan. Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. While we have conducted periodic inspections of our operating facilities and carry out equipment maintenance to ensure that our operations are in compliance with applicable laws and regulations, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our business in the future.

In addition, pursuant to the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of 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 “**Interpretation II**”), where an employer and a worker agree or a worker undertakes to an employer that there is no need to pay social insurance premiums, the people’s court shall determine that such an agreement or undertaking is void. If the employer fails to pay social insurance premiums in accordance with the law, and the worker files a claim for rescission of the labor contract and payment of economic compensation by the employer in accordance with Article 38(3) of the Labor Contract Law, the people’s court shall support such a claim in accordance with the law. Given that (i) our Company and its domestic subsidiaries have paid social insurance and housing provident fund for all employees in accordance with the relevant laws and regulations during the Track Record Period; and (ii) there has been no dispute between us and our employees arising from social insurance and housing provident fund during the Track Record Period and as of the Latest Practicable Date, as advised by our PRC Legal Advisor, the Interpretation II has no impact over our compliance status with social insurance and housing provident funds. However, changes in labour-related government regulations, as well as changes or evolutions in court interpretation of those regulations, could adversely affect us since this may impact (i) the laws, rules and regulations which are applicable to us, (ii) whether we have complied with all applicable laws, rules and regulations and (iii) our legal exposure, penalties and/or fines as

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a result of any non-compliances with applicable laws, rules and regulations. If government priorities shift and we are unable to adapt to changing labour-related regulations or to court interpretations of those regulations, this could have a material and adverse effect on our business and results of operations.

In addition, we are subject to various ESG rules and regulations by governing bodies, including the Stock Exchange and the SFC once we become a [REDACTED] company, as well as regulatory authorities in China. We must also adapt to new and evolving regulatory measures under applicable laws and changing social trends concerning ESG risks imposed by regulatory authorities and stakeholders (if any). See “Business — Environmental, Social and Governance” in this document. Our efforts to comply with new and changing laws, regulations and social trends may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities, which may adversely affect our business, financial condition or results of operations.

Our employees or other third parties may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have an adverse effect on our business, financial condition and results of operations.

Misconduct could include violations of laws, fraud or other improper activities. Examples could include the failure to comply with our policies and procedures, bribery of foreign government officials, import-export controls, lobbying or similar activities, and any other applicable laws or regulations. Although we have implemented policies, procedures and controls to prevent and detect these activities, these precautions may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations due to misconduct or other improper activities by any of our employees, suppliers, agents or business partners could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be adversely affected should any such liability or losses arise.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we obtained and maintained insurance policies that we believe are customary for businesses of our size and type and in line with standard commercial practice in China. As of the Latest Practicable Date, we had not maintained product liability insurance, and do not carry any business interruption or litigation insurance. See “Business — Insurance” in this document. We cannot guarantee that a product liability claim or other litigation will not be brought against us in the future, or that we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial conditions, results of operations and prospects may be adversely affected.

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Our operations and those of our production partners are vulnerable to natural disasters and other events beyond our control, the occurrence of which may have an adverse effect on the supply chain of our suppliers and on our facilities, personnel and results of operations.

Our business operations are faced with numerous risks and dangers, including capacity constraints, labor strikes, fire, natural disasters (e.g. earthquakes, typhoons), environmental or occupational disasters. Any of these events could have a material and adverse effect on our business.

As of the Latest Practicable Date, we had (a) one purchased property and six leased properties in the PRC, (b) one leased property in Hong Kong and (c) three leased properties in Japan which could suffer significant business disruption due to earthquakes or other natural disasters. See “Business — Our Properties” in this document. We are currently not covered by insurance against such business disruption. Similarly, the manufacturing facilities of our production partners are principally located in regions susceptible to earthquake and typhoon risks and their production capacity may be reduced or eliminated due to natural disasters. The risk of earthquakes in these geographic regions is significant due to the proximity of major earthquake fault lines, and Taiwan in particular, where our main foundry supplier is located, is also subject to typhoons and other Pacific storms.

Our business could also be adversely affected by epidemics or outbreaks. An outbreak of epidemic in the human population, or another similar health crisis, could adversely affect the economies and financial markets of entire regions, particularly in Asia. Moreover, any related disruptions to transportation or the free movement of persons could hamper our operations and force us to close our offices temporarily. The occurrence of any of the foregoing or other natural or man-made disasters could cause damage or disruption to us, our employees, operations, markets, and customers, which could result in significant delays in deliveries or substantial shortages of our products and could adversely affect our business, financial condition, results of operations or prospects.

We may engage in acquisitions or strategic alliances that could disrupt our business result in increased expenses, reduce our financial resources and cause dilution to our Shareholders. We cannot assure you that such acquisition or strategic alliances may be successfully implemented.

We have engaged in, and we may continue to actively seek acquisitions or strategic alliances to expand our business. However, we may not be able to find suitable acquisition candidates, complete acquisitions on favorable terms, if at all, or integrate any acquired business, products or technologies into our operations. If we do complete acquisitions, they may be viewed negatively by customers or investors and they may not enable us to strengthen our competitive position or achieve our goals. In addition, any acquisitions that we make could lead to difficulties in integrating personnel, technologies and operations from the acquired businesses and in retaining and motivating key personnel from these businesses. Moreover, acquisitions may disrupt our ongoing operations, divert the management from day-to-day responsibilities, and increase our expenses. Future acquisitions may reduce our cash available for operations and other uses, and could result in increases in amortization expenses related to identifiable intangible assets acquired, potentially dilutive issuances of equity securities or the incurrence of debt. We cannot predict the number, timing or size of future acquisitions, or the effect that any such acquisitions might have on our operating results.

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We will incur increased costs as a result of operating as a publicly traded company, and our management will be required to devote substantial time to new compliance initiatives.

As a publicly traded company, we will incur additional legal, accounting and other expenses that we did not previously incur. Although we are currently unable to estimate these costs with any degree of certainty, they may be material in amount. Our management and other personnel will need to devote a substantial amount of time to compliance initiatives as well as investor relations. Moreover, applicable rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

RISKS RELATING TO DOING BUSINESS IN THE MARKETS IN WHICH WE OPERATE

Changes in China’s economic, political or social conditions or government policies could have an adverse effect on our business and operations.

We are a company incorporated in and operated under the laws of PRC, and a substantial part of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy has experienced significant growth over the past decades, and the Chinese government has implemented various measures to encourage economic growth. Some of these measures may benefit the overall Chinese economy, but may not have the same effect on us. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations.

We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities, and our business, financial condition and results of operations could be adversely affected.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries.

In addition to sanctions measures, the United States has imposed export controls measures that directly or indirectly affect China-based technology companies. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our technology partners’ abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition.

Likewise, potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions, which could make it more difficult to sell our products in, or restrict our access to, certain markets. In this regard, various trade, export controls, and economic sanctions laws and regulations may affect our businesses. In recent years, the United States has

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expanded sanctions and export controls restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the United States Department of Commerce (the “**BIS**”). For instance, in October 2022, BIS issued an interim final rule (the “**BIS October 2022 IFR**”) requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is “knowledge” that the item is destined for end use in the development or production of ICs at a fab in China that fabricates ICs meeting certain criteria. On December 2, 2024, BIS issued an interim final rule (the “**BIS December 2024 IFR**”) and a final rule (the “**BIS December 2024 FR**”), which expanded controls in the EAR on advanced computing and semiconductor manufacturing items. These types of restrictions could impact our ability to supply customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our products. Moreover, in August 2022, the United States enacted the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the “**CHIPS Act**”). The CHIPS Act aims to strengthen U.S. domestic semiconductor manufacturing, design and research, fortify the economy and national security, and to help the United States compete economically against China.

In addition to the restrictions introduced by the BIS rules, BIS maintains lists of persons that are subject to enhanced export controls restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations.

As the Entity List and other sanctions and export controls laws and regulations continue to expand and evolve, future sanctions and export controls may materially affect or target some of our significant customers or suppliers, raw materials or key components or technologies necessary for our operations, or some of our customers and suppliers may be listed on the Entity List in the future, in which event our business may be affected if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us. These export controls could adversely affect us and/or our supply chain, business partners, or customers, and our business, financial condition, and results of operations may be significantly affected by the continued international trade and political tensions.

If new sanctions and export controls measures were to include a complete or more restrictive ban on products sales to certain entities, it could impact not only our ability to continue supplying our products to affected customers, but could also negatively affect our customers’ demand for our products, and could even lead to changes in supply chains of our products, to the extent they involve the use of items subject to the EAR or other applicable regulations. As our products become more technologically advanced, there is also a greater likelihood of sanctions and export controls regulations restricting our ability to obtain the components or technologies necessary to produce them or otherwise to export or transfer our products. Even if our products are not directly targeted by these types of sanctions and export controls, we may nonetheless face higher costs and expenses in our supply chain due to new sanctions and export controls measures as our customers and business partners may be negatively affected by sanctions and export controls measures directed at China.

During the Track Record Period, we sold DRAM chips and DRAM KGD wafers to non-sanctioned customers based in the Relevant Region. We have engaged certain Taiwan-based non-sanctioned foundry and packaging firms to manufacture certain items which are classified as EAR99. Most of the items that fall within the scope of the EAR but are not specifically controlled for export, are given the classification of EAR99. EAR99 items generally consist of low-technology consumer goods and do not require a license in most situations. As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, our activities with the Relevant Region and our procurement of EAR99 items did not represent a Primary

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Sanctioned Activity or implicate the applicable U.S. Export Controls on the basis that (i) we are not a Sanctioned Target; (ii) the Relevant Region is not subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction; and (iii) our customers based in the Relevant Regions are not sanctioned, thus our procurement and corresponding sales of such items in the Relevant Regions did not represent a violation to the export controls applicable such items.

During the Track Record Period, we have also sold certain DRAM module incorporated with DRAM die that are non-U.S. origin and are not subject to the EAR to two customers which have been designated by the BIS to the Entity List. We have reviewed the compliance of the transactions before proceeding with the in-country transfer to the said Entity List customers, and have received confirmation from our supplier that such DRAM die are not subject to the EAR. As advised by our International Sanctions Legal Advisors, as such DRAM die are non-U.S. origin and are not subject to the EAR, such export did not implicate the U.S. Export Controls applicable to the said Entity List customers, and hence did not represent a Primary Sanctioned Activity or a violation of the U.S. Export Controls.

As advised by our International Sanctions Legal Advisors, on the basis that we did not engage in any activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions, the prohibitions and wider restrictions under EU, UK and UK Overseas Territories sanctions measures as applicable during the Track Record Period, are not implicated by the Group's business activities in the Relevant Region. Sanctions and export controls laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions or export controls. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the U.K., the UN, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions or export controls they impose or provides a basis for a sanctions designation of us.

Recent increases in U.S. tariffs and heightened global trade tensions may adversely affect our international expansion and business performance.

Recently, the United States government announced a series of tariff increases on imports from China. Beginning in February 2025, a baseline 10% tariff was imposed on all imports from China, followed by successive adjustments in March and April 2025. As of April 11, 2025, the tariff rate on imports from China introduced by the U.S. government had increased to 145%. In response to the tariff tensions initiated by the United States, China implemented a series of measures, including raising additional tariffs on U.S. goods to as high as 125%. On May 12, 2025, the U.S. and China governments jointly announced a significant reduction in tariffs, with U.S. tariff rate on imports from China falling from 145% to 30%, and Chinese tariff rate on imports from U.S. falling from 125% to 10%. This agreement will be in effect for 90 days, during which both sides will continue talks to establish a more permanent trade arrangement. In November 2025, the United States government announced that the U.S. will maintain the suspension of heightened tariffs on Chinese imports until November 10, 2026. In November 2025, the PRC government approved the adjustment of the additional tariff measures, effective from November 10, 2025, which stipulated that the 10% additional tariff rate on imports from U.S. will be retained for one more year. As of the Latest Practicable Date, it remained uncertain how the Sino-U.S. and the global trade tension will develop. In the event that our customers reduce their orders, be such due to a decrease in overall demand of our products, replacing us with other suppliers, downturn of the macro-economy or other reasons, our business, financial conditions and results of operation will be adversely affected. Also, in the event that we are required to adjust our pricing strategies due to the changes of competition dynamics, our business, financial conditions and results of operation will be adversely affected. For the three years ended December 31, 2025, our sales generated by customers located in the United

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States accounted for approximately 0.1%, 0.1% and 0.2% of our total revenue, respectively. We cannot assure you that our sales to the U.S. in the future will remain unaffected or how our sales will be affected in light of the uncertainties relating to the geopolitical landscape and the development of the trade tension and tariff imposition. Any trade restrictions imposed by the U.S. on our products may increase our U.S. customers’ purchase costs of our products and hence lower our competitiveness.

Expanding our global footprint and growing overseas sales may expose us to operational, financial and regulatory risks.

Expanding our global footprint and growing overseas sales is an important part of our future growth, but these efforts may not be successful. Overseas operations are subject to a number of risks, including but not limited to: (1) foreign exchange control and exchange rate fluctuations; (2) increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and distributing presence in various countries; (3) difficulties and costs related to providing after-sales services and customer support in these markets; (4) difficulties with staffing and managing overseas operations; (5) failure to develop and implement appropriate risk management and internal control structures tailored to overseas operations; (6) difficulties and costs relating to compliance with different commercial and legal requirements of the overseas markets in which we offer or plan to offer our products; (7) failure to obtain or maintain permits for our products or services in these markets; (8) inability to obtain, maintain or enforce intellectual property rights; (9) stringent consumer protection and product compliance regulations on our customers’ products; (10) unanticipated changes in prevailing economic conditions and regulatory requirements; and (11) trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses.

The occurrence of any of these risks could negatively impact our overseas expansion and consequently our business, financial condition and results of operating.

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

We benefited from preferential tax treatment and government grants during the Track Record Period. The PRC EIT Law and its implementation rules have adopted a statutory enterprise income tax rate of 25%. However, the income tax of an enterprise that has been determined to be a high-technology enterprise can be reduced to a preferential rate of 15%. In addition, under the PRC EIT Law and its relevant regulations, additional tax deduction is allowed for qualified R&D costs during the Track Record Period. If we cease to be entitled to preferential tax treatment or if the relevant PRC laws and regulations change, our income tax expenses may increase, which would adversely affect our financial condition and results of operations.

During the Track Record Period, we recorded government grants in our statements of profit and loss, which mainly consist of specific subsidies and other subsidies. See “Financial Information — Period-to-Period Comparison of Results of Operations — Other Income and Gains” in this document. We cannot assure you that we will continue to receive and benefit from such grants in the future.

Cybersecurity breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.

We collect and store business data and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. See “Business — Data Security and Privacy” in this document. The secure maintenance of such data is critical. Despite our data security and protection measures, our information technology and infrastructure may be vulnerable to breaches by hackers, employee

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error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

We are subject to the laws and regulations relating to cybersecurity and data privacy in the markets in which we operate. For instance, we are subject to various PRC regulatory requirements relating to cybersecurity and data privacy, including the Data Security Law of the PRC (《中華人民共和國數據安全法》), the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and Regulations on Network Data Security Management (《網絡數據安全管理條例》). Should our data processing activities be subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. Failure to comply with these regulations could expose us to severe penalties, legal liability, and reputational damage. Any failure by us to comply with local or overseas cybersecurity or data protection laws and regulations could result in proceedings against us by governmental entities or others.

We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

We have not obtained real property ownership certificate for the property we purchased as at the Latest Practicable Date and our rights to the relevant facility may be limited or challenged by relevant competent authorities.

As of the Latest Practicable Date, we had not been registered as the right holder for real property ownership certificate of one property that we purchased. Such property is located in Jinhua, Zhejiang, with a total gross floor area of approximately 8,286.8 sq.m. See “Business — Our Properties” in this document. As advised by our PRC Legal Advisor, our rights to the relevant property may be limited or challenged by relevant competent authorities. We cannot assure you that our rights to or uses of the relevant property will not be limited or challenged in the future or that we will be registered as the right holder for the relevant real property ownership certificate. Any of these would materially and adversely affect our business operations, divert management attention and other resources and incur significant costs.

We may be subject to potential material and adverse effects in respect of defects in our leased properties.

As of the Latest Practicable Date, we leased six properties in the PRC with an aggregate gross floor area of approximately 2,896 sq.m as our offices and laboratories. As of the Latest Practicable Date, we completed the registration of three lease agreements for these leased properties with the relevant competent authorities in accordance with applicable laws and regulations in China. See “Business — Our Properties” in this document. As advised by our PRC Legal Advisor, if we or the lessor fail to register such lease agreements for our leased properties as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreement. There can be no assurance that the relevant competent authorities would not impose administrative penalties on us as a result of the non-registration of these lease agreements.

In addition, the lessor of one of our leased properties with an aggregate gross floor area of 1,689.6 sq.m. was unable to provide a valid title certificate as of the Latest Practicable Date. We may not be able to continue to use such property if the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which could result in

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additional costs. As of the Latest Practicable Date, we were not aware of any challenge by third parties or government authority of such title defect. We cannot assure you that in the future, we may not encounter such challenges. In addition, in the event of relocation, the additional costs could adversely affect our daily operation and cause an impact on our financial condition.

Our financial results may be subject to tax risks relating to our intra-group transactions.

During the Track Record Period, there were intra-group transactions between our Company and Zentel Japan. We cannot assure you that the relevant tax authorities in the PRC and Japan would not challenge the transfer pricing arrangement of our Group. During the Track Record Period, we had not received any regulatory inquiries or penalties by tax authorities in relation to transfer pricing. However, if any regulatory tax authority determines that our transfer pricing arrangements do not comply with the relevant transfer pricing laws and regulations, we may face adverse tax consequences, such as the payment of outstanding tax, statutory interest or tax penalty. Tax authorities may require us to adjust income and expenses for local tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could adversely affect us by increasing our tax liabilities, which could further result in late payment fees and other penalties or limit our ability to obtain preferential tax treatments and other financial incentives.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and substantially all of our business, assets and operations are located in China. In addition, the majority of our Directors and executive officers reside in China, and substantially all of the assets of such Directors and executive officers are located in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and 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》) effective on January 29, 2024, promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.

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

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for this [REDACTED] or our future financing

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activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the [REDACTED] from the [REDACTED] into the PRC or take other actions to restrict our financing activities, which could have an adverse effect on our business.

The foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. For example, under the Chinese current foreign exchange administration system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be adversely affected and could subject us to administrative penalties and fines.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The exchange rate of Renminbi against the Hong Kong dollar, U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, changes in international political and economic conditions, as well as supply and demand in the local market. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and the Hong Kong dollar, U.S. dollar or other currencies in the future.

Moreover, as we continue to expand our international operations, we will become increasingly exposed to the effects of fluctuations in currency exchange rates. Our sales settled in U.S. dollar represented 97%, 89% and 63% of our total revenues in the three years ended December 31, 2025, respectively. We recorded net foreign exchange loss of RMB1.6 million and RMB2.9 million in 2023 and 2025, respectively, net foreign exchange gain of RMB7.5 million in 2024.

The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar or any other foreign currency may result in a decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

Foreign holders of our H Shares may be subject to PRC income tax.

Under current PRC tax laws, regulations and rules, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to our dividends paid to them and the gains realized upon the sale or other disposition of H Shares.

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Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate under Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法》). Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, a withholding tax rate of 10% shall apply to the dividends paid by a company [REDACTED] in Hong Kong to foreign individuals according to the treaties. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the applicable tax rate if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no double taxation treaty is applicable.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those which have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are ordinarily subject to PRC enterprise income tax at a 20% rate. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%, subject to a further reduction under a special arrangement or applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations may be amended from time to time, and all non-PRC resident individual holders may be subject to PRC individual income tax at a flat rate of 20%.

In addition, the PRC’s tax authorities may amend the interpretation and application of applicable PRC tax laws and regulations, including the taxation of capital gains by non-PRC resident enterprises, individual income tax on dividends paid to non-PRC resident shareholders holding our H Shares, and on gains realized on the sale or other disposition of our H Shares. The PRC’s tax laws and regulations may also change. If there is any change to applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your investment in our H Shares may be adversely affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to the [REDACTED], there has been no [REDACTED] for our H Shares. The initial [REDACTED] for our H Shares to the public will be agreed by us and the [REDACTED] (for itself and on behalf of the other [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of the H Shares following this [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] market for the H Shares will develop or, if it does develop, that it will be sustained following the [REDACTED] or that the [REDACTED] of our H Shares will not decline following the [REDACTED]. In addition, the [REDACTED] price and [REDACTED] volume of the H Shares may be subject to significant volatility as a result of various factors, including but not limited to: (1) variations in our operating results or differences between our operating results and those anticipated by investors and analysts; (2) changes in securities analysts’ estimates of our financial performance; (3) announcements made by us or our competitors; (4) regulatory or market changes in the PRC affecting us or the industries in which we participate; (5) any business interruptions resulting from natural disasters or accidents; (6) investors’ perception of us and of the investment environment in Asia, including Hong Kong and the PRC; (7) announcements of or

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completions of acquisitions, strategic alliances or joint ventures by us or our competitors; (8) additions to, or departure of, our key personnel; (9) release or expiration of lock-up or other transfer restrictions on our Shares or sales or perceived sales of additional Shares by us or other Shareholders.; (10) liability claims brought against us; (11) potential litigation or regulatory investigation; and (12) general political, economic, financial, social development and stock market conditions and other factors.

Moreover, the securities market has from time to time experienced significant price and trading volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material and adverse effect on the [REDACTED] and [REDACTED] of our H Shares.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The market prices and trading volume of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performances of and fluctuations in the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatilities in the [REDACTED] and [REDACTED] of our H Shares. A number of China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards China-based companies listed in Hong Kong and consequently may impact the [REDACTED] performance of our Shares. These broad market and industry factors may significantly affect the [REDACTED] and volatility of our Shares, regardless of our actual operating performance.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] will experience an immediate dilution in [REDACTED] adjusted consolidated net tangible assets. Our existing Shareholders will receive an increase in the [REDACTED] adjusted consolidated net tangible asset value per share of their shares. See Appendix II to this document for details. In addition, holders of our H Shares may experience further dilution of their interest if the [REDACTED] exercise the [REDACTED] or if we issue additional H Shares in the future to raise additional capital. In addition, holders of our H Shares may experience further dilution of their interests if the [REDACTED] exercise the [REDACTED] or if we obtain additional capital in the future through equity offerings.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return. See “Future Plans and Use of [REDACTED]” in this document. However, our management will have discretion as to the actual application of our net [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the net [REDACTED] from this [REDACTED].

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Future sales or perceived sales of a substantial number of H Shares in the [REDACTED] could materially and adversely affect the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The future sale of a significant number of our H Shares in the [REDACTED] after the [REDACTED], or the perception or anticipation of such sales, by any one of our Shareholders could materially and adversely affect the [REDACTED] of our H Shares and could impair our future ability to raise capital in the future at a time and price that we deem appropriate. Although the Controlling Shareholders have agreed to a lock-up of its Shares, any major disposal of our Shares by the Controlling Shareholders upon expiry of the relevant lock-up periods or the perception that these disposals may occur may cause the [REDACTED] of our H Shares to fall which could negatively impact our ability to raise equity capital in the future.

We may not be able to pay any dividends on our H Shares.

No dividend had been paid or declared by our Company since our inception. We cannot guarantee when and in what form dividends will be paid on our H Shares following the [REDACTED]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our results of operations, cash flows and financial conditions, capital adequacy levels, operating and capital expenditure requirements, distributable profits as determined under the PRC GAAP, the IFRSs, our Articles of Association, the PRC Company Law, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See “Financial Information — Dividend” in this document for details.

If securities or industry analysts do not publish research reports about us, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The [REDACTED] market of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the [REDACTED] of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [REDACTED] or [REDACTED] of our H Shares to decline.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters.

The words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would,” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors,

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including those set out in “Risk Factors” in this document. Accordingly, such statements are not a guarantee of future performance, and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

The industry data, forecasts and statistics in this document are derived from various government publications or third-party sources and may not be accurate, complete or up to date.

This document includes industry fact, forecasts and statistics relating to our industry. Such facts, forecasts and statistics are derived from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official governmental publications and other publicly available publications. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of the [REDACTED] or any other party involved in the [REDACTED] and no representation is given as to its accuracy. Moreover, such facts, forecasts and other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. For these reasons, the industry facts, forecasts, statistics or information from various government publications contained in this document may not be accurate and should not be given undue reliance as a basis for making your [REDACTED] in our H Shares.

We may need additional capital, and the sale and issue of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net [REDACTED] from the [REDACTED], we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell and issue additional equity securities, which could result in additional dilution to our Shareholders.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles and other media regarding us and the [REDACTED].

Prior to the publication of this document, there has been and there may also be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us, our business, our industries and the [REDACTED], which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. Such press and media coverage may include references to information that do not appear in this document or is inaccurate. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of such projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

Our Controlling Shareholders may exert substantial influence over our operation and may not act in the best interests of our public Shareholders.

Immediately following completion of the [REDACTED], our Controlling Shareholders will be entitled to exercise approximately [REDACTED]% of the voting rights of the Company. See “Relationship with Our Controlling Shareholders — Our Controlling Shareholders” in this

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document. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders’ approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of the Group that would otherwise benefit our Shareholders. The interests of our Controlling Shareholders may not always align with our Company or the interest of our Shareholders as a whole. If the interests of our Controlling Shareholders conflict with the interests of our Company or our other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, our Company or those other Shareholders, including you, may be disadvantaged as a result.

We have a dispersed shareholder base and there is a lack of agreement among our Shareholders or their respective shareholders regarding the arrangement on the disposal of our Shares.

We have a dispersed shareholder base with 26 corporate Shareholders and two individual Shareholders. There is no shareholder agreement among these Shareholders or their respective shareholders regarding the arrangement or restrictions on the disposal of our Shares. The Shares held by Controlling Shareholders are subject to lock-up undertakings commencing from the [REDACTED]. See “ [REDACTED]” in this document. In the event that any of these Shareholders dispose of the Shares after the expiry of the relevant lock-up periods, it could negatively impact the [REDACTED] of our Shares or lead to volatility in the [REDACTED] or [REDACTED] volume of our Shares, affecting the value of your investment.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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 the following exemption from compliance with the Listing Rules:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong, which normally means that at least two executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant’s arrangements for maintaining regular communication with the Stock Exchange.

Given that (i) our Company’s head office is located in Zhejiang, the PRC and our core business operations are principally located, managed and conducted in the PRC and Japan under the supervision of our executive Directors and senior management; and (ii) our executive Directors and senior management principally reside in the PRC and Japan, our Company considers that it would be more practical for the executive Directors and senior management of our Company to remain ordinarily resident in the PRC and Japan where our Group has substantial operations. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rule.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us,] a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Stock Exchange as well as compliance with the Listing Rules by way of the following arrangements:

- (a) we have appointed Mr. Lin Kuo Hsiung and Mr. Liu Yandi (“**Mr. Liu**”), one of our joint company secretaries as the authorized representatives (the “**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone and email to deal promptly 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 will be available to meet with the Stock Exchange to discuss any matters within a reasonable period. We have also appointed Ms. Leung Kwan Wai (“**Ms. Leung**”), our joint company secretary and who is ordinarily resident in Hong Kong, as an alternate to the Authorized Representatives.
- (b) to facilitate communication with the Stock Exchange, we have provided the Authorized Representatives, the alternate authorized representative and the Stock Exchange with the contact details of our Directors (i.e. mobile phone number, office phone number and email address (as applicable)). In the event that any of our Directors expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his/her accommodation to the Authorized Representatives and the alternate authorized representative, so that the Authorized Representatives and the alternate authorized representative would be able to contact all our Directors (including the independent non-executive Directors) promptly at all times if and when the Stock Exchange wishes to contact our Directors. To the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after requested by the Stock Exchange.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (c) we have appointed Somerley Capital Limited as our compliance advisor (the “**Compliance Advisor**”) in compliance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as an additional channel of communication of our Company with the Stock Exchange during the period from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [REDACTED]. The Compliance Advisor will be available to answer enquiries from the Stock Exchange and will act as an additional channel of communication with the Stock Exchange when the Authorized Representatives are not available.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

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

- (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)).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, Companies Ordinance, 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.

Our Company considers that while it is important for the company secretaries to be familiar with the relevant securities regulation in Hong Kong, they also need to have experience relevant to our Company’s operations, nexus to the Board and close working relationship with the management of our Company in order to perform the function of a company secretary and to take necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who is familiar with our Company’s business and affairs as company secretary.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

We have appointed Mr. Liu as one of the joint company secretaries of our Company. Mr. Liu currently serves as the board secretary of the Company and has substantial experience in handling corporate, legal and regulatory compliance and administrative matters but personally 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, our Company has appointed Ms. Leung, a chartered secretary, a chartered governance professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries and to provide assistance to Mr. Liu for an initial period of three years from the [REDACTED] to enable Mr. Liu 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. See “Directors and Senior Management” in this document for further biographical details of Mr. Liu and Ms. Leung. The following arrangements have been, or will be, put in place to assist Mr. Liu in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

- (a) Mr. Liu will endeavor to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules which will be organized by our Company’s Hong Kong legal advisors on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time.
- (b) Both Mr. Liu and Ms. Leung have confirmed that each of them will be attending a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules.
- (c) Ms. Leung will assist Mr. Liu to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as the company secretary of our Company.
- (d) Ms. Leung will communicate regularly with Mr. Liu on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Ms. Leung will work closely with, and provide assistance to, Mr. Liu in the discharge of his duties as a company secretary, including organizing our Company’s Board meetings and Shareholders’ general meetings.
- (e) Prior to the expiry of Mr. Liu’s initial term of appointment as the company secretary of our Company, we will evaluate his experience to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Mr. Liu’s appointment as the company secretary of our Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules.
- (f) The Company has appointed Somerley Capital Limited as its Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules which will act as the additional communication channel with the Stock Exchange (for a period commencing on the [REDACTED] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [REDACTED], or until the engagement is terminated, whichever is earlier) and provide professional guidance and advice to the Company (including Mr. Liu) as to the compliance with the Listing Rules and all other applicable laws and regulations.

**WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us], a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when (i) Mr. Liu ceases to be assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules, or (ii) if there are material breaches of the Listing Rules by our Company. Before the end of the initial three-year period, we shall demonstrate to the Stock Exchange’s satisfaction and seek its confirmation that Mr. Liu, having had the benefit of Ms. Leung’s assistance during the initial three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary so that a further waiver would not be necessary.

[REDACTED]

**WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]

**WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

For further information on our Directors, please see “Directors and Senior Management” of this document.

DIRECTORS

Name	Address	Nationality

Chairman of the Board and non-executive Director

Mr. YING Wei (應偉)	Flat B on 1/F, Tower 2 Mont Rouge 9 Lung Kui Road Beacon Hill Hong Kong	Chinese

Executive Directors

Mr. LIN Kuo Hsiung (林國雄)	Unit 2301, Yanhanshanyuan No. 8 Xiangshan East Street Nanshan District Shenzhen PRC	Chinese (Taiwan)

Mr. YU Xiao (于曉)	Room 802, Building 2 Jinmao Shoukai Guoyuewan East Caima Road Gongshu District Hangzhou, Zhejiang PRC	Chinese

Non-executive Director

Ms. MEI Wei (梅葦)	Room 201, Building 71, Block 17 Jinqiu Garden Lane 699, Jinqiu Road Baoshan District Shanghai PRC	Chinese

Independent non-executive Directors

Mr. WANG Chi-Kuo (王其國)	No. 26 Zhucun 2nd Road Hsinchu City Taiwan	Chinese (Taiwan)

Mr. HO Hung Tim Chester (何鴻添)	Room F, 51/F, Tower 6 Sorrento Tsim Sha Tsui, Kowloon Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Ms. XU Qian (徐茜)

Flat A, 19/F, Tower 8
The Palazzo
28 Lok King Street
Sha Tin, New Territories
Hong Kong

Chinese

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

[REDACTED]

Auditor and Reporting Accountant

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

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to the Company

As to Hong Kong law
Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F, Edinburgh Tower
The Landmark
15 Queen’s Road Central
Hong Kong

As to PRC law
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1010 Huaihai Road (M)
Xuhui District
Shanghai
PRC

As to Japanese law
City-Yuwa Partners
Marunouchi Mitsui Building
2-2-2 Marunouchi, Chiyoda-ku
Tokyo
Japan

As to U.S. regulatory laws and International Sanctions laws
Hogan Lovells
11th Floor, One Pacific Place
88 Queensway
Hong Kong

As to U.S. outbound investment laws
Ashurst Tokyo (Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo)
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Minato-ku, Tokyo
Japan

Legal Advisors to the Sole Sponsor and the [REDACTED]

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18 Chater Road
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As to PRC law
Han Kun Law Offices
9/F, Office Tower C1
Oriental Plaza
1 East Chang An Ave.
Dongcheng District
Beijing
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co**
Suite 2504, Wheelock Square
1717 Nanjing West Road
Shanghai
PRC

Compliance Advisor

Somerley Capital Limited
20/F China Building
29 Queen’s Road Central
Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office	Room 1608, 16th Floor Building 5 (3-1#), Heyu Innovation Center 433 Tiancheng East Road Xiasha Subdistrict Qiantang District Hangzhou, Zhejiang PRC
Headquarters and Principal Place of Business in the PRC	Room 1608, 16th Floor Building 5 (3-1#), Heyu Innovation Center 433 Tiancheng East Road Xiasha Subdistrict Qiantang District Hangzhou, Zhejiang PRC
Principal Place of Business in Hong Kong	Room 1928, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company’s Website	<u>[www.zentel.com]</u> <i>(The information on the website does not form part of this document)</i>
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Mr. HO Hung Tim Chester (*Chairman*)
Mr. WANG Chi-Kuo
Ms. XU Qian

Nomination Committee

Mr. WANG Chi-Kuo (*Chairman*)
Ms. XU Qian
Mr. YING Wei

Remuneration Committee

Ms. XU Qian (*Chairman*)
Mr. LIN Kuo Hsiung
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INDUSTRY OVERVIEW

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SOURCE OF INFORMATION

We engaged Frost & Sullivan for preparing an independent industry report in respect of the [REDACTED]. The information from Frost & Sullivan disclosed in the document is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB520,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing government statistics, industry association publications, company reports, independent research reports and data based on its own research database.

OVERVIEW OF THE GLOBAL AND CHINA DRAM MARKET

Definition and Classification of Memory Chip and DRAM

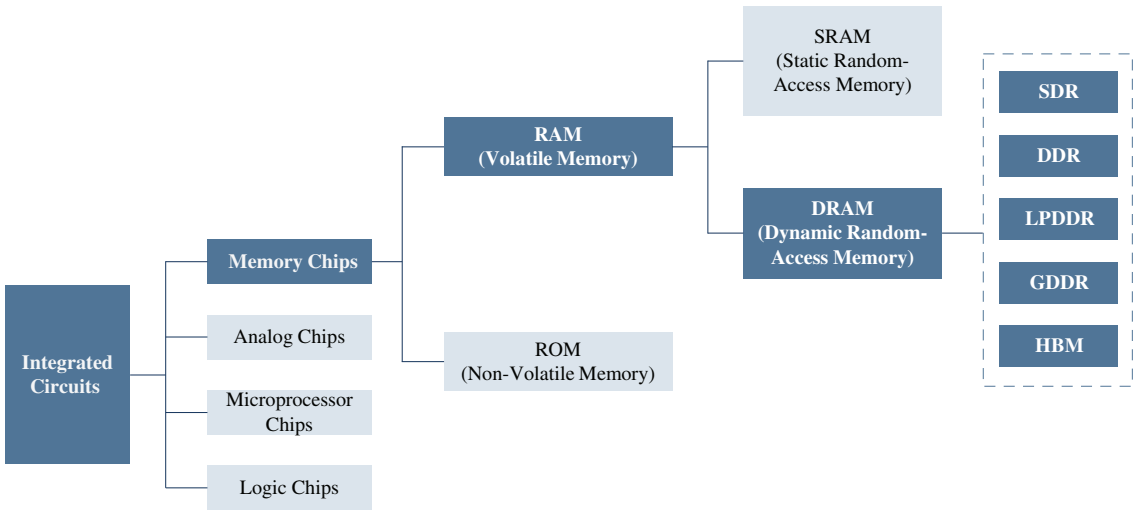
An integrated circuit is a miniature electronic device or component that integrates multiple electronic elements on a semiconductor material to perform specific circuit functions. It features a compact size, low power consumption, high reliability, and strong performance. Based on functionality, integrated circuits can be categorized into analog chips, microprocessor chips, logic chips, and memory chips. As a type of integrated circuit, memory chips are used for storing data and programs, serving as core components of information technology equipment and electronic information systems.

Memory chips can be classified into random access memory (“**RAM**”) and read only memory (“**ROM**”). RAM is a volatile memory that temporarily stores data, with the stored data being lost when power is removed. RAM is used to store data and programs that need to be processed and run in real time, and can be quickly accessed at any time by the device’s processor (such as the CPU). ROM is a non-volatile memory that permanently stores data, with the stored data retained even when power is removed.

SRAM and DRAM are two types of RAM. DRAM is a type of random access memory that stores data using capacitors and requires periodic refreshing to maintain data integrity. It has relatively lower cost and higher integration density, serving as the primary memory type in scenarios with high memory capacity requirements.

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Classification of Memory Chips

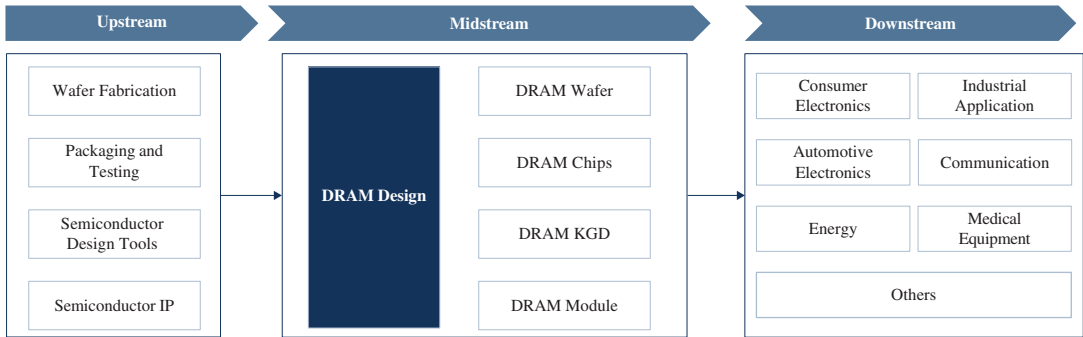


Source: Institute of Semiconductors, Chinese Academy of Sciences, Frost & Sullivan Report

In 2025, the global integrated circuit market reached RMB4,976.7 billion. In terms of market share by revenue, memory chips amounted to RMB1,633.1 billion in 2025, accounting for 32.8% of the integrated circuit market, making it the second-largest segment after logic chips. In terms of market share by revenue, DRAM dominates the global memory chip market, reaching a market size of RMB984.1 billion in 2025, making it the largest segment with a share of 60.3% within the memory chip market.

DRAM Industry Chain Analysis

The DRAM industry chain involves a large number of different participants. The following chart illustrates the main segments of the DRAM industry chain.



Source: Frost & Sullivan Report

The upstream of the DRAM industry chain encompasses suppliers of wafer fabrication, packaging and testing, semiconductor design tools and semiconductor IP, providing the necessary support to DRAM design and production. Semiconductor design tools refers primarily to Electronic Design Automation (EDA) tools — software platforms used to design and verify semiconductor chips. These tools support various stages of chip development, including circuit design, simulation, logic synthesis, physical layout, timing analysis, and verification. Semiconductor IP refers to pre-designed and reusable functional blocks or modules that can be integrated into larger chip designs. These can include memory controllers, I/O interfaces, standard cell libraries, or even entire

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subsystems. The midstream of the industry chain consists of DRAM design companies, which are responsible for the design of DRAM wafers and DRAM chips. DRAM design specifically refers to the architectural and circuit-level design of DRAM memory chips, including the definition of memory array structure, timing mechanisms, power management, error correction, and performance optimization. Unlike general semiconductor design tools or reusable IP modules, DRAM design is a highly specialized process. A DRAM wafer is a silicon wafer that has undergone a series of semiconductor manufacturing processes. During these processes, thousands of DRAM dies are fabricated simultaneously. A DRAM chip is a packaged die that is cut from the wafer, ready for integration into electronic devices. DRAM KGD refers to a die that has passed rigorous testing to ensure its performance and quality and can be integrated into other integrated circuits system. In some application scenarios, multiple DRAM chips can be integrated with other chips on a PCB to form a DRAM module. In the downstream segment, DRAM can be applied across a broad range of applications such as consumer electronics, industrial application, automotive, communication, energy, medical equipment and others.

The cost of DRAM is primarily composed of wafer manufacturing, packaging and testing. Among these, wafer manufacturing accounts for approximately 70-80% of the total cost, while packaging and testing represent around 20%-30%.

Business Model in DRAM Industry

The DRAM industry primarily operates under three business models: IDM, fabless, and foundry. Under IDM model, companies design DRAM, and complete manufacturing, packaging and testing process in house. Under fabless model, companies are only responsible for DRAM design and outsource manufacturing, packaging and testing to third parties. Foundry companies are not involved in the design of DRAM products and solely focus on providing manufacturing technology support and production capacity for fabless companies. Given that the R&D and production of DRAM require in-depth coordination, fabless companies in the DRAM industry typically maintain long-term and in-depth partnerships with a limited number of foundries, to ensure a stable supply of production capacity and the continuous iteration of production technologies.

Periodic characteristics of the DRAM memory chip market

While the DRAM market maintains long-term growth, it exhibits strong short-term cyclicity. This is primarily driven by the concentration of downstream applications in smartphones, PCs, and servers, where demand is sensitive to technological iterations and macroeconomic conditions. Furthermore, the supply side is highly concentrated among three leading overseas companies accounting for approximately 95% of the market share, whose synchronized capacity and inventory management often result in market hysteresis. Additionally, high product standardization and substitutability lead to fierce price competition during periods of supply-demand imbalance.

Global and China DRAM Market Size Analysis and Forecast

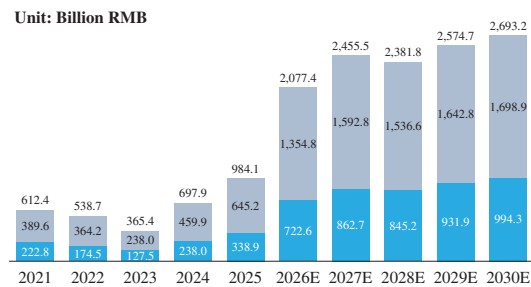
Due to inventory accumulation and weak demand in downstream consumer electronics fields, it fell from RMB612.4 billion in 2021 to RMB365.4 billion in 2023. With the booming demand of servers, recovery of consumer electronics and technological upgrades, the market size rebounded to RMB984.1 billion in 2025. Driven by the rapid development of AI applications, expansion of consumer electronics, and technological innovation will continue to drive market growth in long term. The global DRAM market size is expected to reach RMB2,693.2 billion in 2030, with a CAGR of 22.3% from 2025 to 2030.

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In line with the upward cycle of the global DRAM market, the DRAM market size in China rebounded to RMB338.9 billion in 2025 and is expected to increase to RMB994.3 billion in 2030, driven by the extensive downstream demand and the explosion of the AI industry. The types of DRAM used in IPTV terminals primarily include DDR3, DDR4, and LPDDR. In terms of market size, the global DRAM market related to IPTV grew from RMB2.8 billion in 2021 to RMB3.7 billion in 2025. It is projected to reach RMB4.7 billion by 2030. LPDDR4 as a mainstream low-power memory widely used in smart terminals and highly integrated devices, its market size grew from RMB3.7 billion in 2021 to RMB5.2 billion in 2025. It is expected to reach RMB10.8 billion by 2030. The global market size for 8Gb DDR4 products increased from RMB21.7 billion in 2021 to RMB27.9 billion in 2025. Due to its continued widespread application in general computing, servers, and industrial terminals, it is projected to reach RMB30.5 billion by 2030.

Global and China DRAM Market Size, by Sale Revenue

	CAGR	2021-2025	2025-2030E
Rest of the World		13.4%	21.4%
China		11.1%	24.0%
Global		12.6%	22.3%



Note: China market in above table includes the Chinese mainland, Hong Kong, Macau, and Taiwan

Source: Yole, Public Information, Expert Interview, Frost & Sullivan

Market Drivers and Trends of DRAM Industry

Continuous development, expansion and upgrade of downstream application fields and products

DRAM is fundamental to achieving efficient data processing and interaction, and is widely used across various electronic devices. The continuous development of traditional downstream application fields such as consumer electronics, automotive, industrial applications, and communications, provide stable support for the demand in the DRAM market. The growth of emerging fields continue to broaden the application scenarios of DRAM. The development of the AI industry, the popularization of consumer electronics such as smart wearable devices (e.g., smart watches, AR/VR), and the rise of markets such as humanoid robots and eVTOL* are accelerating the demand for DRAM.

Technological innovation of High-bandwidth Stacked DRAM

In recent years, the miniaturization process of DRAM has stalled, with density growth slowing down, which has constrained the improvement of DRAM performance. With the rise of AI industry, the requirements for memory performance in servers and high-performance computers have increased significantly. High-bandwidth stacked DRAM, a technology that stacks multiple layers of DRAM chips or stacks DRAM wafers with logic wafers, has revolutionized the traditional DRAM

*Note: eVTOL refers to electric vertical take-off and landing aircraft.

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architecture. It significantly enhances bandwidth, reduces latency and power consumption, and can better meet the demands of AI computing. As AI technology continues to develop along with the expansion of its application scenarios, the market demand for high-bandwidth stacked DRAM is rising sharply.

Increase of domestic self-sufficiency rate

The global DRAM market is highly concentrated with top three overseas companies occupying approximately 95% of the market share, while Chinese companies only take a very small share. In recent years, Chinese companies have increased investment in R&D and market expansion in DRAM market. Coupled with policy support and growing demand for domestic supply chains from downstream market, these companies have achieved notable progress in product development and market penetration in certain segments. In particular, domestic substitution policies have become a strong driver of growth. Under the “14th Five-Year” National Informatization Plan, China has placed strategic emphasis on strengthening independent capabilities in computing and memory chips, recognizing DRAM as a core component of national information infrastructure and cybersecurity. This has translated into coordinated efforts to advance R&D, integrate supply chains, and provide financial and policy support for local enterprises. More recently, supportive tax incentive schemes — such as the 2025 list of integrated circuit and software enterprises issued by the National Development and Reform Commission — explicitly include memory manufacturers, lowering R&D and production costs while encouraging reinvestment into innovation and equipment upgrades. Together, these initiatives not only help domestic DRAM companies enhance technology and scale production but also accelerate localization, improve competitiveness, and reinforce China’s long-term self-sufficiency in niche DRAM.

OVERVIEW OF THE GLOBAL AND CHINA NICHE DRAM MARKET

Definition of Niche DRAM and Mainstream DRAM

Based on product and market features, DRAM can be categorized into mainstream DRAM and niche DRAM. Mainstream DRAM features large capacity and high transmission speeds, primarily used in large-scale standardized electronic devices such as smartphones, PCs, and servers. In contrast, niche DRAM relies on mature technologies to meet diverse market needs across automotive, communications, industrial applications, and medical equipment. These sectors prioritize customization, better performance-price ratio, long lifecycle support, and reliability. Additionally, the highly fragmented downstream applications of niche DRAM lead to relatively stable demand, resulting in smaller market fluctuations compared to the mainstream DRAM market.

The niche DRAM market is neither disappearing nor a sunset industry. As mainstream DRAM products undergo technological upgrades, older-generation products are typically absorbed and sustained by the niche DRAM market after exiting mainstream segments. These products continue to serve applications in consumer electronics, industrial, and automotive that require high stability, low power consumption, and cost efficiency. Leveraging its cost advantages and reliable performance, niche DRAM continues to demonstrate resilient demand across multiple sub-segments characterized by such requirements. The lifecycle of DRAM products follows a progressive transition from mainstream markets to niche segments before gradually fading out. When a new DRAM generation achieves superior bandwidth and power efficiency, it replaces the previous generation in mainstream applications such as PCs, servers and smartphone. The preceding generation, characterized by maturity, stability, cost efficiency, and long-term supply capability, transitions into long-lifecycle applications including consumer electronics, industrial equipment, and automotive systems, thereby becoming niche products. Older generations, in turn, exhibit a gradual phase-out pattern as replacement completes, demand contracts, and production capacity shifts, resulting in an extended overall lifecycle.

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As an illustrative case study, from a generational perspective, DDR1, DDR2, and DDR3 entered the mainstream DRAM market in 2000, 2003, and 2007, respectively, and were widely adopted in PCs, servers, and smartphones. With continuous technological advancements and the growing downstream demand for higher performance and lower power consumption, new-generation products such as DDR4 and DDR5 were subsequently introduced, gradually replacing earlier generations as the dominant products in the mainstream DRAM market. Meanwhile, older generations progressively exited the mainstream DRAM market, with DDR1, DDR2, and DDR3 transitioning into niche DRAM markets around 2006, 2010, and 2016, respectively. At present, DDR3 remains the primary product in the niche market, while DDR1 and DDR2 continue to serve specific applications such as consumer electronics, industrial, and automotive, where long-term supply stability and high reliability are prioritized. Although their market scale has diminished, they illustrate the long lifecycle and slow iteration typical of niche DRAM products.

The evolution of the niche DRAM market is shaped by both technological progress and application demand. The mainstream DRAM market’s continuous pursuit of higher performance and lower power consumption drives the introduction of new generations, while older generations have gradually transitioned into the niche market and continued to deliver value in specific applications. Furthermore, the industrial and automotive sectors prioritize long-term supply stability, product reliability, and cost efficiency, which allows niche DRAM products to sustain extended lifecycles in these specialized markets. Backed by substantial market demand and its outstanding cost-performance advantages, niche DRAM continues to demonstrate strong vitality. Its core applications lie in segments where memory performance requirements are modest but cost efficiency and stability are critical, including digital televisions, set-top boxes, digital cameras, media players, gaming consoles, smart speakers, communication base stations, routers, Wi-Fi devices, industrial sensors, surveillance systems, smart meters, smart locks, in-vehicle gateways, automotive dashboards, vehicle sensors, and in-car infotainment systems. These fields generally demand limited storage capacity and performance, yet require low-power and cost-effective memory solutions — precisely where niche DRAM fits. As a result, niche DRAM and mainstream DRAM maintain a clearly differentiated competitive landscape and are expected to coexist in the long term, with niche DRAM unlikely to be replaced by mainstream products in the near future. Niche DRAM faces structural headwinds as AI shifts some demand toward higher-end, higher-capacity memory, potentially narrowing its addressable market. Nevertheless, given that niche applications are highly fragmented and seldom depend on capacity or leading-edge nodes, the overall impact is expected to remain limited.

The niche DRAM market maintains a clearly differentiated competitive landscape from the mainstream DRAM segment. Mainstream DRAM is primarily used in large-scale standardized electronic devices such as smartphones, PCs, and servers, which have uniform requirements for memory performance and specifications. As a result, mainstream DRAM products are standardized, featuring high capacity and fast data transfer rates, and benefit from cost reduction through economies of scale. In contrast, niche DRAM serves specific segments including consumer electronics, industrial, and automotive applications, where demand is more diverse and emphasizes customization, cost-performance balance, long lifecycle support, and reliability. Although the rise of AI applications is driving certain devices toward higher-end memory, the fragmented application landscape and differentiated positioning of niche DRAM ensure its continued relevance and steady growth in the future.

The niche DRAM market will continue to develop with technological advancement. As mainstream DRAM advances, older-generation products are gradually transitioned into the niche market, forming a technology gradient and market relay effect that sustains long-term growth momentum for niche DRAM. Meanwhile, ongoing improvements in process technology and reliability design are enhancing the performance, capacity, and stability of new-generation niche DRAM products, enabling them to better meet the stringent requirements of consumer electronics, industrial and automotive applications.

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The current mainstream DRAM products in the market are DDR4 with a capacity of above 8Gb and later-generation DRAM. DDR4 with a capacity of 8Gb or less and earlier-generation DRAM are regarded as niche DRAM.

	Products	Applications	Price	Features
Mainstream DRAM	- HBM - GDDR - DDR5 - DDR4 (above 8Gb)	- Servers - PCs - Smart-phone - Others	High price with higher degree of fluctuations	- High performance - High product standardization - Highly concentrated downstream application - High cyclical fluctuation - Fast technological iteration
Niche DRAM	- DDR4 (8Gb or below) - DDR3 - DDR2 - DDR1 - SDR	- TV/Set-up boxes - Smart home appliances - Robotics - Network communication - Industrial control systems - Automotive electronics	Lower price with lower degree of fluctuations	- Cost efficiency - Demand for product customization - Highly fragmented downstream application - Moderate cyclical fluctuation - Relatively mature process nodes

Source: Frost & Sullivan Report

Global and Chinese Niche DRAM Market Size Analysis and Forecast

The niche DRAM market also exhibits cyclical changes. Over the past decade, the niche DRAM market has exhibited pronounced cyclical fluctuations. These cyclical patterns result from the interplay and recurring influence of demand, production, inventory, and pricing. The underlying mechanism of these cycles is as follows:

- Rising demand drives market expansion**

When global economic growth is robust, and demand in consumer electronics, automotive electronics, and industrial control remains strong, niche DRAM demand rises accordingly. During this phase, supply falls short of demand, prices increase, and manufacturers enjoy wider profit margins. To capture greater market share and higher profits, manufacturers expand capacity and scale up production, pushing the market into an expansionary stage. The niche DRAM market exhibits pronounced cyclicity, with price fluctuations closely tied to supply-demand dynamics, generational product transitions, and shifts in downstream applications. Historically, 2013, 2016, and 2020 each marked typical expansion phases in the market cycle. The 2013 price surge was primarily driven by supply contraction and unexpected disruptions. Some manufacturers reallocated capacity from PC DRAM to higher-margin Mobile DRAM, while a major fire incident at a leading Korean company’s plant reduced global effective supply, further widening the supply-demand gap. In the second half of 2016, the smartphone production boom tightened PC DRAM supply as capacity shifted toward mobile products, and the introduction of DDR4 led manufacturers to gradually scale back DDR3 wafer input, intensifying supply shortages and driving prices higher once again. In 2020, the pandemic fuelled surging demand for remote work and learning, leading to strong growth in niche applications such as routers and networking devices. Combined with the gradual reduction in DDR3 product supply by leading Korean manufacturers, this initiated a restocking cycle in the niche DRAM market, with the upward momentum extending into 2021. Due to the industry’s highly concentrated supply structure and high product standardization, niche DRAM market expansions are typically driven by rapid downstream demand growth or supply tightening, while contractions result from weakening demand and elevated inventory levels.

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The supply and demand fluctuations in the DRAM market are relatively more drastic fluctuations compared to its downstream industries, primarily due to the market structure and product characteristics. The DRAM market is highly concentrated. In 2024, the three leading international manufacturers accounted for approximately 70% of the global niche DRAM market and about 90% of the mainstream DRAM market. Their capacity planning and inventory strategies have a significant impact on the overall supply-demand balance. Moreover, given the intense competition and convergence in business strategies among these top players, any adjustment made by one manufacturer is quickly amplified across the entire market. In addition, although niche and mainstream DRAM products differ to some extent in specifications, the overall standardization level of DRAM is much higher than that of most other chip categories. This high degree of standardization amplifies the industry’s cyclicity, leading to relatively more evident price and capacity volatility.

- **Cyclical dynamics of supply, inventory and pricing in the niche DRAM market**

As manufacturers continuously expand capacity, supply eventually outpaces demand. At the same time, as demand growth slows or stabilizes, channel inventories begin to accumulate. Once inventory reaches a certain level, suppliers adopt price-cutting strategies to accelerate turnover, intensifying market competition and driving prices downward. Subsequently, declining prices dampen manufacturers’ production incentives, prompting them to cut output in response to market changes. With lower production, supply gradually decreases, while inventory levels are reduced through consumption over time. Once inventories fall to a certain threshold, supply and demand regain balance, or even shift into shortage, at which point prices stabilize and begin to recover.

- **Price recovery and structural product upgrades drive the next cycle**

Recovering prices once again improve profitability. Manufacturers, seeking to capitalize on these opportunities, increase capacity investments, initiating another round of production growth. As capacity expands faster than demand, inventories accumulate anew, putting downward pressure on prices and completing the full cycle. Parallel to these cyclical fluctuations, the market undergoes structural changes through product standard iteration. From 2020 to 2023, leading manufacturers gradually scaled back DDR3 production. Starting from late 2024, they shifted their strategic focus toward high-end DRAM products required by the AI market (such as DDR5 and HBM), progressively reduced DDR4 output, and accelerated their exit from the niche DRAM segment.

However, due to the fragmented downstream application markets, the existence of customized demands, and the increase in the number of market participants, its market fluctuation is more moderate compared to that of the overall DRAM market, especially the mainstream DRAM market. The global niche DRAM market size reached RMB68.6 billion in 2025, achieving growth amid fluctuations since 2020. Due to China’s strong presence in the global supply chain in industries such as consumer electronics, automotive, communications, industrial automation and control, China remains as the largest market in the global niche DRAM market. In 2025, China’s niche DRAM market size reached RMB41.6 billion, representing over 60% of the global market. In the global DRAM market in 2025, in terms of sales revenue, niche DRAM and mainstream DRAM accounted for 7.0% and 93.0% of the market share, respectively. In the Chinese DRAM market in 2025, in terms of sales revenue, niche DRAM and mainstream DRAM held market shares of 12.3% and 87.7%, respectively. From 2020 to 2023, the niche DRAM market underwent cyclical changes. Between 2020 and mid-2022, the DRAM industry was in an upward phase. During this period, Korean leading companies phased out portions of their DDR3 production and reallocated capacity to logic chips, prompting customers to stockpile inventory and driving up DDR3 prices — resulting in overall strength in the niche DRAM segment. From the second half of 2022 onward, weakened end-market demand led to elevated inventory levels. To expedite inventory digestion, Korean leading companies implemented successive price reductions, triggering a sustained correction in the DRAM industry. By 2023, market supply and demand had reached a relative equilibrium, with

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DDR3 prices largely stabilizing and exhibiting modest volatility. In 2024, the niche DRAM market entered a recovery phase. Following the full withdrawal of Korean leading companies from the DDR3 business during the year, both demand and pricing in the niche segment began to trend upward.

The application of mainstream DRAM is concentrated in large-scale, standardized electronic devices such as smartphones, personal computers, and servers, while niche DRAM primarily serves sectors like general consumer electronics, communications, the Internet of Things (IoT), industrial applications, and automotive. Driven by the differing demands of these application scenarios, mainstream DRAM is designed to meet the performance requirements for high data processing speed and large capacity in end devices, resulting in superior performance compared to niche DRAM, with corresponding higher capacity and higher prices. As a result, in terms of revenue, the global market share of mainstream DRAM is larger than that of niche DRAM, with respective shares of 93.0% and 7.0% in 2025. Mainstream DRAM accounted for approximately 90.8% of total sales volume measured by capacity, with niche DRAM represented the remaining 9.2%. The price per GB of mainstream DRAM is slightly higher than that of niche DRAM. The primary factor of the market size gap is that mainstream DRAM chips have a larger capacity (GB) per unit compared with niche DRAM chips. The downstream application scenarios for niche DRAM are highly dispersed, covering a wide range of end-device categories. Additionally, while the demand for storage in some sub-segments may be low per device, the total number of end devices is large, leading to strong overall sales performance.

Currently, international leading companies are gradually exiting the niche DRAM market, where they previously accounted for approximately 70% to 80% of the supply, a substantial market gap is expected to emerge. This gap will likely be filled by Chinese manufacturers. Moreover, given the high capital requirements and long construction cycles of DRAM production lines, foundries show limited willingness to expand capacity in the short term, providing long-term support for niche DRAM pricing. Additionally, a massive number of low-capacity electronic devices, such as IoT device, network communication terminals, 5G base stations, monitoring systems, smart meters, automotive electronics and more, continue to support the expansion of the niche DRAM market. It is projected that by 2030, the market size of niche DRAM will grow to RMB136.2 billion.

In 2026, as leading international manufacturers further withdraw from the niche DRAM market and reallocate production capacity toward higher-margin products such as DDR5 and HBM, the niche DRAM market is expected to face a market gap of RMB57.8 billion, it is projected to reach RMB91.1 billion by 2030.

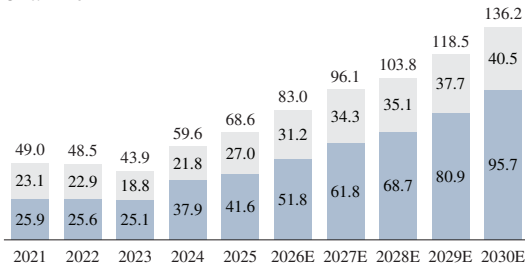
The global niche DRAM market is primarily concentrated in the Mainland China, Taiwan, South Korea and United States. In 2025, the leading international players jointly accounted for 65.8% of the global market, while the remaining share was mainly held by Taiwanese and Chinese mainland companies, representing 25.1% and 9.2% of the global niche DRAM market, respectively. Against the backdrop of escalating global trade tensions, Chinese mainland customers have increasingly shifted their procurement preferences toward domestic suppliers to ensure supply chain security and stability. Under this trend, the current supply gap in the niche DRAM market is expected to be largely filled by manufacturers from Taiwan and Chinese mainland. As the three major international players continue to scale down their investments in the niche DRAM segment, China's market share is anticipated to rise further, supported by the geographical proximity and supply chain advantages of Chinese companies in addressing this emerging market opportunity.

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Global and China Niche DRAM Market Size, by Sale Revenue

CAGR	2021-2025	2025-2030E
Rest of the World	4.0%	8.4%
China	12.6%	18.2%
Global	8.8%	14.7%

Unit: Billion RMB



Note: China market in the above table includes the Chinese mainland, Hong Kong, Macau, and Taiwan

Source: Yole, Public Information, Expert Interview, Frost & Sullivan

Market Drivers and Trends of the Niche DRAM Market

Growing demand for customization

With the diversification of memory product requirements across various industries, customized niche DRAM products can better meet the personalized needs of specific customers. For example, IoT devices typically require low-power consumption and small-capacity DRAM, while automotive electronics have strict requirements for the reliability and stability of DRAM.

International companies shift market targets

Although leading overseas manufacturers still hold a significant market share in the niche DRAM market, their increased focus on high-end mainstream DRAM markets such as HBM and DDR5 has led to a gradual withdrawal from the niche DRAM market. This implies that the production supply of niche DRAM is expected to tighten in the future. Combined with extensive and stable downstream market demand, prices of niche DRAM are expected to recover in the long run. The supply-demand relationship in the niche DRAM market is poised to maintain healthy development over the long term.

Gradual increase in the share of domestic manufacturers

Domestic companies are gradually accumulating technical and market experiences in the niche DRAM market providing products with performance that is close or equivalent to overseas companies. Driven by favorable government policies and increasing downstream demand for localized supply chains, domestic DRAM companies are expected to further expand their market share. In October 2023, the Ministry of Industry and Information Technology and other authorities issued the *Action Plan for the High-Quality Development of Computing Power Infrastructure* (《算力基礎設施高質量發展行動計劃》), which emphasizes the need to “continuously enhance the capabilities of the storage industry and encourage manufacturers of storage products to strengthen independent R&D and manufacturing of key storage components.” This reflects policy support for domestic enterprises to intensify efforts in developing core DRAM technologies. The localization of DRAM chip is expected to help break foreign technology blockades and enhance China’s capacity for independent innovation in the DRAM industry. This will drive companies in DRAM industry to accelerate technological breakthroughs and production line upgrades, expediting the achievement of self-reliance in core technologies. In May 2024, the Ministry of Industry and

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Information Technology and other relevant authorities released the *Action Plan for Informatization Standards Development (2024-2027)* (《信息化標準發展行動計劃(2024-2027年)》), which outlines critical information technologies, emphasizing advancing standardization for core technologies such as high-performance computing chips and memory chips. This initiative plays a dual role in guiding domestic enterprises to align R&D with unified standards for enhanced product compatibility, while facilitating alignment with international benchmarks to accelerate localization and import substitution.

Average Selling Price Trend of DRAM

In the niche DRAM market, DDR3 stands out as the most widely used product. Driven by supply-demand dynamics, its price exhibited volatility between 2020 and 2024. In 2021, some leading companies shifted their production capacity to other product lines. This adjustment led to a reduced supply of DDR3, which in turn caused a significant price increase. In 2022, major manufacturers scaled up DDR3 production, but growth in end-market demand fell short of expectations. To speed up inventory clearance, companies resorted to price reductions, triggering a decline in DDR3 prices. From 2023 to 2024, changes in overall market supply and demand were relatively moderate. As a result, DDR3 prices remained relatively stable with only minor fluctuations.

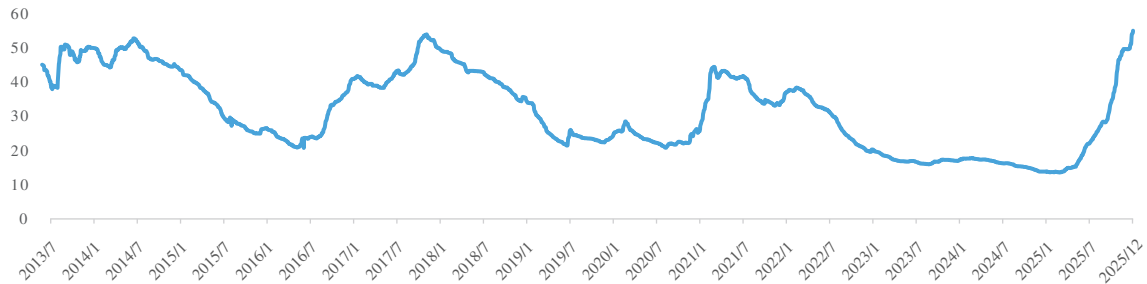
The background of the DRAM market downturn since 2022 and the decline in DDR3 prices lies in the slower-than-expected growth of end-market demand, which prompted companies to implement price cuts in order to accelerate inventory clearance. From 2020 to mid-2022, the entire DRAM industry was in an upward cycle. During this period, international players such as Korean leading companies discontinued production of certain DDR3 products and shifted their production lines to logic chip products, prompting customers to stockpile inventory and driving DDR3 prices upward. Starting in the second half of 2022, weakened end-market demand led to inventory buildup. To expedite inventory clearance, international leading companies successively implemented price reductions, causing DDR3 prices to drop. The DRAM industry entered a downward cycle. From 2023 to 2024, market supply and demand reached relative balance, and DDR3 prices remained generally stable with only minor fluctuations. In 2025, as international leading companies successively ceased DDR4 production and shifted their capacity toward higher-margin products such as DDR5 and HBM, market supply declined sharply, pushing the DRAM industry into another upward cycle. As customer demand recovered, DDR3 prices also rose, driven by the fact that only Chinese manufacturers retained large-scale supply capabilities.

Against this backdrop, niche DRAM has consistently displayed cyclical volatility. In the second half of 2013, niche DRAM prices peaked, followed by a prolonged downcycle until they bottomed out in the first half of 2016. From the second half of 2016, prices entered a recovery phase, reaching a new cycle peak at the end of 2017, before falling again and hitting another trough in late 2019, where they remained for several months. In mid-2020, niche DRAM prices began another rebound, peaking in mid-2021 before entering a new downward cycle. Leading manufacturers have shifted their business focus toward high-end DRAM products required for the AI market (such as DDR5 and HBM) and accelerated their exit from the niche DRAM segment. As the top three players strategic pivot directly triggered a sharp supply contraction, driving niche DRAM prices to surge rapidly since 2025. Moreover, the long-term supply contraction resulting from their exit is expected to significantly alter the traditional cyclical dynamics of the niche DRAM market. Ultimately, supply and demand will reach equilibrium, with prices expected to stabilize relatively over the long run. Against this backdrop, the impact on the Group’s sustainable development and liquidity is generally positive, as rising prices and supply contraction enhance profitability and order visibility, supporting improvements in operating cash flow and inventory turnover.

INDUSTRY OVERVIEW

DRAM DDR3 Memory Chips Price Trend, 2013-2025

Unit: RMB per GB



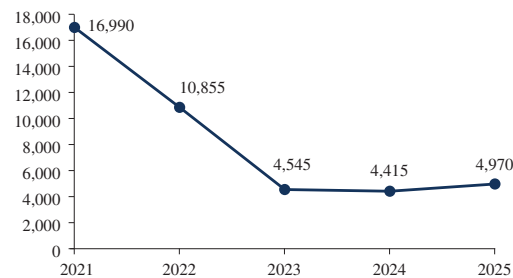
*Note: The DRAM DDR3 memory chip price trend covers the period from July 2013 to December 2025.

Source: DRAMexchange, Frost & Sullivan Report

The 12-inch wafer, serving as the key raw material for DRAM production, experienced price fluctuations over the period from 2021 to 2025. The core cost of DRAM chips stems from wafers, whose costs are affected by multiple factors such as specification parameters, process types, and procurement scales. Since 2022, as end-market demand weakened and inventory levels surged, wafer prices have declined. Supply and demand reached a relative balance from 2023 to 2024. The price trend of wafers is correlated with the DRAM industry cycle, shaped by both supply-demand dynamics and production capacity shifts.

12-Inch Wafer Price Trend, 2021-2025

Unit: RMB/unit



Source: TrendForce, Frost & Sullivan

OVERVIEW OF THE HIGH-BANDWIDTH STACKED DRAM INDUSTRY

Over the past two decades, processor performance has continued to improve rapidly, while memory performance has increased at a relatively smaller rate. This disparity has resulted in a “performance gap”, leading to a memory bottleneck that limits high-performance processors. This challenge is particularly significant in AI computing. Stacking technology allows multiple DRAM chips to be vertically stacked, significantly enhancing data transfer bandwidth and memory density. It has emerged as a key solution to overcome the DRAM performance bottleneck and meet future computational demands.

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Definition of High-bandwidth Stacked DRAM

High-bandwidth stacked DRAM relies on stacking technology. It is an advanced packaging and integration solution that realizes the interconnection of multiple layers of DRAM chips through packaging-level stacking technologies such as TSV and Hybrid Bonding. With its extremely wide bus and stacking structure, it delivers high-capacity and high-bandwidth memory performance, relieving the bandwidth bottleneck between the processor and the memory. It improves integration, performance, and energy efficiency for AI applications.

Currently, HBM and Wafer on Wafer are two major technical routes to realize high-bandwidth stacked DRAM. HBM achieves ultra-high bandwidth by stacking multiple DRAM die layers with TSV and microbump interconnections, enabling parallel data transfer across layers. Wafer on Wafer vertically stacks logic wafers and DRAM wafers through hybrid bonding technology to support near-memory computing, achieving higher bandwidth and lower power consumption.

Global High-Bandwidth Stacked DRAM Market Size Analysis and Forecast

Driven by the explosive growth of the AI industry, high-bandwidth stacked DRAM is set to significantly outpace the overall DRAM market. The global high-bandwidth stacked DRAM market size, in terms of revenue, increased from RMB12.3 billion in 2021 to RMB217.6 billion in 2025 with a CAGR of 105.1%. Driven by AI technological innovations and expansion of AI applications, the global high-bandwidth stacked DRAM market size is expected to rapidly grow to RMB696.9 billion with a CAGR of 26.2% from 2025-2030.

Market Drivers and Trends of High-Bandwidth Stacked DRAM Industry

The Surge in AI Computing Power Drives the Market Demand

Generative AI and large-model technologies are driving up global computing power demand. From 2024 to 2029, global computing power is expected to triple and AI server shipments to double. High-bandwidth and low-latency memory are crucial for AI training and inference. With the high bandwidth and low power consumption characteristics, high-bandwidth stacked DRAM has become a core component of AI servers, which enables AI servers to quickly access and process large volumes of data, accelerating the training and inference processes.

Development of localization

Currently, international companies dominate the supply of High-Bandwidth Stacked DRAM. As international trade conflicts exacerbate high-bandwidth stacked DRAM supply issues, China is advancing high-bandwidth stacked DRAM localization via increased R&D effort and policy encouragement. There are domestic DRAM companies have recently announced R&D achievements related to High-Bandwidth Stacked DRAM. Domestic high-bandwidth stacked DRAM R&D is anticipated to make a breakthrough in near future.

OVERVIEW OF COMPETITIVE LANDSCAPE OF GLOBAL AND CHINESE DRAM INDUSTRY

Overview of DRAM market competition

Mainstream DRAM Market:

The mainstream DRAM market is dominated by top three companies from South Korea and the U.S. Leveraging advanced technologies and large-scale production capabilities, they hold approximately 95% of the global market share. Notwithstanding this, a very small number of companies from China and Taiwan region have made breakthroughs and achieved commercialization.

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Niche DRAM Market:

The niche DRAM market is mainly characterized by differentiated demands. The top three companies from South Korea and the U.S. hold an aggregated market share of approximately 70%. Meanwhile, a number of companies from Taiwan have a strong presence in this market. While companies from China currently hold a very small market share, but is gaining on market share by focusing on segmented scenarios such as low-capacity consumer electronics, automotive, communication and industrial control. With the gradual withdrawal of global companies from the niche market, the increase in demand of supply chain localization and the support of government policies, companies from China are expected to continue expansion of market share.

High-Bandwidth Stacked DRAM Market:

The high-bandwidth stacked DRAM market has extremely high technological barriers. South Korean companies have established an absolute leading position with U.S. companies closely behind, while there are no companies from China having achieved large-scale commercialization.

Ranking of Chinese Companies in Global Niche DRAM market

In 2025, companies from China generated an aggregated revenue of RMB6.3 billion with a total market of 9.2% globally. With respect to the aggregated revenue generated by companies from China, our Company ranked fifth with a market share of 10.4%.

Ranking of China Companies in aggregated revenue generated by Chinese companies, By Sales Revenue in 2025⁽⁵⁾

Ranking	Company	Business Model	Market share based on aggregated revenue generated by Chinese companies
1	Company A ⁽¹⁾	Fabless	24.5%
2	Company B ⁽²⁾	Fabless	22.4%
3	Company C ⁽³⁾	IDM	22.3%
4	Company D ⁽⁴⁾	Fabless	14.1%
5	Our Company	Fabless	10.4%

Source: Expert interviews, Frost & Sullivan

Notes:

- (1) Company A is a listed company established in 2005 and has its headquarters in Beijing, China. The company's main products include niche DRAM, Flash, microcontrollers, and sensors, etc., which are widely applied in fields such as industry, automobiles, consumer electronics, and the Internet of Things.
- (2) Company B is a listed company founded in 2005 and is headquartered in Beijing, China. The company's main products include computing chips, memory chips (niche DRAM, SRAM and Flash), analog and interconnection chips, etc., which are widely used in fields such as automotive electronics, industry and medical care, communication equipment, and consumer electronics.
- (3) Company C is a private company established in 2016 and is headquartered in Fujian, China. It is an integrated circuit enterprise focusing on the research, development and manufacturing of DRAM. Its products are widely used in fields such as communications, consumer electronics, industrial control.
- (4) Company D is a private company founded in 2006 and its headquarter is located in Shanxi, China. The company's primary business is the design and sales of niche DRAM products. Its products are widely used in fields such as communications, consumer electronics, industrial control, automotive electronics.
- (5) Only the revenue from the niche DRAM of the IDM manufacturers' own brands is included in the calculation scope, and the revenue generated from their foundry business is not included.

INDUSTRY OVERVIEW

Ranking of Companies in Global Niche DRAM market

Our company specializes in the niche DRAM market. In 2025, the market size of the global niche DRAM market reached RMB68.6 billion. Our Company held a market share of 1.0% based on our revenue in 2025.

Ranking of China Companies in Global Niche DRAM market, By Sales Revenue in 2025

Ranking	Company	Business Model	Market share based on global niche DRAM market
1	Company E	IDM	29.9%
2	Company F	IDM	20.6%
3	Company G	IDM	15.3%
4	Company H	IDM	10.4%
5	Company I	IDM	8.6%
6	Company A	Fabless	2.2%
7	Company B	Fabless	2.1%
8	Company C	IDM	2.0%
9	Company J	Fabless	1.7%
10	Company D	Fabless	1.3%
11	Company K	Fabless	1.2%
12	Our Company	Fabless	1.0%

- (1) Company E is a listed company founded in 1969, and its headquarters is located in South Korea. Its main products include smartphones, televisions, semiconductor chips, household appliances, etc. Its products are widely used in fields such as consumer electronics, telecommunications equipment, and semiconductor manufacturing.
- (2) Company F is a listed company founded in 1983 and its headquarters is located in South Korea. The company focuses on the research, development, production, and sales of storage solutions. Its main products include DRAM, NAND Flash, CMOS image sensors, etc. The products are widely used in fields such as personal computers, smartphones, data centers, servers, and automotive electronics.
- (3) Company G is a listed company founded in 1978, with its headquarters in the United States. Its main products include DRAM, NAND flash memory, CMOS image sensors, etc. The products are widely applied in fields such as computers, consumer electronics, automotive electronics, and network equipment.
- (4) Company H is a listed company founded in 1995 and its headquarter is located in Taiwan, China, is a company focusing on the research, development, and manufacturing of DRAM. Its products are widely used in fields such as computers, consumer electronics, and communication equipment.
- (5) Company I is a listed company founded in 1987 and its headquarter is located in Taiwan, China. It is a company mainly engaged in memory integrated circuits. Its main products include code-type flash memory, niche memory, mobile memory, etc., which are widely used in fields such as consumer electronics, computers, automotive electronics, and industrial electronics.
- (6) Company J is a listed company founded in 1998 and is headquartered in Taiwan, China. It is a professional IC design company. The company focuses on niche memory and flash memory products, and at the same time has expanded into non-memory fields, such as audio amplifiers, power management, motor control, wireless communication transceivers, and System-on-Chip (SoC), etc. Its products are widely used in fields such as consumer electronics, industrial control, and automotive electronics.
- (7) Company K is a listed company founded in 1991 and is headquartered in Taiwan, China. It is a company specializing in memory and IC design. The company’s main products include DRAM, SRAM, NOR Flash, etc., which are widely used in fields such as consumer electronics, automotive electronics, and industrial control.

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LAWS AND REGULATIONS APPLICABLE TO OUR BUSINESS IN THE PRC

Regulations on the Integrated Circuit Industry

From 2010 to 2021, the State Council has issued a series of regulations aimed at promoting the development of the integrated circuit industry, which includes the Decision of the State Council on Accelerating the Fostering and Development of Strategic Emerging Industries (《國務院關於加快培育和發展戰略性新興產業的決定》), the Notice of the State Council on Promulgation of Several Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (《國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知》), the Outline for Advancing the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), Made in China (2025) (《中國製造(2025)》), the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (《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》).

On January 25, 2017, the NDRC promulgated Strategic Emerging Industries Key Products and Services Guidance Catalog (《戰略性新興產業重點產品和服務指導目錄》), which includes integrated circuit chip design and services as a key product and service in the strategic emerging industries.

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

Regulations Relating to Corporation and Foreign Investment

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People’s Congress of the PRC (the “SCNPC”) on December 29, 1993 and came into effect on July 1, 1994, and was last amended on December 29, 2023 and became effect on July 1, 2024. The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “FIL”) and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective and simultaneously replaced the trio of prior laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations. The FIL sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. On December 30, 2019, the Ministry of Commerce of the PRC (the “MOFCOM”) and the State Administration for Market Regulation (the “SAMR”) jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and pursuant to which, the establishment of

REGULATORY OVERVIEW

the foreign invested enterprises by foreign investors and establishment through purchasing the equities of a non-foreign invested enterprise and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

Pursuant to the FIL, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”), which were promulgated by the NDRC and the MOFCOM on September 6, 2024 and became effective on November 1, 2024 and the Catalog of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the “**Encouraging Catalog**”), which was promulgated by the NDRC and the MOFCOM on December 15, 2025 and became effective on February 1, 2026, listed the categories of encouraged, restricted, and prohibited industries. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. According to the Negative List and the Encouraging Catalog, as of the Latest Practicable Date, our business does not fall within the scope of the Negative List and is not subject to special management measures.

Regulations Relating to Customs Declaration

The Customs Law of the PRC (《中華人民共和國海關法》) was promulgated by the SCNPC on January 22, 1987 and effective from July 1, 1987, and last amended on April 29, 2021, stipulate that the customs of the PRC is a governmental organization responsible for supervision and control over all arrivals in and departures from the customs territory. All the transports, goods and articles shall enter into or exit from the territory of the PRC at a place where a customs office is established. The customs declaration and duty payment formalities may be undergone by the consignees or consignors of imported and exported goods, or by the customs clearing enterprises entrusted by such consignees or consignors. The consignees or consignors of imported and exported goods and the customs clearing enterprises shall file records with the customs when undergoing customs declaration formalities, otherwise may be imposed fines by the customs.

According to the Administrative Provisions of the Customs of the PRC on Record-Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) issued by the General Administration of Customs of the PRC (the “**GACC**”) on 19 November 2021 and effective from 1 January 2022, the consignees or consignors of imported and exported goods and the customs clearing enterprise that apply for the filing of records with the customs shall obtain the status of a market entity; where the consignees or consignors of imported and exported goods apply for the filing of records with the customs, the filing of foreign trade dealers shall also be completed. According to the Announcement on Fully Including the Filing of Customs Declaration Entities in the Reform of “Integrating Multiple Certificates into One” (《關於報關單位備案全面納入“多證合一”改革的公告》) jointly issued by the GACC and the SAMR on 20 December 2021 and effective from 1 January 2022, where an applicant intends to be filed as a customs declaration entity when undergoing the registration formalities as a market entity with the market regulation authorities, it shall tick the box of filing as a customs declaration entity as required and fill in the relevant information for filing. The market regulation authorities will then complete the registration pursuant to procedures of “Integrating Multiple Certificates into One” and share the relevant information with the GACC on the SAMR level. Such applicants are no longer required to submit applications for filing as a customs declaration entity to the customs.

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In addition, the Decision of the SCNPC on revising the Foreign Trade Law of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國對外貿易法》的決定) issued by the SCNPC on 30 December 2022 deleted the requirements on the foreign trade dealers engaged in the import and export of goods or technologies to be registered with the competent administrative departments of foreign trade of the State Council or any institutions authorized thereby, namely the filing of foreign trade dealers.

Regulations on Product Quality

As per the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) enacted by the SCNPC on February 22, 1993, and most recently amended and implemented on December 29, 2018, producers shall be responsible for the quality of their products. The product quality shall meet the following requirements: (i) no unreasonable dangers endangering the safety of persons and property; where there are national or industry standards ensuring the health and safety of persons and property, such standards must be complied with; (ii) the product shall possess the properties it is supposed to possess, except where the product’s flaws in their properties are explicitly stated; and (iii) the product shall comply with the product standards stated on the product or its packaging, and meet the quality conditions as represented in product descriptions, physical samples, etc.

Regulations on the Management of Lease Housing

Pursuant to (i) the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and latest amended on August 26, 2019 and took effect on January 1, 2020, and (ii) the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. If the lessor and lessee fail to go through the registration and filing procedures, both lessor and lessee may be subject to fines.

PRC Laws and Regulations on Intellectual Property Rights

Patent

The Patent Law of the People’s Republic of China (《中華人民共和國專利法》) was enacted by the SCNPC on March 12, 1984, implemented on April 1, 1985, and most recently revised on October 17, 2020, with implementation from June 1, 2021. The Detailed Rules for the Implementation of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》) were issued by the State Council on June 15, 2001, implemented on July 1, 2001, and most recently revised on December 11, 2023, with implementation from January 20, 2024. According to these laws, regulations and detailed rules, patents in China are categorized into three types: invention patents, utility model patents and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date. Any entity or individual that exploits another’s patent must conclude a licensing agreement with the patent holder and pay royalties. Exploiting a patent without the permission of the patent holder constitutes an infringement of their patent rights.

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Trademark

The Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) was promulgated by the SCNPC on August 23, 1982, implemented on March 1, 1983, and most recently revised on April 23, 2019, with implementation from November 1, 2019. The Regulations for the Implementation of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》) were issued by the State Council on August 3, 2002, implemented on September 15, 2002, and most recently revised on April 29, 2014, with implementation from May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from the date of approval. To continue using a trademark upon the expiry of its validity, renewal procedures must be completed in accordance with the provisions within the 12 months preceding expiration. If renewal procedures are not completed within this period, a six-month extension is allowed. Each renewal extends the validity period for 10 years, starting from the day following the expiration of the last validity period. Trademark registrants may authorize others to use their registered trademarks by signing trademark licensing agreements.

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 issued by the State Council on April 2, 2001, and implemented on October 1, 2001. According to these regulations, natural persons, legal persons or other organizations in China who create layout-designs have exclusive rights to their designs. Foreign persons whose layout-designs are first commercially exploited within the territory of China are also entitled to exclusive rights to their designs. The protection term for the exclusive right of a layout-design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

Domain Name

The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were issued by the Ministry of Industry & Information Technology (the “MIIT”) on August 24, 2017, and implemented on November 1, 2017. According to these management measures, the MIIT is the primary regulatory authority for the management of Internet domain names in China. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions established in accordance with the relevant regulations.

Computers Software Copyright

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contract and assignment contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and designates the China Copyright Protection Center as the agency for software registration. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants.

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Regulations on Employment and Social Welfare

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law (《中華人民共和國勞動法》), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Law of the People’s Republic of China (《中華人民共和國勞動法》) was promulgated by the SCNPC on July 5, 1994, implemented on January 1, 1995, and most recently revised and implemented on December 29, 2018. The Labor Law of the People’s Republic of China stipulates matters related to promoting employment, labor contracts, working hours, rest and leave, wages, labor safety and hygiene, special protection for female and minor workers, vocational training, social insurance and welfare, labor disputes, supervision and inspection, as well as legal liabilities.

The Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) was issued by the SCNPC on June 29, 2007, implemented on January 1, 2008, and most recently revised on December 28, 2012, with the revision taking effect on July 1, 2013. The Implementation Regulation of the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》) were issued and implemented by the State Council on September 18, 2008. According to the aforementioned law and regulation, a written labor contract shall be established when forming a labor relationship. Employers shall not force employees to work overtime and must pay overtime wages according to national regulations if overtime is arranged. Wages must not be lower than the local minimum wage standard and must be paid to employees promptly.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the “**Social Insurance Law**”) issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Pursuant to the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) issued on July 31, 2025, implemented on September 1, 2025, where an employer and a worker agree or a worker undertakes to an employer that there is no need to pay social insurance premiums, the people’s court shall determine that such an agreement or undertaking is void. If the employer fails to pay social insurance premiums in accordance with the law, and the worker files a claim for rescission of the labor contract and payment of economic compensation by the employer in accordance with Article 38(3) of the Labor Contract Law, the people’s court shall support such a claim in accordance with the law.

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Housing Provident Fund

Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), which was promulgated on 3 April 1999 and last revised on 24 March 2019, employers in Mainland China shall provide their employees with welfare schemes covering housing provident fund. Employers who fail to contribute to the housing provident funds may be subject to a fine and ordered to make full payment within a prescribed time period. If an employing entity fails to make the payment towards the housing provident funds within a prescribed time limit, an application may be made to a people’s court for enforcement.

Regulations Relating to Overseas Investment

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, an investor shall, in overseas investment, undergo the formalities for the confirmation or recordation, among others, of an overseas investment project, report the relevant information, and cooperate in supervisory inspection.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on March 16, 2009, lastly amended on September 6, 2014 and implemented on October 6, 2014, “overseas investment” means the acts of an enterprise legally formed in China to own a non-financial enterprise or obtain the ownership, control, or right of business management of or any other interest in an existing non-financial enterprise outside of China by formation, acquisition or merger, or other means. The MOFCOM and the provincial counterparts promulgate regulations providing that overseas investment of enterprises to be subject to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management. When an overseas enterprise invested by an enterprise conducts overseas reinvestment, the enterprise shall report to the commerce departments after completing the overseas legal procedures.

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and implemented on August 1, 2009 and the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015, implemented on June 1, 2015 and was partially repealed on December 30, 2019, stipulates that, upon obtaining the approval for overseas investment, the overseas direct investment of PRC enterprises shall apply for foreign exchange registration to the banks at their places of registration.

Regulations Relating to Overseas Offering and Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and relevant five guidelines, which came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either in direct or indirect means (the “**Overseas Offering and Listing**”), are required to fulfill the filing procedure with the CSRC and submit filing reports, legal opinions, and other relevant documents. Subject to specific circumstances, the Overseas Listing Trial Measures require that, among other things, (i) initial public offerings or listings on overseas markets shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be

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filed with the CSRC within three working days after the relevant application is submitted overseas. If a PRC company fails to complete the filing procedure or the filing documents submitted by a PRC company contain misrepresentation, misleading statement or material omission, such PRC company may be subject to order to rectify, warnings and fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to fines.

The Overseas Listing Trial Measures also set forth the issuer’s reporting obligations in the event of occurrence of material events after the Overseas Offering and Listing. If the overseas offering and listing has been deemed as indirect Overseas Offering and Listing by PRC domestic enterprises, the issuer shall make a detailed report to the CSRC within 3 working days after the occurrence and public announcement of the relevant event: (i) change in controlling rights; (ii) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (iii) changing listing status or changing the listing board; or (iv) voluntary or compulsory termination of listing. Besides, if any material change in the principal business and operation of the issuer after its Overseas Offering and Listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within 3 working days after the occurrence of the relevant change to provide an explanation of the relevant situation. According to the Overseas Listing Trial Measures, the PRC domestic enterprises engaging in Overseas Offering and Listing activities shall strictly comply with the PRC laws, administrative regulations, and relevant provisions on foreign investment, state-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors. The PRC domestic enterprise that conducts Overseas Offering and Listing shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, shall not divulge any state secret or the work secrets of state authorities, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provisions of personal information and important data.

In addition, the Overseas Listing Trial Measures also provide the circumstances where the Overseas Offering and Listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the Overseas Offering and Listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the PRC domestic enterprise, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic enterprise is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

On February 24, 2023, the CSRC together with Ministry of Finance, National Administration of State Secrets Protection and National Archives Administration of China have promulgated the Provisions on Strengthening the Confidentiality and File Management of Domestic Enterprises Related to Overseas Issuance of Securities and Listing (《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》), according to which, during the overseas offering and listing activities of domestic enterprises, domestic enterprises, securities companies and securities service providers providing corresponding services shall strictly abide by the relevant PRC laws and regulation as well as the requirements of the provisions, enhance legal awareness of guarding state secrets and strengthening the management of archives, establish and complete systems for confidentiality and archives work, employ necessary measures to implement the responsibility for

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confidentiality and archives management, and shall not divulge state secrets and work secrets of state organs, and shall not harm the interests of state and the public. If domestic enterprises provide or publicly disclose to relevant securities companies, securities service institutions, overseas regulatory agencies and other parties, or provide or publicly disclose documents and materials involving state secrets or state organ work secrets through the issuer, they shall report the matters to the competent authorities for examination and approval, and file them with the department for the administration and management of state secrets at the same level for the record.

Fund Management for Overseas Listing of Domestic Enterprises

The PBOC and the SAFE promulgated the Notice on Issues Concerning the Management of Funds for Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), hereinafter referred to as “Circular 252”) on December 24, 2025, which was implemented on April 1, 2026. According to Circular 252, a joint stock limited company registered in the territory that directly issues securities overseas or issues overseas depository receipts (“Overseas Listing”) upon filing with the CSRC shall, within 30 working days from the first trading day of its Overseas Listing or upon completion of the over-allotment, take relevant materials to the competent bank at its place of registration to apply for Overseas Listing registration; funds raised from Overseas Listing shall, in principle, be repatriated to the territory in a timely manner. If the funds raised by a domestic enterprise from Overseas Listing are repatriated in foreign currency, they shall be remitted to the capital account — settlement account for deposit and use, and can be settled at its discretion; if repatriated in RMB, they can be remitted to the capital account — settlement account or domestic RMB bank settlement account for deposit and use; the use of funds raised from Overseas Listing shall be consistent with the relevant contents listed in publicly disclosed documents such as the document or corporate bond offering circular, shareholders’ circular, resolutions of the board of directors or shareholders’ general meeting.

H-share Full Circulation

“Full circulation” means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued 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》) (the “**Guidelines for the Full Circulation**”), which was partly revised on August 10, 2023 according to the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC (《中國證券監督管理委員會關於修改、廢止部分證券期貨制度文件的決定》).

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures. After the application for full circulation has been approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with CSDCC of the shares related to the application has been completed.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited (the “CSDCC”) and the Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股“全流通”業務實施細則》) (the “**Measures for Implementation**”). The businesses in relation to the H-share full circulation business, such as

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cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

In June, 2025, the Shenzhen Branch of CSDCC issued the Guidelines to the Program for “Full Circulation” of H-shares of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》), which came into effect on June 30, 2025, are applicable to the business preparation, cross-border share transfer registration and overseas centralized custody, the initial maintenance of details of domestic shareholding and the maintenance of its changes, corporate actions, clearing, settlement and risk management measures. On September 20, 2024, China Securities Depository and Clearing (Hong Kong) Company Limited issued the H-Share Full Circulation Business Guide of China Securities Depository and Clearing (Hong Kong) Limited (《中國證券登記結算(香港)有限公司H股“全流通”業務指南》), which is applicable to businesses such as share custody and depository, agent service, arrangement for settlement and delivery, and risk management measures.

Regulations Relating to Cybersecurity, Data Security and Personal Information Protection

Cybersecurity

According to the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016 and effective as of June 1, 2017, lastly amended on October 28, 2025 and took effect on January 1, 2026, when carrying out business operation and service activities, network operators shall abide by laws and administrative regulations, fulfill the obligation of cybersecurity protection. Furthermore, to construct and operate a network, or to provide services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cybersecurity events, to prevent criminal activities committed on the network, and to protect the integrity, confidentiality and availability of network data.

Data Security

According to the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021 and effective as of September 1, 2021, PRC established a data classification and hierarchical protection system to formulate catalogs of important data, and strengthen the protection of important data. In accordance with the provisions of laws and regulations, whoever carries out data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security and strengthen risk monitoring. Disposal measures shall be taken immediately upon occurrence of a data security incident, users shall be timely notified in accordance with the relevant provisions and reports shall be made to the relevant competent authority. Processors of important data shall specify the person responsible for data security and the management body, and implement the responsibility of data security protection; carry out risk assessment on their data processing activities on a regular basis and submit a risk assessment report to the relevant competent authority. Relevant authorities will establish the measures for the cross-border transfer of important data. If any company violates the Data Security Law of People’s Republic of China and other applicable measures to provide important data outside China, such company may be punished by administration sanctions, including penalties, fines, and/or may suspension of relevant business or revocation of the business license.

According to the Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021 and effective as of September 1, 2021, the definition and the identification procedure of the critical information infrastructure. Critical information infrastructure refers to the important network facilities and

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information systems in important industries and fields such as public telecommunications, information services, energy, transportation, water conservancy, finance, public services, e-government and national defense science, technology and industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the national economy and the people's livelihood and public interests. For the important industries and fields mentioned in Article 2 thereof, the competent authorities and supervisory authorities are the authorities responsible for the security protection of critical information infrastructure. Operators of critical information infrastructure shall take technical protection measures and other necessary measures based on the graded protection for cybersecurity, respond to cybersecurity incidents, prevent cyber attacks and illegal and criminal activities, guarantee the safe and stable operation of critical information infrastructure, and maintain the integrity, confidentiality and availability of data. Meanwhile, critical information infrastructure operators shall pass the security review in accordance with the national cybersecurity provisions, if the purchase of networking products or services may affect national security.

Personal Information Protection

According to the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the “PIPL”) promulgated by the SCNPC on August 20, 2021 and effective on November 1, 2021, it integrates the scattered rules with respect to personal information rights and privacy protection. The PIPL is enacted to protect the rights and interests of personal information, regulate the handling of personal information and promote the reasonable use of personal information. Personal information, as defined in the PIPL, refers to all kinds of information related to identified or identifiable natural persons recorded by electronic or other means, excluding the information handled anonymously. The PIPL provides the conditions under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation.

According to the Regulation on Network Data Security Management (《網絡數據安全管理條例》) promulgated by the State Council on September 24, 2024 and effective as of January 1, 2025, where network data handlers carry out network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant national regulations.

Cybersecurity Review

According to the Cybersecurity Review Measures (《網絡安全審查辦法》) promulgated on December 28, 2021 by the Cyberspace Administration of China, NDRC, the MIIT and other ten PRC regulatory authorities, effective as of February 15, 2022, it requires that (i) the purchase of network products and services by critical information infrastructure operator which affects or may affect national security; (ii) the data processing activities carries out online platform operators, which affects or may affect national security; (iii) an online platform operator who possesses the personal information of more than 1 million users goes for public abroad shall declare to the Office of Cybersecurity Review for cybersecurity review.

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LAWS AND REGULATIONS APPLICABLE TO OUR BUSINESS IN JAPAN

Regulations on Foreign Investment

The Foreign Exchange and Foreign Trade Act (外国為替及び外国貿易法) (Act No. 228 of 1949, as amended) governs foreign investments and foreign trade in Japan. While foreign transactions, including investments in Japan, may generally be conducted freely in Japan, certain direct investments in Japanese companies require foreign investors to submit a prior notification to the Minister of Finance and other competent authorities via the Bank of Japan before proceeding with the investment. Generally speaking, such prior notification must be filed within six months preceding the relevant investment. A foreign investor is also required to wait for a period of 30 days from the date on which the prior notification is received by the Bank of Japan before proceeding with the investment. However, this waiting period may be shortened if the investment is not related to a matter of Japanese national security. During this waiting period, the Japanese government may propose changes to the details of, or recommend the cancellation of, the investment upon its review of the notification. Where a foreign investor has made a prior notification, it is also required to file a completion report with the Bank of Japan within 45 days from the completion of the investment.

Acquisition of shares is the most typical form of foreign direct investment that may be subject to the Foreign Exchange and Foreign Trade Act. However, certain other shareholder activities may also be considered foreign direct investments requiring a foreign investor to submit a separate prior notification to the Bank of Japan. These shareholder activities include (i) consent to a substantial change in the business of the company in which a foreign investor holds shares, (ii) voting for the appointment of related parties as directors or corporate auditors of the company, (iii) establishing branches, factories or representative offices by a foreign investor residing outside Japan or incorporated outside Japan, (iv) making long-term loans to a Japanese company and (v) business succession by a foreign investor from a Japanese company as a result of a merger.

The prior notification would, subject to certain exceptions, be required to be made by a foreign investor prior to their contemplated investment if the target company (including its Japanese subsidiaries and joint ventures with 50% or more of the voting rights) is engaged in certain sectors and industries designated as important for national security and public welfare by the Japanese government which include weapons, aircraft, nuclear facilities, space, dual-use technologies, cybersecurity and so forth, (the “**Designated Business Sectors**”).

- (a) the stake that the foreign investor intends to acquire in the target company; and
- (b) whether the target company is privately held or listed on a Japanese stock exchange.

A foreign investor making investment in a company not engaged in a Designated Business Sector is generally obligated to file a post-investment report with the Bank of Japan within 45 days from the completion of the investment.

Regulations on Foreign Exchange

Foreign exchange transactions in Japan are governed by the Foreign Exchange and Foreign Trade Act, which also regulates the flow of foreign currencies into and out of Japan. Under this Act, certain transactions involving the remittance of foreign currencies, loans, and investments across borders are subject to reporting and notification requirements, particularly when the transaction value exceeds certain thresholds. For example, a remittance from Japan to overseas and the receipt of funds from overseas exceeding JPY30 million must be reported to the Bank of Japan except for certain foreign remittances such as payment for goods.

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Regulations Relating to Privacy Protection

The Act on the Protection of Personal Information (個人情報保護に関する法律) (Act No. 57 of 2003, as amended) forms the principal legislative framework for personal data protection in Japan, providing comprehensive guidelines for the appropriate handling of personal data and establishing the roles and responsibilities of national and local governments in implementing effective data protection policies.

Under the Act on the Protection of Personal Information, “personal information” is defined as data relating to a living individual that can identify the individual directly or indirectly. Any entities engaged in the handling of personal information, referred to as “businesses handling personal information” under the Act, are required to specify the intended purposes of use and ensure compliance with those purposes. The Act imposes strict restrictions on the transfer of personal data to third parties, including transfers within corporate groups. Such transfers typically require the explicit consent of the data subject, except where specific statutory exemptions apply. For cross-border transfers (other than transfers to the European Union and the United Kingdom), businesses must either obtain the data subject’s consent for the transfer of personal data to a recipient in the foreign country or ensure that the recipient country maintains a level of protection equivalent to that required under the Act, as assessed by the Personal Information Protection Commission.

Regulations on Intellectual Property Rights

Copyright and Software Products

The Copyright Act (著作権法) (Act No. 48 of 1970, as amended) establishes the rights of authors and neighboring rights for works, performances, phonograms, broadcasts, and cablecasts, while ensuring the protection of these rights and promoting the fair use of such cultural products to contribute to cultural development. In Japan, copyright holders enjoy exclusive rights, including the right to reproduce, distribute, and publicly communicate their works. Software products and digital content disseminated through the internet also fall under the same copyright framework.

Trademarks

Trademarks in Japan are protected under the Trademark Act (商標法) (Act No. 127 of 1959, as amended).

A trademark in Japan may be registered by filing an application with the Japan Patent Office, specifying the goods or services for which the trademark will be used. Upon registration, the trademark is protected for ten years and may be renewed indefinitely for successive ten-year periods with payment of the applicable fees. Japan follows a “first-to-file” system, where trademark rights are granted to the first applicant. Applications that are identical or similar to an existing registered trademark or an application under review for similar goods or services may be rejected. In addition, trademarks that conflict with pre-existing rights or have gained significant recognition through use cannot be registered.

Patent

The Patent Act (特許法) (Act No. 121 of 1959, as amended) was enacted to encourage inventions by promoting the protection and utilization of inventions, thereby contributing to industrial development. A patent right in Japan becomes effective upon registration with the Japan Patent Office and remains valid for 20 years from the filing date of the application. In case of infringement, the patent holder may seek legal remedies, including injunctions and damages.

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Regulations Related to Labor and Social Security

Labor Relations

Labor relations in Japan are primarily governed by the Labor Standards Act (労働基準法) (Act No. 49 of 1947, as amended), which stipulates the minimum standards for working conditions, including wages, working hours, and safety regulations. It also requires employers to execute written labor contracts with employees, specifying key terms of employment, such as wages, working hours, and conditions for termination. Under the Labor Standards Act, the working hours of employees, in principle, cannot exceed statutory working hours (being 40 hours per week or eight hours per day, excluding breaks), unless a labor management agreement regarding overtime and holiday work (commonly referred to as a “36 Agreement”) has been concluded and submitted to the relevant Labor Standards Inspection Office.

In addition to the Labor Standards Act, the Labor Contracts Act (労働契約法) (Act No. 128 of 2007, as amended) supplements the Labor Standards Act by defining the rights and obligations of employers and employees under labor contracts.

Social Insurance

Japan has a comprehensive social insurance system covering several mandatory schemes.

The Health Insurance Act (健康保険法) (Act No. 70 of 1922, as amended) provides insurance benefits for sickness, injury or death other than employment injuries of a worker or a dependent thereof.

The Employees’ Pension Insurance Act (厚生年金保険法) (Act No. 115 of 1954, as amended) provides insurance benefits for workers’ old-age, disability and death.

Under the Industrial Accident Compensation Insurance Act (労働者災害補償保険法) (Act No. 50 of 1947, as amended), employers are required to insure their employees against work-related injuries or illnesses, providing compensation and benefits in case of accidents or occupational hazards in the course of their duties or while commuting to or from work.

In addition, the Employment Insurance Act (雇用保険法) (Act No. 116 of 1974, as amended) provides necessary benefits for workers who are unemployed, facing difficulties continuing employment, or receiving job-related educational training, and facilitates their job-seeking activities. This Act requires employers to contribute to a fund that provides financial assistance to employees who lose their jobs.

Employers are responsible for making regular contributions to these social insurance schemes, and failure to do so may result in penalties.

Regulations on Tax

Corporate Tax

The Corporation Tax Act (法人税法) (Act No. 34 of 1965) governs the taxation of corporate income in Japan.

In Japan, corporations are subject to taxation on income derived from their business operations. The corporate tax rate is progressive and varies depending on the size and income of the corporation. The standard tax rate for ordinary corporations is 23.2%, and a reduced tax rate (15% or 19%, depending on the amount of sales in previous years) applies to small businesses for the portion of their annual taxable income up to JPY8 million.

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Enterprise Tax

Enterprise tax in Japan is a local tax levied on corporations based on their business income. The calculation method varies depending on the size of the corporation.

Consumption Tax

The Consumption Tax Act (消費税法) (Act No. 108 of 1988, as amended) governs the imposition and administration of consumption tax in Japan, which is a value-added tax imposed on the sale of goods and the provision of services in Japan. This Act sets out the rules for the taxation of goods and services, including the rates, exemptions, and the procedures for tax collection and remittance. The general consumption tax rate is 10%, with a reduced rate of 8% applicable to certain items, including food and beverages (excluding alcoholic drinks and food consumed in restaurants), as well as eligible newspaper subscriptions.

Dividend Withholding Tax

In Japan, the payment of dividends by corporations is governed by the Companies Act (会社法) (Act No. 86 of 2005, as amended), which regulates the declaration and distribution of dividends. In addition, Japanese income tax is levied on the payment of dividends by way of withholding tax under the Income Tax Act.

The standard withholding tax rate on dividends paid by private Japanese corporations to non-resident shareholders is 20.42%. However, this rate may be reduced or exempted pursuant to the provisions of an applicable tax treaty between Japan and the shareholder’s country of residence. For instance, under the tax treaty between Japan and Hong Kong, the withholding tax rate may be reduced to 5% for qualifying shareholders who are tax residents of Hong Kong. Non-resident shareholders wishing to benefit from a reduced withholding tax rate must submit a tax treaty application to the Japanese tax authorities. The withholding tax is generally withheld at source by the Japanese subsidiary distributing the dividends.

Regulations on Corporation

Stock Companies in Japan

The operations of companies in Japan, including mergers and acquisitions are primarily governed by the Companies Act. The Companies Act provides the legal framework for corporate governance, including rules on mergers and acquisitions and share transfers.

Among the various forms of companies under the Companies Act, stock companies (*Kabushiki Kaisha*) are the most commonly used.

The shares of stock companies may be transferred upon agreement between the transferor and transferee. The approval at a meeting of the shareholders or the board of directors is required for the transfer if so stipulated in the articles of incorporation of the stock company.

If the company does not approve the transfer, it must either purchase the shares itself or designate a preferable transferee to complete the purchase.

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LAWS AND REGULATIONS APPLICABLE TO OUR BUSINESS IN HONG KONG

Regulations on Import and Export

Import and Export Ordinance

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. Pursuant to section 6C of the Import and Export Ordinance, no person shall import any article specified in schedule 1 to the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong) except under and in accordance with an import licence issued by the Director-General of Trade and Industry under section 3 of the Import and Export Ordinance. Section 6D of the Import and Export Ordinance provides that no person shall export any article specified in the second column of schedule 2 to the Import and Export (General) Regulations to the place specified opposite thereto in the third column of the schedule except under and in accordance with an export licence issued by the Director-General of Trade and Industry under section 3 of the Import and Export Ordinance. Any person who contravenes sections 6C or 6D of the Import and Export Ordinance shall be guilty of an offence and liable to a fine of HK\$500,000 and to imprisonment for two years on summary conviction, or a fine of HK\$2,000,000 and to imprisonment for seven years on conviction on indictment.

These provisions regulate the importation and exportation of articles including the pharmaceutical products, medicines and proprietary Chinese medicines and must be covered by a proper import or export licence.

Import and Export (Registration) Regulations

Regulation 3 of the Import and Export (Registration) Regulations (“**Import and Export Regulations**”) (Chapter 60E of the Laws of Hong Kong) sets out exemptions in respect of regulations 4 and 5.

Pursuant to regulation 4 of the Import and Export Regulations, every person, including company, who imports any article other than an exempted article shall lodge with the Commissioner of Customs and Excise an accurate and complete import declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation of the article to which it relates.

Regulation 5 of the Import and Export Regulations requires that every person who exports or re-exports any article other than an exempted article shall lodge with the Commissioner of Customs and Excise an accurate and complete 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 may specify. Every declaration required to be lodged shall be lodged within 14 days after the exportation of the article to which it relates.

Any person fails or neglects to do such declaration as required under regulations 4 and 5 of the Import and Export Regulations within 14 days after the importation or exportation (as the case may be) of the article to which it relates without any reasonable excuse shall be liable to (i) a fine of HK\$1,000 upon summary conviction; and (ii) commencing from the date of conviction, a fine of HK\$100 in respect of everyday during which his failure or neglect to lodge such declaration in that manners continues. Further, any person who knowingly or recklessly lodges any declaration with the Commissioner of Customs and Excise that is inaccurate in any material particular shall be liable on summary conviction to a fine of HK\$10,000.

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LAWS AND REGULATIONS CONCERNING INTERNATIONAL TRADE

Sanctions Laws and Regulations

U.S.

Treasury regulations

OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. “Primary” U.S. sanctions apply to “U.S. persons” or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and “secondary” U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity’s domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies’ foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens (“green card” holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to “block” (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC.

OFAC’s comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People’s Republic (LPR) and Donetsk People’s Republic (DPR) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the “UNSC”) can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

REGULATORY OVERVIEW

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no “blanket” ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime by regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

U.S. Export Controls

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies, including us. The United States has increased export controls restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the “**BIS**”), which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the “**Entity List**”). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met.

In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the “**Commerce Control List**”). The Commerce Control List is primarily based on multilateral export control lists, such as the Wassenaar Arrangement’s List of Dual-Use Goods and Technologies and Munitions List, BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use. The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a leading DRAM chip design company in China. Our history can be traced back to 2020 when Mr. Ying, our Controlling Shareholder, recognized the potential of DRAM and acquired a majority interest in Zentel Japan. Our “Zentel” brand was inherited from Zentel Japan, which boasts over 20 years of history. Zentel Japan has developed a series of DRAM products, including 110nm products, 90nm, 70nm, 63nm, 38nm and 25nm products, which were manufactured by PSMC, one of the world’s leading wafer foundries. Through the continuous innovation and upgrade of its products and technology, Zentel Japan has built strong brand recognition and accumulated extensive industry experience, and cultivated a team of experts, all of which were valued by Mr. Ying when he made the decision to acquire Zentel Japan.

In early 2020, Mr. Ying acquired a 20% interest in Zentel Japan, and he further acquired a majority interest in Zentel Japan in late 2020. It was decided that our Company would become the holding company of our Group to tap into the huge market in the PRC, leverage the favorable policies in the PRC and to combine Zentel Japan’s resources, technology and experience with local talent and resources for our growth and development. Building on the experience accumulated from Zentel Japan, we have become one of the few domestic DRAM design company which possesses the complete iterations of DRAM products from SDR to DDR4.

After the acquisition of the majority interest in Zentel Japan by Mr. Ying in late 2020, we took over the brand, business, intellectual property rights and personnel of Zentel Japan, which provided the foundation of our further development. Our Company has expanded its business and customer base in particular in China through its own development and conducted substantial business operations in its own name after the acquisition of Zentel Japan. In 2021, we implemented a global operation and development of domestic market strategy, pursuant to which we secured and maintained the overseas customers of Zentel Japan on the one hand and built and expanded the domestic market by our Company on the other hand. In 2022, we commenced our DRAM modules business to better meet the demand of customers in the domestic market and developed “1 Logic Wafer + 1 DRAM Wafer” solution. Since 2023, we have continued to intensify our market expansion efforts and iterated and updated our products. Our DRAM modules business grew rapidly since its commencement in 2022. Through years of development, we have built a supply chain and customer network centered around our Company and our Company operates as the primary entity for procuring core raw materials including memory wafers in our Group. Zentel Japan is currently our overseas sales center and R&D center.

On April 25, 2025, our Company was converted into a joint stock company. As of the Latest Practicable Date, our Company had an issued share capital of RMB270,000,000.

KEY MILESTONES

The following table sets out the key milestones of our corporate and business development:

Year	Event
2020	Mr. Ying acquired a majority interest in Zentel Japan and decided to develop our business in the PRC.
2022	We were recognized as a High-tech Enterprise.
2023	We scaled up our IT application innovation business.
2024	We were recognized as National-Level Specialized and Sophisticated “Little Giant” Enterprise (國家級專精特新“小巨人”企業) and a provincial-level enterprise research institute (省級企業研究院).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
2025	Our Company was converted into a joint stock company with limited liability.
	We partnered with PSMC in respect of the development of DRAM products based on 19nm and below nodes.
	We achieved commercialization of our silicon interposer solutions.
	We licensed out certain technologies in relation to our HSM1 products.
	We were designated as a National-Level Specialized and Sophisticated Key “Little Giant” Enterprise (國家級專精特新重點「小巨人」企業).

OUR MAJOR SUBSIDIARY

We set forth below information about the major subsidiary of our Group that made a material contribution to our operating results during the Track Record Period:

Name	Date of incorporation/ establishment and commencement of business	Place of incorporation/ establishment	Ownership as of the Latest Practicable Date	Principal business activities
Zentel Japan	September 26, 2003	Japan	100%	Design, development and sales of semiconductors

MAJOR CORPORATE DEVELOPMENT

We set out below the major shareholding changes of our Company and changes in equity and shareholding of our major subsidiary.

Our Company

Our Company was established in the PRC as a limited liability company with a registered capital of RMB10,000,000 on March 23, 2020. Our Company was established in Jinhua, Zhejiang as we planned to take advantage of favorable local policies for the DRAM industry. Our Company did not commence any operation and none of the registered capital was paid up until the end of 2020. At the relevant time, Loongson Technology was controlled by Mr. Hu Weiwu (“**Mr. Hu**”), Mr. Ying’s brother. Upon establishment, the shareholding structure of our Company was as follows:

Shareholder	Registered capital subscribed for (RMB)	Percentage of shareholding (%)
Tianjin Haoxin ⁽¹⁾	9,500,000	95
Loongson Technology	500,000	5
	10,000,000	100

Note:

- (1) At the relevant time, Tianjin Haoxin was controlled by Mr. Yao Guishi, an Independent Third Party, through its general partner, Linzhi Dingfu Venture Capital Management Co., Ltd.* (林芝鼎孚創業投資管理有限公司, “**Linzhi Dingfu**”). The only limited partner of Tianjin Haoxin holding approximately 99.97% of its partnership interests was Ms. Zhang Xiaoling, an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Since its establishment, our Company had undertaken a series of shareholding changes as detailed below:

(i) Equity transfer in October 2020

To focus on the development of its core business, Loongson Technology transferred its 5% equity interest in our Company to Tiantong Xin'an at nil consideration on October 28, 2020. At the relevant time, Tiantong Xin'an was controlled by Mr. Hu.

(ii) Equity transfers in November 2020

Mr. Ying was a business partner of each of Mr. Yao Guishi, Mr. Chen Xudong and PIHC. Mr. Ying communicated from time to time with them on business management experience and potential investment opportunities. When Mr. Ying became the majority shareholder of Zentel Japan and decided to develop our business in the PRC, upon discussions on this business venture, Mr. Ying brought together Mr. Yao Guishi, Mr. Chen Xudong and PIHC to invest in our Company. Therefore, on November 20, 2020, Tianjin Haoxin transferred its 55.80%, 12.69% and 7.73% equity interest in our Company to Hangzhou Dingyuan, Hangzhou Chuyuan and Hangzhou Chuyu, respectively, at nil consideration. On the same day, Tiantong Xin'an transferred its 3.34% equity interest in our Company to Hangzhou Chuyuan at nil consideration. The nil consideration was determined taking into account that our Company had yet to commence operation and the registered capital had yet to be paid up in November 2020. The above transfers were registered on December 2, 2020. After the transfers, Hangzhou Dingyuan became the majority shareholder of our Company.

Hangzhou Dingyuan's general partner

Hangzhou Dingyuan's general partner at the time was Ningbo Yingxi Electronic Technology Co., Ltd.* (寧波鷹溪電子科技有限公司, “**Ningbo Yingxi**”). Ningbo Yingxi was held as to 51% and 49% by Mr. Dong Guoping and Anji Fudao Enterprise Management Consulting Partnership (Limited Partnership)* (安吉孚道企業管理諮詢合夥企業(有限合夥), “**Anji Fudao**”), respectively. Anji Fudao's general partner was Ms. Tie Na holding 50% of its partnership interests and its limited partner was Ms. Sheng Mingrui holding 50% of its partnership interests. Anji Fudao was controlled by Mr. Ying through Mr. Ying's nominee agreements with Ms. Tie Na and Ms. Sheng Mingrui.

Hangzhou Dingyuan's limited partners

Hangzhou Dingyuan's limited partners at the time were Mr. Dong Guoping, Anji Fudao, Ms. Zhou Zhiying, Ningbo Xincheng Enterprise Management Partnership (Limited Partnership)* (寧波鑫程企業管理合夥企業(有限合夥), “**Ningbo Xincheng**”) and Mr. Chen Pengzhong, each an Independent Third Party, holding approximately 42.79%, 29.73%, 14.86%, 9.46% and 3.15% of its partnership interests, respectively. Ningbo Xincheng's general partner was Mr. Gan Xinbo holding 83.33% of its partnership interests and its limited partner was Ms. Gan Hongbo holding 16.67% of its partnership interests.

Control of Hangzhou Dingyuan

On February 7, 2021, Mr. Ying, Mr. Dong Guoping, Ms. Zhou Zhiying, Mr. Gan Xinbo and Ms. Gan Hongbo entered into an acting-in-concert agreement, pursuant to which Mr. Dong Guoping, Ms. Zhou Zhiying, Mr. Gan Xinbo and Ms. Gan Hongbo (“**Dingyuan AIC Parties**”) confirmed and agreed that the Dingyuan AIC Parties had acted and would continue to act in concert with Mr. Ying in the management of our Company. As a result, Mr. Ying, through nominee agreements relating to Anji Fudao and the acting-in-concert agreement with Dingyuan AIC Parties, controlled Hangzhou Dingyuan's general partner and a total of approximately 96.85% of partnership interests of Hangzhou Dingyuan at the time. Therefore, Mr. Ying controlled Hangzhou Dingyuan, our then majority Shareholder. Mr. Ying also became the legal representative of our Company on December 2, 2020.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On December 28, 2021, Mr. Ying and Dingyuan AIC Parties entered into a termination agreement to terminate the acting-in-concert agreement as Ningbo Hunting Investment Management Co., Ltd.* (寧波遊獵投資管理有限公司) (“**Ningbo Hunting**”), a company which was ultimately wholly owned by Mr. Ying, became the sole shareholder of Ningbo Yingxi on December 28, 2021. Ningbo Yingxi is the general partner of Hangzhou Dingyuan. On February 15, 2022, Anji Fudao transferred all its partnership interests of Hangzhou Dingyuan to Tianyuan Liji, which was ultimately wholly owned by Mr. Ying, effectively terminating the nominee arrangement. There has been no nominee arrangement or acting-in-concert agreement in relation to Hangzhou Dingyuan’s equity interest or any shareholding interest in our Company since February 15, 2022 and up to the Latest Practicable Date.

The registered capital subscribed by Hangzhou Dingyuan, Tianjin Haoxin, Hangzhou Chuyuan and Tiantong Xin’an was paid up by December 31, 2020. Hangzhou Chuyuan paid up its registered capital on December 23, 2021.

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

Shareholder	Registered capital subscribed for	Approximate percentage of shareholding
	(RMB)	(%)
Hangzhou Dingyuan ⁽¹⁾	5,579,638	55.80
Tianjin Haoxin	1,878,707	18.79
Hangzhou Chuyuan ⁽²⁾	1,602,658	16.03
Hangzhou Chuyu ⁽³⁾	772,884	7.73
Tiantong Xin’an	166,113	1.66
	10,000,000	100.00

Notes:

- (1) Hangzhou Dingyuan’s general partner at the time was Ningbo Yingxi. Hangzhou Dingyuan’s limited partners at the time were Mr. Dong Guoping, Anji Fudao, Ms. Zhou Zhiying, Ningbo Xincheng and Mr. Chen Pengzhong. Mr. Ying, through nominee agreements relating to Anji Fudao and the acting-in-concert agreement with Dingyuan AIC Parties, controlled Hangzhou Dingyuan’s general partner and a total of approximately 96.85% of partnership interests of Hangzhou Dingyuan at the time.
- (2) Hangzhou Chuyuan was initially and at the time a shell entity established for investment purpose. Hangzhou Chuyuan’s general partner at the time was Hangzhou Dingchu Asset Management Co., Ltd.* (杭州鼎矗資產管理有限公司), which was owned as to approximately 81.15% by Shanghai Chuhong Enterprise Management Partnership (Limited Partnership)* (上海矗宏企業管理合夥企業(有限合夥)), “**Shanghai Chuhong**”). Shanghai Chuhong’s general partner at the time was Mr. Mao Shaozhao, an Independent Third Party. Shanghai Chuhong’s limited partners at the time included Mr. Feng Shaowen and Mr. Chen Yuqing, each an Independent Third Party, holding approximately 42.73% and 38.46% of its partnership interests, respectively. Hangzhou Chuyuan’s limited partner at the time holding approximately 99.97% of its partnership interests was Ms. Wang Qi, an Independent Third Party. In December 2021, PIHC completed its internal and foreign direct investment procedures for investment in our Company and became the sole limited partner of Hangzhou Chuyuan, holding approximately 99.97% of its partnership interests. Hangzhou Jiyuan Technology Co., Ltd.* (杭州基元科技有限公司), which was wholly owned by Mr. Chen Yanbo, became the general partner of Hangzhou Chuyuan. Hangzhou Jiyuan Technology Co., Ltd. is a business partner of PIHC.
- (3) Hangzhou Chuyu’s general partner at the time holding approximately 77.23% of its partnership interests was Mr. Chen Xudong, an Independent Third Party. None of the two limited partners at the time held more than 20% partnership interests of Hangzhou Chuyu.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(iii) Capital increase and financing in 2020 and 2021

On December 18, 2020, Longxin Liji entered into a capital increase agreement with our Company to subscribe for registered capital of RMB666,667 in our Company at a consideration of RMB50 million, which was settled on January 12, 2021. See “[REDACTED] Investments” in this section for further details of Longxin Liji’s investment in our Company.

On December 21, 2020, Longxin Chuangxin entered into a convertible loan investment agreement (supplemented by an agreement dated June 20, 2021) with our Company, pursuant to which Longxin Chuangxin agreed to convert its loan of RMB15 million to our Company, which was paid on December 24, 2020, into equity investment in our Company of registered capital of RMB200,000 on the date Tianyuan Zhicheng completed its first tranche investment in our Company. See “[REDACTED] Investments” in this section for further details of Longxin Chuangxin’s investment in our Company.

On June 28, 2021, Tianyuan Zhicheng entered into an investment agreement with our Company to subscribe for registered capital of RMB2,666,667 in our Company at a total consideration of RMB200 million payable in three tranches subject to the fulfilment of conditions precedent for each tranche: (i) registered capital of RMB666,667 at a consideration of RMB50 million for the first tranche; (ii) registered capital of RMB666,667 at a consideration of RMB50 million for the second tranche; and (iii) registered capital of RMB1,333,333 at a consideration of RMB100 million for the third tranche. The consideration for the first and the second tranches was settled on July 7, 2021 and April 15, 2022, respectively. Pursuant to an agreement dated July 28, 2022, the relevant parties agreed that the obligations of our Company and Tianyuan Zhicheng with respect to the third tranche investment had ceased and the third tranche investment was not completed. The consideration for the above subscriptions was determined after arm’s length negotiations taking into account the valuation of our Company, the timing of the investments, the operating results and prospects of our business.

(iv) Capital increase and equity transfer in December 2021 and January 2022

On December 10, 2021, as approved by the shareholders’ resolution of our Company, an employee incentive platform of our Group, later established as Yingxi No. 1, subscribed for registered capital of RMB116,498 in our Company in accordance with the scheme rules of our employee incentive scheme.

On January 26, 2022, Tianjin Haoxin transferred 4.69% equity interest in our Company to Tianyuan Liji, which is ultimately wholly owned by Mr. Ying, at a consideration of RMB541,330. The consideration for the equity transfer was equivalent to the amount of paid-up capital transferred since the 4.69% equity interest represented Mr. Ying’s effective interest in our Company indirectly held through Tianjin Haoxin, which he indirectly subscribed for in December 2020.

(v) Capital increase and financing in 2022

On May 23, 2022 and July 28, 2022, our Company entered into capital increase agreements with Longxin Juneng, Yingfu Taike and Hongfan Qiguan, pursuant to which (i) each of Longxin Juneng and Yingfu Taike agreed to subscribe for registered capital of RMB366,000 in our Company at a consideration of RMB75 million; and (ii) Hongfan Qiguan agreed to subscribe for registered capital of RMB244,000 in our Company at a consideration of RMB50 million. The consideration for the above subscriptions was determined after arm’s length negotiations taking into account the valuation of our Company, the timing of the investments, the operating results and prospects of our business. The consideration was settled between June and August 2022. See “[REDACTED] Investments” in this section for further details of the investments of Longxin Juneng and Yingfu Taike in our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On August 29, 2022, as approved by the shareholders’ resolution of our Company, Yingxi No. 3, an employee incentive platform of our Group, subscribed for registered capital of RMB576,976 in our Company in accordance with the scheme rules of our employee incentive scheme.

(vi) Capital increase and repurchase in December 2023

On December 25, 2023, our Company entered into an investment agreement with Tianyuan Liji, Yingxi No. 4 and Yingxi No. 5, pursuant to which (i) Tianyuan Liji, wholly owned by Mr. Ying, agreed to subscribe for registered capital of RMB2,575,886.29 in our Company at a consideration of RMB40.71 million; (ii) Yingxi No. 4 agreed to subscribe for registered capital of RMB731,447.94 in our Company at a consideration of RMB11.56 million; and (iii) Yingxi No. 5 agreed to subscribe for registered capital of RMB172,738.14 in our Company at a consideration of RMB2.73 million. Yingxi No. 4 and Yingxi No. 5 are held by a group of employees of our Group. The consideration for the above subscriptions was determined after arm’s length negotiations taking into account the contributions of Mr. Ying and employees to our Group. The consideration was settled between December 2023 and January 2025. See “[REDACTED] Investments” in this section for further details of the investments of Tianyuan Liji, Yingxi No. 4 and Yingxi No. 5 in our Company.

Pursuant to the same investment agreement, our Company agreed to repurchase registered capital of RMB244,000 in our Company held by Hongfan Qiguan at a consideration of RMB53,245,205.48 which was settled on December 29, 2023. The registered capital of our Company was reduced by RMB244,000 to reflect the repurchase as approved by the shareholders’ resolution of our Company.

Pursuant to the same investment agreement, to maintain the shareholding of certain Shareholders following the subscriptions by Tianyuan Liji, Yingxi No. 4 and Yingxi No. 5, the registered capital of our Company was increased by RMB4,470,901.31 through capitalization of the capital reserve as approved by the shareholders’ resolution of our Company. The increase in registered capital was made in the amount of RMB890,563.13, RMB743,152.09, RMB740,905.48, RMB429,475.28, RMB370,452.74, RMB320,613.35, RMB300,805.62, RMB203,378.45, RMB203,378.45, RMB111,135.77, RMB92,305.48 and RMB64,735.47, respectively, with reference to the respective percentage of shareholding in our Company of Hangzhou Chuyuan, Tianjin Haoxin, Tianyuan Zhicheng, Hangzhou Chuyu, Longxin Liji, Yingxi No. 3, Tianyuan Liji, Longxin Juneng, Yingfu Taike, Longxin Chuangxin, Tiantong Xin’an and Yingxi No. 1 before the capital increase in 2023.

(vii) Capital increase and financing in 2023

On December 27, 2023, Longxin Chuangqi entered into a capital increase agreement with our Company to subscribe for registered capital of RMB379,585.63 in our Company at a consideration of RMB50 million, which was settled on December 27, 2023. The consideration for the subscription was determined after arm’s length negotiations taking into account the valuation of our Company, the timing of the investments, the operating results and prospects of our business. See “[REDACTED] Investments” in this section for further details of the investment of Longxin Chuangqi in our Company.

(viii) Equity transfers in March 2025

On March 11, 2025, Tianyuan Zhicheng transferred equity interest of 3.77%, 2.43%, 2.43% and 0.81% in our Company to Tianjin Dingying, Shanghai Hemu, Hangzhou Fuxin and Mr. Fang Peiying, respectively, at a consideration of RMB46,548,611.11, RMB30 million, RMB30 million and RMB10 million, respectively. The consideration for the equity transfers was determined after arm’s length negotiations taking into account the timing of the transfer and the fact that no special rights were granted to the transferees. The consideration was settled on March 14, 2025. See

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

“[REDACTED] Investments” in this section for further details of the equity transfers to Tianjin Dingying, Shanghai Hemu, Hangzhou Fuxin and Mr. Fang Peiying. Tianyuan Zhicheng ceased to hold any interest in our Company after the equity transfers.

(ix) Conversion into a joint stock limited company

On April 25, 2025, our Company was converted from a limited liability company into a joint stock limited company. Upon completion of such conversion, the registered capital of our Company became RMB21,956,034 divided into 21,956,034 Shares with a nominal value of RMB1 each, which were subscribed by all the then Shareholders.

(x) Share transfer, capital increase and financing and capitalization issue in 2025

On April 26, 2025, Yingxi No. 3, an employee incentive platform of our Group, transferred its 4.09% shareholding in our Company to Eaglestream Partners to facilitate the holding of the Shares by non-PRC employees and consultants.

On April 27, 2025, our Company entered into an investment agreement with Longxin Chuangxi, Longxin Huiyu, Tianjin Dinghui, Shenzhen Changzhen, Tianjin Dingying and Mr. Fang Peiying, pursuant to which (i) Longxin Chuangxi agreed to subscribe for registered capital of RMB308,757 in our Company at a consideration of RMB45 million; (ii) Longxin Huiyu agreed to subscribe for registered capital of RMB126,933 in our Company at a consideration of RMB18.5 million; (iii) Tianjin Dinghui agreed to subscribe for registered capital of RMB205,838 in our Company at a consideration of RMB30 million; (iv) Shenzhen Changzhen agreed to subscribe for registered capital of RMB205,838 in our Company at a consideration of RMB30 million; (v) Tianjin Dingying agreed to subscribe for registered capital of RMB171,531 in our Company at a consideration of RMB25 million; and (vi) Mr. Fang Peiying agreed to subscribe for registered capital of RMB68,613 in our Company at a consideration of RMB10 million. The consideration for the subscriptions was determined after arm’s length negotiations taking into account the valuation of our Company, the timing of the investments, the operating results and prospects of our business. The consideration was settled between April and May 2025. See “[REDACTED] Investments” in this section for further details of the investment of Longxin Chuangxi, Longxin Huiyu, Tianjin Dinghui, Shenzhen Changzhen, Tianjin Dingying and Mr. Fang Peiying in our Company.

From April 28, 2025 to May 16, 2025, our Company entered into investment agreements with Tianjin Dinghui, Shenzhen Kechuang Dinghui, Sonder Crescent, Mr. Xu Yongzhan, Zheshang Jiafu and Hangzhou Heda (the “**May 2025 [REDACTED] Investors**”), pursuant to which (i) Tianjin Dinghui agreed to subscribe for registered capital of RMB20,584 in our Company at a consideration of RMB3 million; (ii) Shenzhen Kechuang Dinghui agreed to subscribe for registered capital of RMB343,063 in our Company at a consideration of RMB50 million; (iii) Sonder Crescent agreed to subscribe for registered capital of RMB248,721 in our Company at a consideration of USD5 million; (iv) Mr. Xu Yongzhan agreed to subscribe for registered capital of RMB102,919 in our Company at a consideration of RMB15 million; (v) Zheshang Jiafu agreed to subscribe for registered capital of RMB171,532 in our Company at a consideration of RMB25 million; and (vi) Hangzhou Heda agreed to subscribe for registered capital of RMB686,126 in our Company at a consideration of RMB100 million. The consideration for the subscriptions was determined after arm’s length negotiations taking into account the valuation of our Company, the timing of the investments, the operating results and prospects of our business. The consideration was settled in May 2025. See “[REDACTED] Investments” in this section for further details of the investment of Tianjin Dinghui, Shenzhen Kechuang Dinghui, Sonder Crescent, Mr. Xu Yongzhan, Zheshang Jiafu and Hangzhou Heda in our Company.

On May 22, 2025, our Shareholders resolved to capitalize the capital reserve of our Company (“**Capitalization Issue**”) by issuing 9.9682579 new Shares for each existing Share to all our then Shareholders. The Shareholders’ respective shareholding percentages remain unchanged

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

immediately before and after the Capitalization Issue. Upon completion of the Capitalization Issue, the registered share capital of our Company increased from RMB24,616,489 to RMB270,000,000 and was divided into 270,000,000 Shares with a nominal value of RMB1 per Share.

Upon the completion of the share transfer, capital increase and the Capitalization Issue, the shareholding structure of our Company was as follows:

Shareholder	Registered capital subscribed for	Approximate percentage of shareholding
	(RMB)	(%)
Hangzhou Dingyuan	61,198,909	22.67
Tianyuan Liji	37,489,747	13.89
Hangzhou Chuyuan	27,346,291	10.13
Tianjin Haoxin	22,819,779	8.45
Hangzhou Chuyu	13,187,784	4.88
Longxin Liji	11,375,400	4.21
Eaglestream Partners	9,844,988	3.65
Yingxi No. 4	8,022,710	2.97
Longxin Juneng	6,245,085	2.31
Yingfu Taike	6,245,085	2.31
Longxin Chuangqi	4,163,397	1.54
Longxin Chuangxin	3,412,620	1.26
Tiantong Xin'an	2,834,406	1.05
Yingxi No. 1	1,987,821	0.74
Yingxi No. 5	1,894,635	0.70
Tianjin Dingying	10,967,885	4.06
Shanghai Hemu	5,856,128	2.17
Hangzhou Fuxin	5,856,128	2.17
Mr. Fang Peiying	2,704,608	1.00
Longxin Chuangxi	3,386,526	1.25
Longxin Huiyu	1,392,234	0.52
Tianjin Dinghui	2,483,455	0.92
Shenzhen Changzhen	2,257,684	0.84
Shenzhen Kechuang Dinghui	3,762,803	1.39
Sonder Crescent	2,728,036	1.01
Mr. Xu Yongzhan	1,128,842	0.42
Zheshang Jiafu	1,881,407	0.70
Hangzhou Heda	7,525,607	2.79
	270,000,000	100.00

Zentel Japan

Zentel Japan was incorporated in Japan as a duly incorporated stock company on September 26, 2003. Zentel Japan's initial shareholders at incorporation were Zentel Electronics Corp.* (力積電子股份有限公司) and Mr. Huang Qihong (黃啟宏), each an Independent Third Party, holding 99.8% and 0.2% of its shares, respectively. To the best knowledge, information and belief of our Company, Zentel Electronics Corp. was ultimately controlled by PIHC at the time. The single largest shareholder of PIHC at the time was Mr. Frank Huang (黃崇仁), an Independent Third Party. Zentel Electronics Corp. was engaged in the design, manufacturing and sales of integrated circuit products. In December 2010, Mr. Huang Qihong transferred all the shares held by him in Zentel Japan to Zentel Electronics Corp. and Zentel Electronics Corp. became the sole shareholder of

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Zentel Japan. In 2016, AP Memory acquired majority shareholding of Zentel Electronics Corp. and became the parent company of Zentel Electronics Corp. In 2017, AP Memory acquired all the shares of Zentel Electronics Corp. The ultimate controller of AP Memory at the time was Ms. Li Juan (李娟), an Independent Third Party.

Mr. Ying invested in Loongson Technology, which was engaged in the design and sales of processors and chips, in 2019 and started to take interest and explore opportunities in the DRAM industry. Mr. Ying conducted feasibility studies on Zentel Japan and approached AP Memory, Zentel Japan’s ultimate controller at the time, through a friend for the acquisition of Zentel Japan. Through AP Memory, Mr. Ying also became acquainted with PIHC. PIHC agreed with Mr. Ying’s outlook of the DRAM industry in the PRC and therefore agreed to participate in the acquisition of Zentel Japan in January 2020 and November 2020 and to become one of the first shareholders of the Company via Hangzhou Chuyuan based on the understanding Mr. Ying would eventually acquire 100% share capital of Zentel Japan to develop our Company’s DRAM business in the PRC.

In 2008, one of PIHC’s factories was spun off as Maxchip Electronics Corp.* (鉅晶電子股份有限公司), which was renamed as PSMC in 2018. As of December 31, 2025, PIHC held (i) approximately 99.97% partnership interests of Hangzhou Chuyuan, one of our Shareholders (which is expected to hold approximately [REDACTED]% shareholding of our Company upon the [REDACTED]), and (ii) approximately 19.82% of PSMC, one of our top five suppliers throughout the Track Record Period. Therefore, PIHC will be an Independent Third Party upon the [REDACTED]. To the best knowledge, information and belief of the Company, there is no other past or present relationship between PIHC (including its controller) with the Company and its core connected person(s).

Eaglestream HK, which at the time was ultimately wholly owned by Mr. Ying, acquired 20% share capital of Zentel Japan from Zentel Electronics Corp. in January 2020 pursuant to a share purchase agreement between AP Memory, Eaglestream HK, Zentel Electronics Corp. and PIHC dated December 16, 2019 (the “**Share Purchase Agreement**”) at a consideration of USD5 million with a valuation of USD25 million of Zentel Japan. The USD25 million valuation was determined after arm’s length negotiations taking into account (i) the original acquisition cost of Zentel Electronics Corp. by AP Memory (which was TWD14.5 per share of Zentel Electronics Corp. for 67,953,344 shares, i.e., TWD985,323,488, equivalent to approximately USD30.4 million based on the exchange rate of TWD32.4 to USD1.00 on December 30, 2016), (ii) the market outlook for the overseas DRAM industry, and (iii) circumstances at the relevant time including AP Memory’s strategic adjustment of its own market position. The remaining 80% share capital of Zentel Japan was held as to 76% by Zentel Electronics Corp. and 4% by PIHC. At the time of acquisition by Mr. Ying, Zentel Japan’s principal place of business was Tokyo, Japan and its geographical sales coverage included China, Hong Kong, Japan, Singapore and other countries and regions. Zentel Japan was engaged in the design, development and sales of semiconductors. The revenue and after-tax profit of Zentel Japan for 2019 was TWD329.5 million and TWD13.9 million, respectively. The revenue and after-tax profit of Zentel Japan for 2020 was TWD1,514.9 million and TWD38.6 million, respectively.

According to the Share Purchase Agreement, Eaglestream HK was granted the option to acquire part or all of the shares of Zentel Japan from all the then shareholders of Zentel Japan within 15 months from the completion of the 20% share transfer at a valuation of USD30 million of Zentel Japan. Eaglestream HK acquired a further 56% share capital of Zentel Japan from Zentel Electronics Corp. in November 2020 at a consideration of USD16.8 million with a valuation of USD30 million of Zentel Japan. After the share transfers in November 2020, Zentel Japan was held as to 76% and 24% by Eaglestream HK and PIHC, respectively. Mr. Ying, AP Memory (the then holding company of Zentel Electronics Corp.) and PIHC had an understanding that Mr. Ying would eventually acquire 100% share capital of Zentel Japan when Mr. Ying acquired the first 20% share capital of Zentel Japan in January 2020 as Eaglestream HK was granted an option to acquire further shares of Zentel Japan pursuant to the Share Purchase Agreement. The USD30 million valuation for

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the second batch of shares was based on the USD25 million valuation for the first batch taking into account time value of money as the option to acquire part or all of the shares of Zentel Japan by Eaglestream HK was valid for a period of 15 months from the completion of the transfer of the first batch of shares.

On April 26, 2024, Eaglestream HK and PIHC entered into a share transfer agreement, pursuant to which PIHC transferred its 24% share capital of Zentel Japan to Eaglestream HK at a consideration of USD7.2 million, determined by the parties after arm’s length negotiation at the same valuation as the prior transfer in November 2020. The considerations were fully settled by April 29, 2024. After the share transfer, Zentel Japan became wholly owned by Eaglestream HK. Mr. Ying contemplated acquiring the remaining 24% share capital but did not do so due to funding and resources considerations when he exercised the option to acquire a further 56% share capital of Zentel Japan in November 2020. PIHC disposed of its 24% shares of Zentel Japan to Eaglestream HK in April 2024 to carry on with the plan that Mr. Ying would eventually acquire 100% share capital of Zentel Japan. The disposal was also in line with the overall objectives of the parties with respect to Zentel Japan and the Group as PIHC had agreed to act in concert with Eaglestream HK since the date of the Share Purchase Agreement up to its disposal of shares of Zentel Japan to Eaglestream HK and Eaglestream HK already controlled Zentel Japan from November 2020. The USD30 million valuation for the third batch of shares was determined after arm’s length negotiations taking into account (i) the USD30 million valuation of Zentel Japan when Mr. Ying became the majority shareholder of Zentel Japan in November 2020, (ii) the market conditions in 2024 and (iii) the financial performance of Zentel Japan from 2020 to 2024.

Zentel Japan’s financial performance significantly improved between 2020 and 2022 primarily driven by (i) the development in our business and R&D capabilities including the launch of more types of DRAM chips and the launch of DRAM KGD wafers in 2021 which allowed us to attract more customers such as major electronics companies, and the development of “1 Logic Wafer + 1 DRAM Wafer” solution based on our self-developed Wafer-on-Wafer 3D heterogeneous integration technology in 2022; (ii) our business strategies to build up and expand our customer base including acquisition of the majority stake in Zentel Japan and taking over its brand, business, intellectual property rights and personnel in November 2020 which provided the foundation of our further development, the implementation of the global operation and development of domestic market strategy in 2021, pursuant to which we secured and maintained the overseas customers of Zentel Japan on one hand and built and expanded the domestic market on the other hand; (iii) the launch of new products and business including the launch of DRAM KGD wafers in 2021 and the commencement of DRAM modules business in 2022; and (iv) the rapid growth in the niche DRAM market. Zentel Japan was able to grab the opportunities brought by market growth by leveraging its technology capabilities and long-term business relationship with PSMC, one of the world’s leading wafer foundries.

In 2022, we transitioned key operational and supply chain management functions including wafer procurement, inventory management, and arrangement of DRAM chips testing and packaging, from Zentel Japan to our Company. There was a transitional period as it takes around four to five months from placement of wafer orders to the completion of production. During the transitional period, generally for work-in-progress and wafers that had been procured by Zentel Japan, Zentel Japan (i) sold the wafers to our Company, which further arranged testing and packaging of the DRAM chips and sold the DRAM chips to the overseas and domestic new customers; or (ii) arranged testing and packaging of the DRAM chips and sold the DRAM chips to its existing overseas customers. For new orders during and after the transition, generally our Company procures wafers from PSMC and arranges testing and packaging of the DRAM chips, after which our Company (i) directly sells DRAM chips to both overseas and domestic new customers; or (ii) sells DRAM chips to Zentel Japan, for its further resale to its existing overseas customers. Since 2023, sales from Zentel Japan to our Company has significantly decreased as our Company has become the primary entity for procuring core raw materials including wafers in our Group and wafers held as inventory by Zentel Japan has been gradually consumed.

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Our Company acquired all the share capital in Eaglestream HK from Eaglestream Technology Holdings Limited, which was in turn wholly owned by Mr. Ying, on November 27, 2023. During the Track Record Period and up to the Latest Practicable Date, Zentel Japan had been accounted for as a subsidiary of our Group in accordance with the accounting guideline “merger accounting for common control combination”.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not conducted any acquisitions, disposals or mergers that we considered to be material to us during the Track Record Period and up to the Latest Practicable Date. The acquisition of the remaining 24% share capital of Zentel Japan does not constitute an acquisition of material subsidiary or business by us during the Track Record Period under Rule 4.05A of the Listing Rules as none of the applicable percentage ratios as defined under the Listing Rules in respect of the acquisition of 24% share capital of Zentel Japan exceed 25%.

EMPLOYEE INCENTIVE SCHEME

We have adopted an employee incentive scheme on December 10, 2021 (the “**Employee Incentive Scheme**”), as amended, to attract and retain talent for our Group, and foster shared interests between Shareholders, our Group and our employees. In connection with the Employee Incentive Scheme, Yingxi No. 1 and Yingxi No. 3 were established in the PRC as our employee incentive platforms. The general partner of each of Yingxi No. 1 and Yingxi No. 3 is Ningbo Yingxi, which is ultimately wholly owned by Mr. Ying. On April 26, 2025, all the Shares held by Yingxi No. 3 were transferred to Eaglestream Partners to facilitate the holding of the Shares by non-PRC employees and consultants.

As of the Latest Practicable Date, Yingxi No. 1 had 22 limited partners, including Mr. Yu Xiao (8.58%), our executive Director and general manager, Mr. Lin Dongmao (12.86%), our deputy general manager, Mr. Liu Yandi (10.40%), our joint company secretary, Mr. Lyu Dong (0.66%), our chief financial officer and deputy general manager, 17 other existing employees of our Group, and a consultant of our Group, all of whom are Independent Third Parties. None of the limited partners of Yingxi No. 1 holds 15% or more of its partnership interests.

As of the Latest Practicable Date, Eaglestream Partners had 18 shareholders, including Mr. Ying (54.61%), Chairman of our Board and non-executive Director, Mr. Lin Kuo Hsiung (12.26%), Vice Chairman of our Board and executive Director, 10 other existing or former employees of our Group, and six consultants of our Group, all of whom are Independent Third Parties. Each of the consultants possesses decades of experience in the semiconductor industry, specifically, (i) one of our consultants has over 20 years of experience in management in the semiconductor industry, currently offering us advice on operation and supply chain optimization; (ii) one of our consultants has over 20 years of experience in business development in the semiconductor industry, currently offering us advice on strategic investment and merger and acquisition; (iii) one of our consultants has almost 20 years of experience in project management in the semiconductor industry, currently offering us advice on development strategies and product development; (iv) one of our consultants has over 20 years of experience in technical oversight and project management in the semiconductor industry, currently offering us advice on market analysis and development, overseas client management and brand management; (v) one of our consultants has almost 30 years of experience in process engineering, marketing, sales and management in the semiconductor industry, currently offering us advice on product planning and marketing; and (vi) one of our consultants has almost 40 years of experience in quality management spanning from R&D to mass production in the semiconductor industry, currently offering us advice on quality management of products. The consultants became shareholders of Eaglestream Partners as we would like to leverage their extensive experience in the semiconductor industry to promote our long-term development. The consultants mainly provide consulting services in relation to market development and development strategies of our Group, among others. None of the shareholders of Eaglestream Partners other than Mr. Ying and Mr. Lin Kuo Hsiung holds 10% or more of its shares.

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As of the Latest Practicable Date, all Shares subject to the Employee Incentive Scheme had been granted, and no further Shares will be granted under such scheme before the [REDACTED].

[REDACTED] INVESTMENTS

A summary of the [REDACTED] Investments by way of subscription since our inception as described above is set out below.

Name of [REDACTED] Investor	Date of Agreement	Date of Settlement of Consideration in Full	Amount of Registered Capital Subscribed for ⁽¹⁾	Consideration	Cost Per Share ⁽²⁾	Discount to the [REDACTED] ⁽³⁾	Shareholding in our Company upon [REDACTED] (assuming the [REDACTED] is not exercised)
			(RMB)	(RMB)	(RMB)	(%)	(%)
Longxin Liji	December 18, 2020	January 12, 2021	11,375,400	50,000,000	4.40 ⁽⁵⁾	[REDACTED]	[REDACTED]
Longxin Chuangxin	December 21, 2020 and June 20, 2021 ⁽⁴⁾	December 24, 2020	3,412,620	15,000,000	4.40 ⁽⁵⁾	[REDACTED]	[REDACTED]
Longxin Juneng	May 23, 2022	August 3, 2022	6,245,085	75,000,000	12.01 ⁽⁶⁾	[REDACTED]	[REDACTED]
Yingfu Taike	May 23, 2022	June 1, 2022	6,245,085	75,000,000	12.01 ⁽⁶⁾	[REDACTED]	[REDACTED]
Tianyuan Liji	December 25, 2023	February 2, 2024	28,252,986	40,710,000	1.44 ⁽⁷⁾	[REDACTED]	[REDACTED]
Yingxi No. 4	December 25, 2023	January 28, 2025	8,022,710	11,560,000	1.44 ⁽⁷⁾	[REDACTED]	[REDACTED]
Yingxi No. 5	December 25, 2023	January 26, 2025	1,894,635	2,730,000	1.44 ⁽⁷⁾	[REDACTED]	[REDACTED]
Longxin Chuangqi	December 27, 2023	December 27, 2023	4,163,397	50,000,000	12.01 ⁽⁶⁾	[REDACTED]	[REDACTED]
Longxin Chuangxi	April 27, 2025	April 29, 2025	3,386,526	45,000,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]
Longxin Huiyu	April 27, 2025	April 28, 2025	1,392,234	18,500,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]
Tianjin Dinghui	April 27, 2025 and May 6, 2025	May 6, 2025 and May 12, 2025	2,483,455	33,000,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]
Shenzhen Changzhen	April 27, 2025	May 6, 2025	2,257,684	30,000,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]
Tianjin Dingying	April 27, 2025	April 28, 2025	1,881,396	25,000,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]
Mr. Fang Peiying	April 27, 2025	May 6, 2025	752,565	10,000,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]
Shenzhen Kechuang Dinghui	May 6, 2025	May 15, 2025	3,762,803	50,000,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]
Sonder Crescent	May 6, 2025	May 21, 2025	2,728,036	36,250,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]
Mr. Xu Yongzhan	April 28, 2025	May 7, 2025	1,128,842	15,000,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]
Zheshang Jiafu	May 7, 2025	May 12, 2025	1,881,407	25,000,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]
Hangzhou Heda	May 16, 2025	May 21, 2025	7,525,607	100,000,000	13.29 ⁽⁸⁾	[REDACTED]	[REDACTED]

Notes:

- (1) Adjusted based on the capitalization of capital reserve into registered capital of our Company in December 2023 and the Capitalization Issue.
- (2) Calculated based on the consideration paid and the number of Shares as adjusted after the capitalization of capital reserve into registered capital of our Company in December 2023, the joint stock conversion in April 2025 and the Capitalization Issue.

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- (3) Calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED]).
- (4) Longxin Chuangxin entered into a convertible loan investment agreement on December 21, 2020 (supplemented by an agreement dated June 20, 2021) with our Company, pursuant to which Longxin Chuangxin agreed to convert its loan of RMB15 million to our Company into equity investment in our Company on the date Tianyuan Zhicheng completed its first tranche investment in our Company.
- (5) The consideration for these [REDACTED] Investments was determined based on arm’s length negotiation amongst the relevant [REDACTED] Investors and our Group after taking into account the valuation of our Company, the timing of the investments, the operating results and prospects of our business.
- (6) The consideration for these [REDACTED] Investments was determined based on arm’s length negotiation amongst the relevant [REDACTED] Investors and our Group after taking into account the valuation of our Company, the timing of the investments, the operating results and prospects of our business, in particular as we began to be recognised by the market and authorities such as the High-tech Enterprise recognition and our business growth.
- (7) The consideration for the [REDACTED] Investments by Tianyuan Liji, Yingxi No. 4 and Yingxi No. 5 was determined after arm’s length negotiations after taking into account the contributions of Mr. Ying and employees to our Group.
- (8) The consideration for these [REDACTED] Investments was determined based on arm’s length negotiation amongst the relevant [REDACTED] Investors and our Group after taking into account the valuation of our Company, the timing of the investments, the operating results and prospects of our business, in particular our progress in our preparation for the [REDACTED].
- (9) The consideration for the [REDACTED] Investment by Sonder Crescent is USD5 million, converted to RMB36,250,000 at the exchange rate of RMB7.25:USD1 for illustrative purpose.

A summary of the [REDACTED] Investments by way of acquiring equity interest from the then existing Shareholders since our inception as described above is set out below.

Name of [REDACTED] Investor	Date of Agreement	Date of Settlement of Consideration in Full	Amount of Registered Capital Acquired ⁽¹⁾	Consideration	Cost Per Share ⁽²⁾	Discount to the [REDACTED] ⁽³⁾	Shareholding in our Company upon [REDACTED] (assuming the [REDACTED] is not exercised)
							[REDACTED]
			(RMB)	(RMB)	(RMB)	(%)	(%)
Tianjin Dingying . . .	March 11, 2025	March 14, 2025	9,086,489	46,548,611.11	5.12 ⁽⁴⁾	[REDACTED]	[REDACTED]
Shanghai Hemu . . .	March 11, 2025	March 14, 2025	5,856,128	30,000,000	5.12 ⁽⁴⁾	[REDACTED]	[REDACTED]
Hangzhou Fuxin . . .	March 11, 2025	March 14, 2025	5,856,128	30,000,000	5.12 ⁽⁴⁾	[REDACTED]	[REDACTED]
Mr. Fang Peiying . . .	March 11, 2025	March 14, 2025	1,952,043	10,000,000	5.12 ⁽⁴⁾	[REDACTED]	[REDACTED]

Notes:

- (1) Adjusted based on the capitalization of capital reserve into registered capital of our Company in December 2023 and the Capitalization Issue.
- (2) Calculated based on the consideration paid and the number of Shares as adjusted after the capitalization of capital reserve into registered capital of our Company in December 2023, the joint stock conversion in April 2025 and the Capitalization Issue.
- (3) Calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED]).
- (4) The consideration for the [REDACTED] Investments by Tianjin Dingying, Shanghai Hemu, Hangzhou Fuxin and Mr. Fang Peiying was determined after arm’s length negotiations after taking into account the timing of the transfers and the fact that no special rights were granted to the transferees.

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Further Details of the [REDACTED] Investments

[REDACTED] period	Pursuant to the applicable PRC laws, all existing Shareholders (including the [REDACTED] Investors) will be subject to the relevant PRC statutory transfer restriction for a period of one year from the [REDACTED].
Use of [REDACTED]	As of the Latest Practicable Date, we had utilized all of the [REDACTED] we received from the [REDACTED] Investments prior to the Latest Practicable Date as our general working capital in our principal business activities. We expect to use the remaining [REDACTED] as our general working capital in our principal business activities.
Strategic benefits	At the time of the respective [REDACTED] Investments, our Directors were of the view that our Group could benefit from the additional capital that would be provided by the [REDACTED] Investors’ investments in our Group and/or their business connection network, knowledge and experience.

Special Rights of the [REDACTED] Investors

The [REDACTED] Investors were granted customary special rights, including but not limited to director nomination rights, right of first refusal, right of co-sale, anti-dilution rights and information rights. Such customary special rights do not include put options, redemption or repurchase rights. Pursuant to the shareholders’ agreement entered into by our Company with all of our then existing Shareholders dated April 27, 2025, which was further joined by the May 2025 [REDACTED] Investors, all the special rights that have been granted have been terminated upon the submission of the first [REDACTED] application to the Stock Exchange.

Save for the above, no other [REDACTED] Investors were granted any other special rights as of the Latest Practicable Date.

Background of the [REDACTED] Investors

Longxin Liji, Longxin Chuangxin, Longxin Juneng, Longxin Chuangqi, Longxin Chuangxi and Longxin Huiyu (“Longxin Investors”)

Each of Longxin Liji, Longxin Chuangxin, Longxin Juneng, Longxin Chuangqi, Longxin Chuangxi and Longxin Huiyu is a limited partnership established in the PRC which is principally engaged in equity investment and venture capital investment.

General partner of Longxin Liji, Longxin Chuangxin, Longxin Juneng, Longxin Chuangqi, Longxin Chuangxi and Longxin Huiyu

The general partner of each of Longxin Liji, Longxin Chuangxin, Longxin Juneng, Longxin Chuangqi, Longxin Chuangxi and Longxin Huiyu is Longxin (Shenzhen) Private Equity Venture Capital Fund Management Co., Ltd.* (龍芯(深圳)私募創業投資基金管理有限公司, “**Longxin Shenzhen**”). Longxin Shenzhen’s single largest shareholder is Gongqingcheng Yuanli Zexin Investment Partnership Enterprise (Limited Partnership)* (共青城源利澤信投資合夥企業(有限合夥), “**Yuanli Zexin**”), holding 69.7% of its equity interest. Yuanli Zexin’s general partner is Mr. Wang Jin, an Independent Third Party, holding 99% of its partnership interests and its limited partner is Ms. Mei Wei, our non-executive Director, holding 1% of its partnership interests.

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Limited partners of Longxin Liji, Longxin Chuangxin, Longxin Juneng, Longxin Chuangqi, Longxin Chuangxi and Longxin Huiyu

Longxin Liji’s largest limited partner is Zhoushan Yusheng Enterprise Management Partnership (Limited Partnership)* (舟山裕盛企業管理合夥企業(有限合夥), “**Zhoushan Yusheng**”) holding approximately 56.59% of its partnership interests. None of the remaining four limited partners holds more than 20% partnership interests of Longxin Liji. Zhoushan Yusheng’s general partner is Mr. Zhang Wei, an Independent Third Party. Mr. Xu Yongzhan, one of our [REDACTED] Investors, is a limited partner of Longxin Liji holding approximately 5.66% of its partnership interests.

Longxin Chuangxin’s largest limited partner is Ningbo Meishan Bonded Port Zone Zandao Investment Partnership Enterprise (Limited Partnership)* (寧波梅山保稅港區贊道投資合夥企業(有限合夥)) holding 25% of its partnership interests. Ms. Mei Wei, our non-executive Director, is one of the limited partners and holds 0.5% of Longxin Chuangxin’s partnership interests. None of the remaining 13 limited partners holds more than 20% partnership interests of Longxin Chuangxin.

Longxin Juneng’s largest limited partner is Mr. Sheng Zhifeng, an Independent Third Party, holding approximately 15.56% of its partnership interests. None of the remaining 17 limited partners holds more than 15% partnership interests of Longxin Juneng.

Longxin Chuangqi’s largest limited partner is Ms. Li Guilian, an Independent Third Party, holding approximately 18.18% of its partnership interests. None of the remaining 16 limited partners holds more than 10% partnership interests of Longxin Chuangqi.

Longxin Chuangxi’s largest limited partner is Inner Mongolia Hongrui Energy Group Co., Ltd.* (內蒙古弘瑞能源集團有限公司) holding approximately 20.92% of its partnership interests. Inner Mongolia Hongrui Energy Group Co., Ltd. is owned as to 80% by Mr. Li Yongsheng, an Independent Third Party. None of the remaining 18 limited partners holds more than 15% partnership interests of Longxin Chuangxi.

Longxin Huiyu’s limited partners are Mr. Gao Jisong and Ms. Yang Jingli, each an Independent Third Party, holding approximately 69.99% and 30.00% of its partnership interests, respectively.

The Longxin Investors became acquainted with our Group through Tiantong Xin’an, one of our Shareholders.

Yingfu Taike

Yingfu Taike is a limited partnership established in the PRC which is principally engaged in equity investment, investment management and asset management. The general partner of Yingfu Taike is Yaoxin (Shenzhen) Business Information Consulting Co., Ltd.* (堯芯(深圳)商務信息諮詢有限公司) (“**Yaoxin Shenzhen**”). Yaoxin Shenzhen is owned as to 48.3%, 31.0% and 20.7% by Shanghai Yaoxin Business Information Consulting Co., Ltd.* (上海堯芯商務信息諮詢有限公司), Shenzhen Kunpeng Equity Investment Management Co., Ltd.* (深圳市鯤鵬股權投資管理有限公司) and Infotech Ventures Co., Ltd. (盈富泰克創業投資有限公司), respectively. Shanghai Yaoxin Business Information Consulting Co., Ltd. is ultimately owned as to 50% by Fang Roger Li, an Independent Third Party, and 50% by Infotech Ventures Co., Ltd. Shenzhen Kunpeng Equity Investment Management Co., Ltd. is owned as to approximately 99.56% by Shenzhen SASAC. Infotech Ventures Co., Ltd. is owned as to approximately 24.15% by Shenzhen Xinhaitai Investment Consulting Co., Ltd.* (深圳市鑫海泰投資諮詢有限公司), which is in turn owned as to approximately 11.73% by Mr. Liu Tingru, an Independent Third Party. None of the remaining nine shareholders of Infotech Ventures Co., Ltd., each an Independent Third Party, holds more than 10% of its equity interest. None of the remaining 33 shareholders of Shenzhen Xinhaitai Investment Consulting Co., Ltd., each an Independent Third Party, holds more than 10% of its equity interest.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Yingfu Taike’s limited partners include National Integrated Circuit Industry Investment Fund Co., Ltd.* (國家集成電路產業投資基金股份有限公司) and Shenzhen Kunpeng Equity Investment Management Co., Ltd.* (深圳市鯤鵬股權投資管理有限公司), holding approximately 49.50% and 30.94% of its partnership interests, respectively. National Integrated Circuit Industry Investment Fund Co., Ltd. is owned as to approximately 36.47% by Ministry of Finance of the PRC and the none of the remaining 15 shareholders holds more than 25% of its equity interest. Yingfu Taike became acquainted with our Group through Mr. Ying.

Tianyuan Liji

Tianyuan Liji is a limited partnership established in the PRC which is principally engaged in technology services and technology consulting. The general partner of Tianyuan Liji holding approximately 0.02% of its partnership interests is Ningbo Yingxi, which is in turn wholly owned by Ningbo Hunting. Ningbo Hunting is ultimately wholly owned by Mr. Ying. Tianyuan Liji’s sole limited partner is Ningbo Hunting holding approximately 99.98% of its partnership interests.

Yingxi No. 4 and Yingxi No. 5

Each of Yingxi No. 4 and Yingxi No. 5 is a limited partnership established in the PRC. The general partner of each of Yingxi No. 4 and Yingxi No. 5 is Hangzhou Yingxi, which is wholly owned by Ningbo Yingxi. Ningbo Yingxi is ultimately wholly owned by Mr. Ying.

The limited partners of each of Yingxi No. 4 and Yingxi No. 5 are a group of employees. Yingxi No. 4’s limited partners are Mr. Yu Xiao (29.83%), Mr. Lyu Dong (24.37%), Ms. Luo Xia (12.19%), Mr. Kubo Takashi (8.12%), Mr. Kim Joonho (8.12%), Mr. Lin Dongmao (5.18%) and two other employees of our Group. Yingxi No. 5’s limited partners are Ms. Zhang Wenjing (49.09%), Mr. Lin Dongmao (7.27%) and three other employees of our Group.

Tianjin Dingying

Tianjin Dingying is a limited partnership established in the PRC which is principally engaged in corporate management and corporate management consulting. The general partner of Tianjin Dingying holding approximately 72.53% of its partnership interests is Shenzhen Jiufu Investment Management Co., Ltd.* (深圳九孚投資管理有限公司), which is owned as to 90% and 10% by Ms. He Dongli and Ms. Zhang Xiaoling, each an Independent Third Party, respectively. The only limited partner of Tianjin Dingying holding approximately 27.47% of its partnership interests is Linzhi Dingfu, which is owned as to approximately 96.76% by Mr. Yao Guishi, an Independent Third Party. Linzhi Dingfu and Mr. Yao Guishi controls Tianjin Haoxin as Tianjin Haoxin’s general partner holding approximately 51.27% of its partnership interests is Hangzhou Chuneng Enterprise Management Partnership (Limited Partnership)* (杭州蠡能企業管理合夥企業(有限合夥)), “**Hangzhou Chuneng**”), whose general partner holding 90% of its partnership interests is Linzhi Dingfu and only limited partner holding 10% of its partnership interests is Mr. Yao Guishi.

Shanghai Hemu

Shanghai Hemu is a limited liability company established in the PRC which is principally engaged in technology services and technology consulting. Shanghai Hemu is wholly owned by Ms. Yan Shezhen, an Independent Third Party. Shanghai Hemu became acquainted with our Group through Mr. Ying.

Hangzhou Fuxin

Hangzhou Fuxin is a limited partnership established in the PRC which is principally engaged in information technology and corporate management services. The general partner of Hangzhou Fuxin is Hangzhou Panxin Chengrui Information Consulting Co., Ltd.* (杭州磐鑫誠睿信息諮詢有限責任公司), which is wholly owned by Faith Sage Limited. Faith Sage Limited is wholly owned

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

by Ms. Li Dan, an Independent Third Party. The only limited partner of Hangzhou Fuxin holding approximately 90.91% of its partnership interests is Yunnan International Trust Co., Ltd.* (雲南國際信託有限公司) on behalf of Yunnan Trust – Panxin No. 777 Family Trust* (磐鑫777號家族信託). Ms. Li Dan is the settlor and 99% beneficiary of Yunnan Trust – Panxin No. 777 Family Trust. Hangzhou Fuxin holds approximately 4.93% partnership interests of Tianjin Haoxin. Faith Sage Limited is a limited partner of Willow Griffin, L.P., one of the shareholders of Sonder Crescent, one of our [REDACTED] Investors. Hangzhou Fuxin became acquainted with our Group through Mr. Ying.

Mr. Fang Peiyong

Mr. Fang Peiyong is a Chinese individual investor. Mr. Fang is an Independent Third Party and general manager of Guangzhou Lieqi Huyu Network Co., Ltd.* (廣州獵奇互娛網絡有限公司). Mr. Fang became acquainted with our Group through Longxin Shenzhen.

Tianjin Dinghui, Shenzhen Kechuang Dinghui and Sonder Crescent (“CDH Investors”)

Tianjin Dinghui

Tianjin Dinghui is a limited partnership established in the PRC which is principally engaged in equity investment, investment management and asset management. The general partner of Tianjin Dinghui is Shanghai Dinghui Baifu Investment Management Co., Ltd.* (上海鼎暉百孚投資管理有限公司, “**Shanghai CDH**”). Shanghai CDH is owned as to 75% by Shenzhen Baiheng Huixin Enterprise Consulting Co., Ltd.* (深圳市百恒匯鑫企業顧問有限公司), which is ultimately controlled by Mr. Wu Shangzhi, an Independent Third Party. Shanghai CDH is owned as to 25% by Beijing Guangtai Huixin Investment Consulting Co., Ltd.* (北京廣泰匯鑫投資顧問有限公司, “**Beijing Guangtai**”), which is ultimately wholly owned by Mr. Ying. The largest limited partner of Tianjin Dinghui holding approximately 73.51% of its partnership interests is Tianjin Dinghui Yihui Equity Investment Partnership (Limited Partnership)* (天津鼎暉意惠股權投資合夥企業(有限合夥), “**Dinghui Yihui**”). Dinghui Yihui’s general partner is Shanghai CDH and Dinghui Yihui’s largest limited partner holding approximately 31.05% of its partnership interests is Ningbo Dinghui Fuhui Equity Investment Partnership Enterprise (Limited Partnership)* (寧波鼎暉孚匯股權投資合夥企業(有限合夥), “**Dinghui Fuhui**”). Dinghui Fuhui’s general partner is Jiaxing Dinghui Baifu Enterprise Management Co., Ltd.* (嘉興鼎暉百孚企業管理有限公司). None of the shareholders of Jiaxing Dinghui Baifu Enterprise Management Co., Ltd. holds more than 30% of its equity interest. Beijing Guangtai, which is ultimately wholly owned by Mr. Ying, is a limited partner of Dinghui Yihui holding approximately 15.52% of its partnership interests. None of the remaining eight limited partners of Dinghui Yihui holds more than 20% of its partnership interests.

Shenzhen Kechuang Dinghui

Shenzhen Kechuang Dinghui is a limited partnership established in the PRC which is principally engaged in equity investment, investment management and asset management. The general partner of Shenzhen Kechuang Dinghui is Shenzhen Dinghui Baifu Private Equity Investment Fund Management Co., Ltd.* (深圳鼎暉百孚私募股權投資基金管理有限公司, “**Shenzhen CDH**”). Shenzhen CDH is owned as to 75% by Tianjin Taiding Investment Co., Ltd.* (天津泰鼎投資有限公司), which is ultimately controlled by Mr. Wu Shangzhi, an Independent Third Party. Shenzhen CDH is owned as to 25% by Beijing Guangtai, which is ultimately wholly owned by Mr. Ying. The only limited partner of Shenzhen Kechuang Dinghui holding approximately 99.60% of its partnership interests is Qianhai Technology Innovation Group Co., Ltd.* (前海科技創新集團有限公司), which is in turn wholly owned by Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen* (深圳市前海深港現代服務業合作區管理局(深圳市前海綜合保稅區管理局)).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Sonder Crescent

Sonder Crescent is a limited liability company incorporated in the BVI. Sonder Crescent is owned as to 60% and 40% by Willow Griffin, L.P. and Sandal Novena, L.P., respectively. The general partner of each of Willow Griffin, L.P. and Sandal Novena, L.P. is CDH China HF Holdings Company Limited (“**CDH China HF**”), which is ultimately controlled by Mr. Wu Shangzhi. CDH China HF is owned as to 25% by Advance Faith Investing Limited, which is wholly owned by Mr. Ying. Willow Griffin, L.P.’s only limited partner holding approximately 99.99% of its partnership interests is Faith Sage Limited, which is wholly owned by Ms. Li Dan. Sandal Novena, L.P.’s only limited partner holding approximately 99.99% of its partnership interests is Mr. Shan Guangxian, an Independent Third Party.

Each of the CDH Investors is an investment holding platform and is an affiliate controlled by the CDH Investments group (“**CDH**”). The assets under management by Shanghai CDH, Tianjin Dinghui’s general partner, amounted to over RMB10 billion as of late December 2024. CDH primarily focuses on long-term investments in next-generation information technology, high-end equipment, consumer goods, biotechnology, among others. CDH has invested in a number of companies listed on the Stock Exchange or other stock exchanges, including Loongson Technology (listed on the Shanghai Stock Exchange Science and Technology Innovation Board, stock code: 688047), UBTECH ROBOTICS CORP LTD (listed on the Hong Kong Stock Exchange, stock code: 9880), Giant Biogene Holding Co., Ltd (listed on the Hong Kong Stock Exchange, stock code: 2367) and Grab Holdings Limited (listed on NASDAQ, stock code: GRAB), among others.

Shenzhen Changzhen

Shenzhen Changzhen is a limited partnership established in the PRC which is principally engaged in equity investment, investment management and asset management. The general partner of Shenzhen Changzhen is Shanghai Changzhen Dingrun Private Equity Fund Management Co., Ltd.* (上海長臻鼎潤私募基金管理有限公司), which is wholly owned by Mr. Liang Xianhong, an Independent Third Party. The limited partners of Shenzhen Changzhen are Shanghai Yizhi Technology Co., Ltd.* (上海義知科技有限公司), Beijing Xindiwei Technology Center (Limited Partnership)* (北京信迪威科技中心(有限合夥)) and Ms. Peng Li, each an Independent Third Party holding 33% of its partnership interests. Shanghai Yizhi Technology Co., Ltd. is wholly owned by Ms. Xia Xiaoxu, an Independent Third Party. Beijing Xindiwei Technology Center (Limited Partnership)’s general partner is Mr. Liu Wei, an Independent Third Party, and its only limited partner is Ms. Liu Hong, an Independent Third Party, holding approximately 94.06% of its partnership interests. Shenzhen Changzhen became acquainted with our Group through Shanghai CDH.

Mr. Xu Yongzhan

Mr. Xu Yongzhan is a Chinese individual investor. Mr. Xu is an Independent Third Party and executive director and general manager of Zhejiang Xinhao Intelligent Technology Co., Ltd.* (浙江鑫昊智能科技有限公司), primarily engaged in the intelligent sorting, R&D and manufacturing of logistics equipment. Mr. Xu became acquainted with our Group through Mr. Lyu Dong, our chief financial officer and deputy general manager.

Zheshang Jiafu

Zheshang Jiafu is a limited partnership established in the PRC which is principally engaged in equity investment. Zheshang Jiafu’s general partner holding 20% of its partnership interests is Zhejiang Zheshang Capital Management Co., Ltd.* (浙江浙商資本管理有限公司), which is in turn wholly owned by Zheshang Securities Co., Ltd.* (浙商證券股份有限公司, Shanghai Stock Exchange, stock code: 601878), an Independent Third Party. None of Zheshang Jiafu’s limited partners holds more than 25% of its partnership interests. Zheshang Jiafu became acquainted with our Group through Mr. Ying.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Hangzhou Heda

Hangzhou Heda is a limited partnership established in the PRC which is principally engaged in venture capital and equity investment. Hangzhou Heda's general partner is Hangzhou Heda Investment Co., Ltd.* (杭州和達投資管理有限公司). Hangzhou Heda Investment Co., Ltd. is owned as to 90% by Hangzhou Heda Financial Services Group Co., Ltd.* (杭州和達金融服務集團有限公司), which is ultimately owned as to 90% by Hangzhou Qiantang New District Management Committee (Hangzhou Linjiang High-tech Industrial Development Zone Management Committee, Hangzhou Comprehensive Bonded Zone Management Committee)* (杭州錢塘新區管理委員會(杭州臨江高新技術產業開發區管理委員會、杭州綜合保稅區管理委員會)) (“**Qiantang New District Management Committee**”). Hangzhou Heda's only limited partner holding 99.9% of its partnership interests is Hangzhou Heda Industry Fund Investment Co., Ltd.* (杭州和達產業基金投資有限公司), which is ultimately owned as to 90% by Qiantang New District Management Committee. Hangzhou Heda became acquainted with our Group through Mr. Ying.

Confirmation of the Sole Sponsor

On the basis that (i) the [REDACTED], being the first day of [REDACTED] of the Shares on the Stock Exchange, will take place no earlier than 120 clear days after the completion of the [REDACTED] Investments; and (ii) all the special rights will be terminated upon the submission of the first [REDACTED] application to the Stock Exchange, the Sole Sponsor is of the view that the [REDACTED] Investments as described above are in compliance with the guidance in chapter 4.2 of the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange.

[REDACTED] AND FREE [REDACTED]

Following the conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), our Company will have [REDACTED] H Shares. An aggregate of [REDACTED] H Shares to be converted from Unlisted Shares pursuant to the Full Circulation Application of the Company and [REDACTED] on the Stock Exchange (representing approximately [REDACTED]% of our total issued Shares upon [REDACTED]) held by (i) Hangzhou Dingyuan and Tianyuan Liji, controlled by Ningbo Yingxi as general partner which is ultimately wholly owned by Mr. Ying, Chairman of our Board and non-executive Director; (ii) Yingxi No. 1, employee incentive platform of our Group, controlled by Ningbo Yingxi as general partner which is ultimately wholly owned by Mr. Ying; (iii) Eaglestream Partners, employee incentive platform of our Group, controlled by Mr. Ying as its single largest shareholder; and (iv) Yingxi No. 4 and Yingxi No. 5, controlled by Hangzhou Yingxi as general partner which is ultimately wholly owned by Mr. Ying, will not be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules.

Save as disclosed in this section, none of the remaining existing Shareholders is a core connected person of our Company and all the Shares held by the remaining existing Shareholders will count towards the [REDACTED]. Immediately following completion of the [REDACTED], assuming that (i) [REDACTED] H Shares are allotted and issued in the [REDACTED]; (ii) [REDACTED] Unlisted Shares are converted into H Shares; and (iii) [REDACTED] Shares are issued and outstanding in the share capital of our Company upon completion of the [REDACTED], [REDACTED] Shares, representing approximately [REDACTED]% of the total number of issued Shares of our Company will be counted towards the [REDACTED]. Therefore, our Company will be able to meet the minimum [REDACTED] requirement under Rules 8.08 of the Listing Rules.

With respect to the indicative [REDACTED] range of HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED] (being the [REDACTED], [REDACTED] and the [REDACTED] of the [REDACTED] range, respectively), the expected [REDACTED] of the Company's H Shares would be over HK\$6 billion but would not exceed HK\$30 billion. Pursuant to Rule 19A.13A(1) of the Listing Rules, where the expected market value at the time of [REDACTED] of our Company's H Shares is over HK\$6 billion but does not exceed HK\$30 billion, the minimum [REDACTED] requirement is the higher of (i) 15% of the total issued

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

H Shares and (ii) such percentage of the total issued H Shares as would result in the expected market value of the H Shares held by the public being at least HK\$1.5 billion upon [REDACTED]. It is expected that immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), the total number of [REDACTED] H Shares held by the public represents approximately [REDACTED]% of our total issued Shares upon [REDACTED] and the market value of such H Shares held by the public would also meet the HK\$1.5 billion requirement (e.g., approximately HK\$[REDACTED] billion, HK\$[REDACTED] billion and HK\$[REDACTED] billion at the [REDACTED], [REDACTED] and the [REDACTED] of the [REDACTED] range, respectively). Therefore, our Company will be able to meet the minimum [REDACTED] requirement under Rule 19A.13A.

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other [REDACTED] shares at the time of [REDACTED], this will normally mean that the portion of H shares for which [REDACTED] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [REDACTED], must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of [REDACTED] (excluding treasury shares), with an expected market value at the time of [REDACTED] of not less than HK\$50,000,000; or (b) have an expected market value at the time of [REDACTED] of not less than HK\$600,000,000. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), based on the [REDACTED] of the [REDACTED] of HK\$[REDACTED] per Share, the Shares held by the [REDACTED] and not subject to any disposal restrictions are expected to have an expected market value at the time of [REDACTED] of not less than HK\$600,000,000. Therefore, our Company believes that there will be a free and open market for its Shares immediately upon the completion of the [REDACTED] in compliance with the free [REDACTED] requirements under Rule 19A.13C of the Listing Rules.

CONFIRMATION BY THE PRC LEGAL ADVISOR

Our PRC Legal Advisor has confirmed that the above-mentioned equity transfers, capital increases and conversion from a limited company to a joint stock company with limited liability of our Company have been legally completed in all material respects and have been duly registered with competent PRC regulatory authorities in accordance with the applicable PRC laws and regulations in all material respects.

REASONS FOR THE [REDACTED]

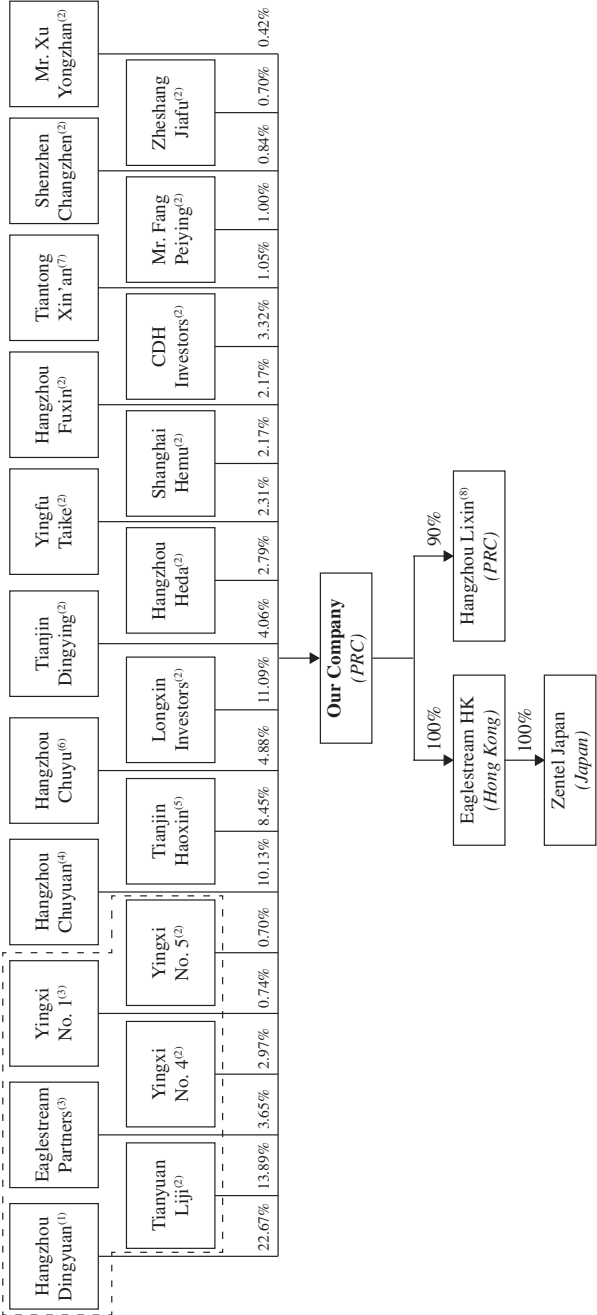
For reasons for the [REDACTED] and details of our future plans, see “Future Plans and Use of [REDACTED]” in this document.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure before the [REDACTED]

The diagram below sets out our shareholding structure immediately prior to the completion of the [REDACTED]:



Notes:

- (1) Hangzhou Dingyuan's general partner is Ningbo Yingxi, which is ultimately wholly owned by Mr. Ying. Yingxi No. 2 is the largest limited partner of Hangzhou Dingyuan holding approximately 58.65% of its partnership interests. Mr. Lin Kuo Hsiung, Vice Chairman of our Board and executive Director, holds approximately 5.38% of the partnership interests of Yingxi No. 2. Tianyuan Liji holds approximately 31.52% of the partnership interests of Hangzhou Dingyuan. Mr. Lin Dongmao, our deputy general manager, is one of the limited partners of Hangzhou Dingyuan holding approximately 0.36% of its partnership interests. The remaining limited partner holds less than 10% partnership interests of Hangzhou Dingyuan.
- (2) See "[REDACTED] Investments — Background of the [REDACTED] Investors" in this section for more information.
- (3) See "Employee Incentive Scheme" in this section for more information.
- (4) Hangzhou Chuyuan's general partner is Hangzhou Jiuyan Technology Co., Ltd.* (杭州基元科技有限公司), which is wholly owned by Mr. Chen Yanbo, an Independent Third Party.

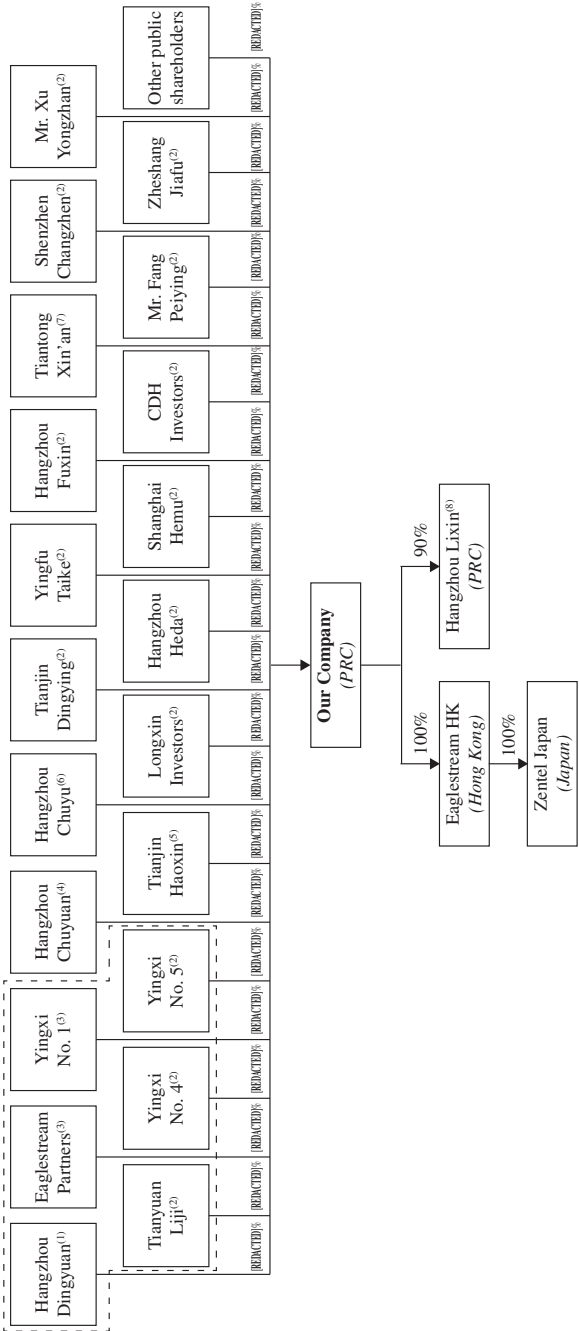
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (5) Tianjin Haoxin's general partner is Hangzhou Chuneng, whose general partner is Linzhi Dingfu, which is owned as to approximately 96.76% by Mr. Yao Guishi, an Independent Third Party. Ms. Mei Wei, our non-executive Director, is one of the limited partners of Tianjin Haoxin holding approximately 1.23% of its partnership interests.
- (6) Hangzhou Chuyu's general partner is Mr. Chen Xudong, an Independent Third Party. Mr. Lin Dongmao, our deputy general manager, is one of the limited partners of Hangzhou Chuyu holding approximately 0.66% of its partnership interests.
- (7) Tiantong Xin'an's general partner is Beijing Tiantong Xinyuan Technology Co., Ltd.* (北京天童芯源科技有限公司), whose single largest shareholder is Mr. Hu.
- (8) Hangzhou Lixin is owned as to 5% by Mr. Kim Joonho, our deputy general manager, and 5% by Mr. Ryu Dongryul, our employee, each an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Corporate Structure Immediately Following the [REDACTED]

The diagram below sets out our shareholding structure immediately after the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised):



Note: See the notes to “Corporate Structure before the [REDACTED]” in this section.

BUSINESS

OVERVIEW

We are a leading DRAM⁽¹⁾ chip design company in China. Leveraging our technological expertise, industry partnerships and comprehensive product portfolio, we have built a broad customer base and achieved large-scale commercialization of our products and solutions. In 2025, we sold over 100 million memory chips (including chips contained in modules and wafers). The DRAM market is generally divided into mainstream and niche segments. We focus on the niche segment, which includes 8Gb DDR4 and older generation products. Mainstream DRAM, typically characterized by its large capacity and high speed, is mainly used in standardized devices like smartphones and PCs. In contrast, niche DRAM is developed based on mature technologies and often have lower performance demands, serving specialized applications with more stable market share, accounting for approximately 7.0% of the global DRAM market and 12.3% of the Chinese DRAM market in terms of sales revenue in 2025. Please see “Industry Overview – Overview of the Global and China Niche Dram Market – Definition of Niche DRAM and Mainstream DRAM” According to Frost & Sullivan, in terms of niche DRAM revenue in 2025, we ranked fifth among Chinese companies and fourth among Chinese fabless companies in the global niche DRAM market and 12th among all players in the global niche DRAM market. We have developed expertise in Wafer-on-Wafer 3D heterogeneous integration technology and are advancing toward achieving mass production of high bandwidth memory products.

We are committed to developing high-bandwidth, low-power, and highly reliable memory solutions. Our product lineup spans multiple generations of DRAM memory types, offering comprehensive system-level memory solutions that are widely applicable in consumer electronics, network communications, automotive electronics, energy and industrial control systems. We are strategically focused on high-bandwidth and high-performance products to meet diverse market demands across various sectors. Through our independent R&D, we have developed expertise in high-bandwidth memory products. We maintain long-term partnerships with PSMC, a globally renowned wafer foundry, and have established collaborations with ADATA and Ramaxel, two of the world’s top 10 DRAM module manufacturers according to Frost & Sullivan, ensuring a stable and robust supply chain. Leveraging our international R&D and sales teams, along with our Zentel brand inherited from Zentel Japan, which boasts over 20 years of history, we have developed business relationships with premium customers worldwide, enabling us to rapidly expand our customer network and tap into vast market opportunities.

Our innovation capabilities have garnered widespread recognition and respect both domestically and internationally. In 2025, we were designated as a National-Level Specialized and Sophisticated Key “Little Giant” Enterprise (國家級專精特新重點「小巨人」企業). In 2024, we were designated as a National-Level Specialized and Sophisticated “Little Giant” Enterprise (國家級專精特新“小巨人”企業), recognized as a Provincial-Level Enterprise Research Institute (省級企業研究院), awarded the Most Innovative and Dynamic Small and Medium Enterprise (最具創新活力中小企業獎) by the Zhejiang Semiconductor Industry Association (浙江省半導體行業協會), honored as a “Gold Member” of the Diversified Computing Promotion Committee by the China Communications Standards Association (中國通信標準化協會), and granted membership certificates by the Global Computing Consortium (全球計算聯盟) and the China Automotive Chip Industry Innovation Strategic Alliance (中國汽車芯片產業創新戰略聯盟). We are also actively engaged in cutting-edge industry research, with multiple collaborative papers, in partnership with academic and research institutions such as ETH Zurich, published in top-tier international conferences such as IEEE Symposium on Security and Privacy (one of the four major computer security conferences globally) and ACM/IEEE International Symposium on Computer Architecture (a leading conference in computer architecture).

Benefiting from the recent rapid expansion of the global and China memory chip and AI computing industries, we have experienced a continuous improvement in the sales of our major products. During the Track Record Period, the total storage capacity of our products sold grew from approximately 29.3 million GB in 2023 to approximately 54.3 million GB in 2025, representing a CAGR of 36.1%.

Note:

- (1) “DRAM” stands for dynamic random-access memory, a type of random-access memory that requires periodic refreshing to maintain the stored information.

BUSINESS

Our Products and Solutions

We specialize in the R&D, design and sales of DRAM chips. Our product portfolio includes DRAM chips, DRAM modules and DRAM KGD wafers, all of which have contributed to our historical success and are poised to capture significant market opportunities in the future. According to Frost & Sullivan, the global DRAM market reached RMB984.1 billion in 2025, and is expected to further expand at a CAGR of 22.3% from 2025 to 2030. In particular:

DRAM Chips: Our independently designed DRAM chips undergo rigorous packaging and testing, making them ideal for embedded systems with broad applications in both commercial and industrial sectors. Commercial-grade DRAM chips are primarily used in consumer electronics and network communications, such as robots, smart speakers, and Wi-Fi devices, while industrial-grade memory chips are tailored for demanding industrial control applications, particularly those requiring high reliability in extreme temperature environments. These chips ensure stability and longevity under extreme operating conditions.

DRAM Modules: Our DRAM modules are crafted by integrating memory chips with PCB using advanced packaging technologies. They are widely used in high-end computing products, including industrial PCs and enterprise servers. Through efficient packaging and modular design, our DRAM modules deliver exceptional performance and stability, meeting stringent requirements for storage density, speed, and reliability across diverse application scenarios.

DRAM KGD Wafers: We provide customized DRAM KGD wafers primarily for SoC manufacturers. During the chip design phase, we conduct precise wafer testing tailored to customer specifications and deliver qualified wafers to downstream manufacturers for further packaging and processing. Through deep collaboration with customers, our wafers consistently meet their high technical standards.



BUSINESS

During the Track Record Period, our revenue amounted to RMB580.3 million, RMB646.4 million and RMB1,104.9 million, respectively.

OUR COMPETITIVE STRENGTHS

We are a Leading DRAM Chip Design Company in China with Vast Future Growth Potential.

According to Frost & Sullivan, DRAM chips are among the most widely used and standardized foundational products in the integrated circuit industry, with market demand showing considerable growth. DRAM can be broadly categorized into niche and mainstream markets based on market popularity. We specialize in the niche market, focusing on 8Gb DDR4 and earlier-generation products, primarily serving the consumer electronics and network communications, as well as automotive electronics, energy and industrial applications with small to medium-capacity storage needs. As a leading provider of DRAM solutions in China, we offer a comprehensive range of DRAM products, including DRAM chips, DRAM modules and DRAM KGD wafers, across multiple generations, and have accumulated cutting-edge technologies pertaining to the development of high-bandwidth 3D stacked memory solutions. Our extensive portfolio positions us as one of the few domestic DRAM chip design companies which possess the complete iterations of DRAM products from SDR to DDR4, capable of meeting diverse market demands across various sectors. Backed by a global team, cutting-edge R&D capabilities, and strong partnerships across the supply chain, we have established a broad and high-quality customer base, enabling large-scale product sales both domestically and globally.

According to Frost & Sullivan, the DRAM industry is poised for sustained growth, fueled by supportive government policies and the rapid expansion of downstream applications. The Chinese government has introduced a series of favorable policies, including tax incentives, digital economy development plans, and industry-finance collaboration initiatives, to support the growth of the memory chip industry. The global DRAM market has reached RMB984.1 billion in 2025, with a further 111.1% growth projected in 2026. The niche DRAM market, valued at approximately RMB68.6 billion in 2025, benefits from diversified applications, ensuring its continued market share in the DRAM market in the medium to long term. In 2025, our niche DRAM products accounted for 1.0% of the global niche DRAM market. In addition, Chinese companies generated an aggregated revenue of RMB6.3 billion in 2025 with a total market share of 9.2% in the global niche DRAM market. We accounted for 10.4% of the aggregated revenue generated by Chinese companies in 2025, ranking fifth among Chinese companies and fourth among Chinese fabless companies in the global niche DRAM market. We will continue to expand our customer base, increase our market share in the niche DRAM market, and leverage long-term R&D investments and supply chain partnerships to gain foothold into the mainstream DRAM market.

According to Frost & Sullivan, the rapid growth of AI applications, surging demand for computing power, and accelerated innovation are driving explosive growth in the high-bandwidth stacked DRAM market in China, which is expected to remain in undersupply for the foreseeable future. With deep technical expertise, strong R&D capabilities, and robust ecosystem partnerships, we are one of the few domestic memory solution providers to achieve breakthroughs in high-bandwidth stacked DRAM technology. We aim to be among the first to achieve mass production of these products, which will provide room for significant future growth. During the Track Record Period, we have achieved commercialization of our silicon interposer solutions and achieved design service and licensing fees revenue related to our AI memory-computing solutions.

As a leader in DRAM chip design, we are well-positioned to capitalize on the growing demand for DRAM chips and high-bandwidth stacked DRAM products. With strong policy support, expanding downstream applications, and a commitment to innovation, we are poised for sustained growth and market leadership in the years to come.

BUSINESS

Our Multi-Center R&D Platform and Long-Term Technological Expertise Have Established a Mature Leadership Position in Technology.

We have established a multi-center R&D platform with research centers in both Hangzhou, China and Osaka, Japan. This international R&D network allows us to leverage the unique technological strengths of each region, attract top talent from different countries, and foster cross-regional technical collaboration, which in turn deepens our understanding of cutting-edge R&D trends both domestically and globally and enhances our overall R&D capabilities. As of December 31, 2025, we had a total of 86 R&D personnel. As of the Latest Practicable Date, we had registered 92 patents, comprising 83 in the PRC, 6 in Japan and 3 in the U.S., and 11 integrated circuit layout designs in the PRC.

Building on the experience in developing products from SDR to DDR4, we possess proprietary technologies for DRAM and memory-computing products. According to Frost & Sullivan, we are one of the few domestic DRAM chip design companies which possess the complete iterations of DRAM products from SDR to DDR4. Our extensive experience in technological iteration has enabled us to accumulate a continuous and comprehensive set of core technologies across all stages of chip development. Through targeted design processes, we are able to enhance product performance, improve yield rates, and reduce costs in testing and other key aspects. Some of the key chip design and testing technologies we have successfully implemented include ECC (error correction code) integrated circuit design, KGD (known good die) design technology, advanced-node design technology (19nm and below), and DRAM core array testing and repair technology.

Through continuous accumulation of experience in iterative research and development, we have established a two-dimension management system for product and technology development. This system features vertical collaboration between our R&D and business departments, as well as horizontal coordination among specialized R&D teams. This dynamic R&D mechanism enables us to effectively address the ever-evolving technical demands of the memory industry, significantly enhancing the predictability and efficiency of future development efforts. In addition, our comprehensive experience in technological iteration allows us to better understand and meet customer demands for diversified memory solutions, particularly in terms of response speed and efficiency. Key examples of how we leverage our technological advantages include:

- *Enhancing Product Performance through Design Improvements:* With our in-depth understanding of product technologies, we innovatively incorporate lower voltage designs to reduce power consumption, making our products compatible with various power supply conditions. Furthermore, our design improvements optimize memory arrays, effectively reducing chip size and creating a competitive edge compared to similar products. For instance, our 512Mb DDR2 product has a chip size nearly 10% smaller than comparable products from competitors using the same process.
- *Meeting Customization Needs through Technical Adaptation:* Our DRAM modules are designed to be compatible with a wide range of CPUs from mainstream domestic manufacturers, providing a solid technical foundation for customized product development. In addition, our technical expertise allows us to quickly and efficiently meet customer-specific requirements. For example, when developing ECC-equipped product with additional features such as write data masking and double-error detection alerts, we reused existing design resources to significantly shorten the R&D cycle for customized solutions.
- *Improving R&D Efficiency through Technological Accumulation:* We maximize the repeated utilization of existing designs and programming resources to shorten the time from design to testing, reduce development costs, and improve R&D efficiency. For example, during the development of a 25nm 2Gb DDR3 product, we introduced a faster and more reliable circuit verification system based on our experience with similar products, significantly shortening the R&D cycle.

BUSINESS

According to Frost & Sullivan, high-bandwidth memory products are critical to overcoming storage bottlenecks in future AI applications and are increasingly becoming the mainstream memory solution for GPUs. We have independently developed a “1 Logic Wafer + 1 DRAM Wafer” solution based on our self-developed Wafer-on-Wafer 3D heterogeneous integration technology. This solution vertically integrates logic wafers and DRAM wafers using TSV and hybrid bonding technologies, which eliminates the need for interposers and COWOS packing, significantly reducing cost, latency and power consumption while maximizing bandwidth, resulting in a high-bandwidth 3D stacked memory solution.

As one of the few domestic companies with high-bandwidth 3D stacking technology, our advanced 3D stacking solution delivers higher performance, lower power consumption and reduced latency comparing to 2.5D stacked products. The integration of logic and DRAM wafers also ensures better compatibility with AI memory-computing requirements. Moreover, our ability to connect logic and DRAM wafers produced using different manufacturing processes allows us to efficiently design high-bandwidth memory products for large, medium, and small systems, offering exceptional design flexibility.

Our multi-center R&D platform, combined with our long-term technological expertise, has solidified our leadership in the memory and AI memory-computing sectors. By continuously innovating and adapting to market demands, we are well-positioned to maintain our competitive edge and drive future growth in the high-bandwidth memory market.

We Offer Comprehensive Memory Solutions to Meet Diverse Customer Needs.

As a leading DRAM chip design company in China, we specialize in delivering a full range of memory products and customized services. Our product portfolio currently includes DRAM chips, DRAM modules and DRAM KGD wafers, and is poised to expand with next-generation AI memory-computing solutions. Leveraging cutting-edge technology and innovative R&D capabilities, we have established a significant competitive edge in the intelligent storage sector, enabling us to fully address the diverse needs of customers across various industries.

Our DRAM chips are widely used in consumer electronics and network communications, such as robots, smart speakers, and Wi-Fi devices, as well as in automotive electronics, energy and industrial control systems. Our DRAM modules are primarily deployed in high-end intelligent products like industrial PCs and enterprise servers, meeting stringent requirements for storage density, speed, and reliability across different application scenarios. Memory wafers are tailored for SoC controller manufacturers, offering customized solutions based on customer specifications. Additionally, our AI computing-enabled memory products are designed for cutting-edge applications such as AI inference, edge computing, and autonomous driving, addressing storage bottlenecks in data-intensive AI applications while enhancing computational efficiency and integrated memory-computing performance.

With deep technical expertise and leading-edge memory product design capabilities, we are adept at flexibly meeting the diverse needs of customers across industries, providing tailored product solutions. Our product matrix encompasses a full range of DRAM products, and we are expanding into next-generation high-bandwidth memory solutions. This enables us to offer comprehensive memory solutions spanning from consumer electronics to enterprise-level applications. Our extensive product portfolio not only meets a wide range of customer needs, helping them reduce the number of suppliers and strengthen supply chain management, but also significantly enhances our competitive advantage in supplier qualification and market competition. Specifically, we have entered into a development agreement with PSMC in respect of the development of DRAM products based on 19nm and below nodes, which is a testament of our R&D prowess and our close collaboration with our production partners.

BUSINESS

Leveraging advanced manufacturing processes and rigorous quality testing, our products deliver exceptional performance, characterized by high quality, reliability, stability, and consistency. Our commercial-grade DRAM chips are designed for standard temperature environments and comply with the international JEDEC standards, demonstrating extremely low defect rates. Our industrial-grade DRAM chips operate reliably in harsher temperature conditions while also adhering to the applicable standards. Furthermore, as a benchmark for high-specification wide-temperature applications, our automotive-grade chips perform stably under extreme temperature conditions and have successfully passed the AEC-Q100 Grade 2 certification, the highest international standard, signifying global recognition of our product quality.

Through years of product iteration and technological upgrades, we have accumulated industry-leading expertise and know-how, enabling us to deliver exceptional after-sales services. With an in-depth understanding of product technical details, we can comprehensively address potential issues customers may encounter during product usage, providing professional technical support and consulting services to ensure an optimal experience throughout the product lifecycle.

With leading design capabilities, a diverse product portfolio, product performance, and efficient after-sales services, we have earned widespread recognition in the DRAM chip industry. We have established deep partnerships with global technology leaders. Through collaborations with industry pioneers, we continuously improve our products and services, enhance our brand influence, and further solidify our leadership position in the DRAM chip industry.

We Build Scalable Commercial Capabilities Through Long-term and Stable Ecosystem Partnerships.

According to Frost & Sullivan, the DRAM chip industry is characterized by its resource-intensive nature, requiring substantial investments and increasingly specialized divisions of labor. Due to the lengthy cycles of production capacity expansion, the market exhibits periodic fluctuations in supply and demand despite its overall upward trend. This dynamic environment demands rapid adaptation to market changes, rendering it essential to maintain close collaboration across the industry chain. Chip design companies, fabrication foundries, and packaging and testing companies need to work together to address production challenges and respond promptly to market shifts. It is also through such cooperation that companies can focus their resources, expand their competitive advantages, and collectively drive the growth of the DRAM chip industry.

In terms of supply chain management, we have established close relationships with key suppliers across critical production stages. We are a long-term business partner of PSMC, one of the world’s leading wafer foundries. PSMC has been manufacturing DRAM wafers for Zentel Brand for over 20 years (covering business relationship between PSMC’s predecessor prior to its spun off from PIHC (formerly known as Powerchip Technology Corporation) and Zentel Japan since 2004). Through this lasting partnership, we have accumulated extensive experience in the R&D and iteration of DRAM products across different generations and processes. This has given us a profound understanding of PSMC’s production workflows, process technologies and personnel, enabling us to enhance product yield and reduce production time and costs through targeted design processes and close collaboration. For instance, we have improved testing efficiency through multi-wafer parallel testing, optimized hardware designs such as probe cards and test carriers to extend equipment lifespan and reduce replacement frequency, and implemented monitoring and control of PSMC’s manufacturing processes regularly. By collecting and analyzing real-time data and monitoring key metrics, we can automatically adjust parameters or detect anomalies early, thereby improving product yield. These measures require cross-departmental collaboration among chip design, equipment maintenance, and testing engineering teams to strike the optimal balance between yield improvement and cost reduction, ultimately enhancing production efficiency and product quality. We maintain close communication with PSMC to mitigate the impact of supply chain fluctuations on our inventory and supply. In addition, we collaborate with PSMC on continuous innovation and upgrades, jointly advancing the development and mass production of products with more advanced process. Apart from PSMC, we have also established partnerships with global leading DRAM module manufacturers, such as ADATA and Ramaxel, ensuring our supply capabilities in system-level storage products.

BUSINESS

In terms of customers, we have forged strong collaborations with numerous globally renowned customers, successfully applying our products to markets such as consumer electronics, network communications, automotive electronics, power edge computing, and industrial control systems. For example, we are a major DRAM chip supplier to a global leader in computer and printer manufacturing, a leading communication equipment manufacturer in Europe, a leading router manufacturer in China, and a prominent IoT SoC chip design company in China, solidifying our market leadership. We actively seek feedback from these valuable customers to refine our products and services while meeting their diverse requirements. By providing professional technical support and consulting services, we ensure an optimal experience throughout the product lifecycle, which has been proven effective in enhancing customer loyalty.

To address evolving market trends, we are committed to expanding our collaborative ecosystem. Leveraging our leading position in the DRAM chip industry and the exceptional service experiences of our existing customers, we have successfully onboarded renowned customers such as Lenovo Kaitian, promoting the application of our products and technologies in smart TVs, media players, computers, and servers. Currently, we are focused on the R&D and market expansion of AI memory-computing solutions and have established strategic partnerships with leading AI computing chip companies in China. As our AI memory-computing solutions continue to mature, we anticipate more diverse commercial applications in the AI sector addressing the different evolving needs of our customers.

Finally, we strive to build long-term partnerships with global premium customers through high-quality products and services. Our goal is to align our product development direction with the strategic objectives of our customers, with comprehensive support and interactions with our premium customers, thereby creating shared value and fostering mutual growth.

We Boast a World-class Customer Portfolio and Continue to Expand Our Presence in International Markets.

Leveraging years of R&D experience and intellectual property accumulation, we have developed expertise in a range of technologies and know-how, from product design and verification testing to quality control and mass production. Over the years, we have built a solid foundation and business partnerships with over 100 global customers. Our strategic sales network combines both distributor and direct sales models to serve markets worldwide. Distributors enable us to reach customers efficiently, while direct sales foster close collaboration, allowing us to provide real-time support, in-depth technical assistance, and long-term customer relationships. To date, we possess the technical expertise, extensive industry experience, and strong reputation needed to serve global industry leaders, with our capabilities and market position widely recognized by our customers.

According to Frost & Sullivan, in the memory industry, leading customers impose stringent supplier qualification processes, creating high entry barriers. DRAM design, in particular, involves balancing storage density, speed, power efficiency and stability, resulting in significant technical challenges and a limited number of specialized DRAM design companies. Given the long product lifecycles and strict stability requirements in our sector, close technical collaboration with customers during the R&D phase is essential. Our deep technical expertise allows us to systematically support customers throughout product development. With a top-tier service team, we assist customers in interference resistance verification and reliability testing, therefore ensuring superior product performance. Our strong technical capabilities and exceptional service enable us to precisely understand customer needs, penetrate target markets, and co-develop high-quality solutions with industry leaders. Our end customers span a wide spectrum of industries, including Fortune 500 companies or Top 500 Chinese Enterprises in printer manufacturing, router manufacturing, networking equipment and IoT SoC design. Being selected as a supplier by these major corporations not only validates our product excellence and R&D prowess but also serves as a key driver for our future growth.

BUSINESS

We have successfully diversified our product applications across multiple markets, including consumer electronics, network communications, automotive electronics, power edge computing, and industrial control systems. For example, according to Frost & Sullivan, we are a leader in the niche DRAM market, with our DDR3 products capturing considerable market share in the Chinese telecommunication operator market for WiFi6 & GPON. We have also made breakthroughs in the domestic IT application innovation sector, notably securing memory supply contracts for several leading Chinese communication equipment manufacturers. Currently, we are focused on developing and commercializing AI memory-computing solutions, collaborating with over 20 partners, including (i) Enrigin Technology Co., Ltd. (“**Enrigin**”), which is a leading AI computing chip company, (ii) a high-performance heterogeneous AI computing chip innovator in China and (iii) a premier CPU developer in China. As our AI memory-computing solutions mature, we anticipate broader commercialization in AI-driven applications.

According to Frost & Sullivan, the global DRAM market is projected to grow at a CAGR of 22.3% from 2025 to 2030, reaching RMB2,693.2 billion by 2030. We are actively extending our domestic strengths into overseas markets. With an international R&D center and localized sales and engineering support in key regions, we have established a strong presence in Japan, Europe and other major markets. Our overseas network enables deep collaboration with existing customers, ensuring efficient delivery while also driving steady growth through new customer acquisition. We are confident that our industry leadership, first-mover advantage, and trusted partnerships will sustain our rapid growth and unlock long-term opportunities in global markets.

Our Management and Core Team Possess Profound Technical Expertise and Extensive Industry Experience.

Our management and core team bring deep industry expertise and a wealth of technical knowledge. Mr. Ying Wei (應偉), our Chairman and non-executive Director, leverages his extensive background in investment and keen market insights to guide our Company in formulating visionary and detailed long-term development strategies. Under his leadership, our Company has successfully navigated multiple strategic transformations and phases of business expansions. Mr. Ying has provided robust support in strategic planning, resource allocation and capital operations, all contributing to our continued success. Mr. Yu Xiao (于曉), our executive Director and general manager, previously served as senior vice president at Xi'an UniIC, bringing rich management and operational experience that has significantly enhanced our operational efficiency and market competitiveness. Mr. Lin Kuo Hsiung (林國雄), our Vice Chairman and executive Director, served as vice president at Zentel Electronics Corp. and AP Memory Technology Corporation before joining our Company. His extensive industry experience has laid a solid foundation for our business expansion. Our core management team possesses profound insights into global industry trends and customer needs, enabling them to steer our Company toward fast growth, as evidenced by our past business and financial performance. For details on the biographies of our Directors and senior management, please see “Directors and Senior Management” in this document.

We boast an experienced R&D team that provides strong technological support for our consistent growth and expansion. Mr. Kim Joonho, head of our R&D department in Hangzhou, previously held key positions at SK Hynix, Infineon Technologies, and Winbond Electronics, with approximately 30 years of DRAM design and management experience. Mr. Kubo Takashi, the director of our R&D center in Japan, previously served as a senior engineer at Mitsubishi Electric and Renesas Electronics, overseeing process development and mass production for multiple products, with more than 25 years of DRAM R&D experience. Most of our core technical personnel come from renowned semiconductor companies such as SK Hynix, bringing years of relevant industry experience. As of December 31, 2025, the R&D department accounts for approximately 53.4% of our workforce, with all the R&D personnel holding bachelor's degrees or higher. They play a pivotal role in driving product innovation, enhancing production efficiency, and ensuring product quality.

BUSINESS

We adhere to a people-centric talent management philosophy, placing huge emphasis on team motivation and management. We are committed to offering competitive remuneration packages and multi-dimensional incentives. We have established a comprehensive incentive system that offers additional bonuses for timely completion of product development and patent inventions, fostering enthusiasm and innovation within the R&D team. Through the implementation of equity incentive plans, we align the interests of core technical personnel with our Company’s long-term development, thereby boosting employee motivation and reducing turnover rates.

OUR DEVELOPMENT STRATEGIES

We will Continuously Focus on Technological Innovation to Lead Transformation in Global DRAM and Memory-Computing Solutions.

To strengthen our leadership in the memory solutions sector, we are committed to ongoing R&D investments, technological innovation, and expansion of our product portfolio. In response to rapidly evolving technologies and processes in the field of DRAM and memory-computing solutions, we aim to deepen our expertise in DRAM product manufacturing, enhance product performance, and build technical barriers to solidify our competitive edge. By overcoming existing product limitations, we strive to lead the global transformation in DRAM and memory-computing solutions. Specifically:

- *Advancing high-bandwidth memory technology:* We will continue to invest in the development of high-bandwidth memory products, focusing on the implementation of 3D heterogeneous integration solutions. By combining 2D and 3D stacking technologies, we aim to develop next-generation solutions that will solidify our technological leadership in DRAM and memory-computing fields.
- *Upgrading DRAM Product Technology:* We are committed to enhancing DDR product performance by improving design processes to achieve lower power consumption and higher speeds, thereby enabling continuous organic product upgrades.
- *Progressing the development of advanced process product technologies:* We are working closely with our wafer fabrication partners to jointly progress the design of advanced process products. We will continue to invest in advanced process technology development to ensure the competitiveness of our future products.

We Will Expand Our Product Portfolio and Strengthen Our Customization and Independent Development.

Through years of dedicated R&D, we have built a diverse product matrix and are actively developing high-bandwidth memory solutions. To further solidify our leading position in the DRAM chip industry, we will continue to drive technological innovation and product iteration, with emphasis on customization and independent development to ensure each product maintains long-term competitive advantages in the market. Specifically:

- *DRAM chips and DRAM modules:* By leveraging our sophisticated R&D teams and advanced manufacturing processes, we manage to continuously improve the performance of our DRAM chips and DRAM modules. Building on our existing DRAM products, we are developing higher-capacity, higher-power-efficiency solutions to meet growing market demands and reinforce our industry leadership.
- *AI memory-computing solutions:* In the high-bandwidth memory field, we are developing leading HSM1 product and aiming for mass production by 2026. In addition, we are proactively working on the development of more advanced HSM2 product to secure a technological edge in the ever-growing market in the future.

BUSINESS

Through precise strategic planning and sustained R&D investment, we aim to launch a series of industry cutting-edge products, strengthen our independent R&D and customization capabilities, and enhance our market position and brand influence in the memory sector, which in turn will drive our continuous business growth and long-term development.

We Will Selectively Pursue Strategic Collaboration, Investment and Acquisition Opportunities to Integrate Industry Resources.

We plan to progressively enhance our industry chain integration by selectively pursuing strategic collaboration, investment and acquisition opportunities. We aim to accelerate our high-bandwidth memory strategy through mergers and acquisitions, by targeting primarily companies with leading in-memory processing technologies or commercialized applications. This will help us integrate internal research with external investments to expedite AI computing product development and application innovation.

We currently operate a testing facility in Jinhua, Zhejiang and plan to further strengthen our product testing capabilities. In addition, we intend to expand our packaging and testing capacity within the industry chain and explore investments or acquisitions to ensure stable and efficient production. Building on our strategic partnerships with AI computing chip companies, we will continue to strengthen our R&D capabilities and industry chain collaborations to promote increasingly extensive adoption and long-term development of AI memory-computing products.

We Will Relentlessly Implement Our Global Strategy.

With a solid customer base worldwide, we will deepen collaborations with existing customers while actively pursuing a global strategy. We aim to build and enhance our global sales network, expand into multiple regional markets, and further promote our products internationally.

We plan to strengthen our overseas sales and engineering support teams to improve customer retention. By identifying and partnering with potential distributors worldwide, we will leverage our advanced products to establish business relationships and unlock new market opportunities. We will expand local marketing and engineering support teams in key international markets and invest in localized marketing activities to cater to specific regional needs and preferences. Specifically, we will recruit additional sales and marketing personnel for our overseas sales and marketing teams. We will also strengthen our domestic sales teams to cover domestic regional markets, as well as major customers and innovative product markets.

We are committed to integrating global supply chain resources to improve delivery capabilities, enabling faster product launches and quicker responses to international customer demands. This approach will strengthen customer partnerships, provide more customized and high-quality services, and attract top global talent. It will also enhance our R&D capabilities, foster new international partnerships, and elevate our brand’s global recognition.

For further details, please see “Future Plans and Use of [REDACTED]” in this document.

BUSINESS

OUR BUSINESS MODEL

We are primarily engaged in the design and sales of DRAM products. According to Frost & Sullivan, in terms of niche DRAM revenue in 2025, we ranked fifth among Chinese companies and fourth among Chinese fabless companies. Our core competency lies in semiconductor design, encompassing the development of specialized DRAM chips and modules tailored to specific applications and market needs, and our products and solutions typically offer competitive advantages in terms of speed, power efficiency, and reliability. Based on market popularity and application scope, DRAM market can be categorized into mainstream and niche segments. We specialize in the niche DRAM market, which currently includes 8Gb DDR4 and lower-generation products. We offer a complete suite of memory solutions tailored for a wide array of applications, including consumer electronics and network communications such as Wi-Fi routers and smart home appliances, IoT devices, as well as automotive electronics, energy and industrial control equipment.

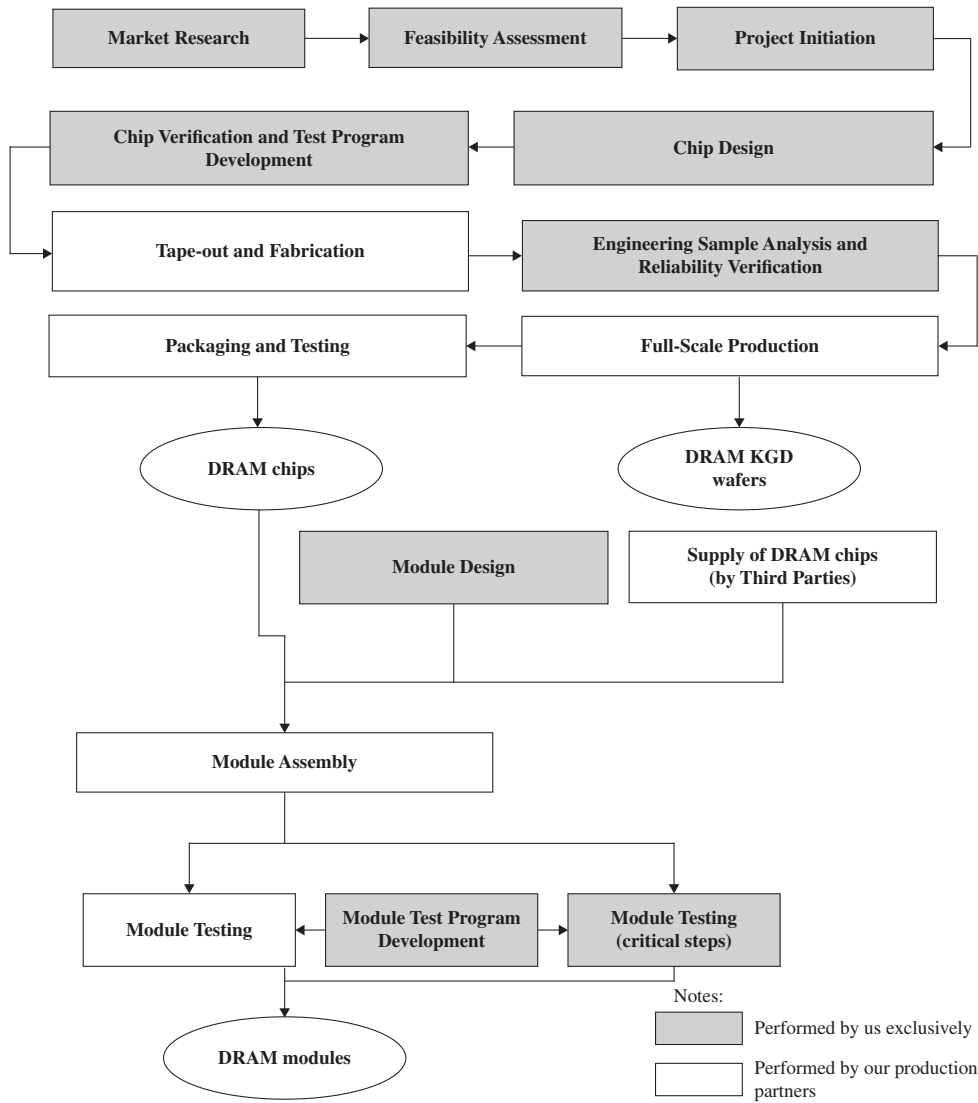
Under our fabless model, we collaborate with third-party semiconductor foundries with manufacturing capabilities, which handle the fabrication, testing, and packaging of semiconductor components based on our design specifications and requirements. This approach allows us to concentrate on our core competencies in innovation and product design, while leveraging the specialized expertise of industry-leading manufacturers for wafer fabrication, packaging, and testing. Our primary fabrication partner, PSMC, is the largest pure-play DRAM foundry based in Taiwan and one of the largest commercial DRAM foundries worldwide in terms of production capacity. PSMC handles the intricate process of wafer fabrication, which involves transforming raw materials into high-performance semiconductor wafers. Following fabrication, the wafers are delivered to DRAM packaging and testing service providers, where they undergo assembly, rigorous testing, and quality assurance processes to ensure they meet our specifications.

In terms of sales and marketing strategy, we employ a combination of direct sales and distributorship model. Under our direct sales approach, we leverage our dedicated sales team to engage with customers across various industries, including consumer electronics, network communications, automotive electronics, power edge computing, and industrial control systems. We also have an extensive network of distributors for the sales of our products. This approach allows us to efficiently manage payment term risks, reduce cash flow pressures, and gain logistical support, while also enabling us to rapidly establish regional sales networks and enhance market penetration. To ensure effective management, distributors report end customer information to us, including sales data, project details, and shipping addresses. This enables us to monitor actual sales, track logistics, and mitigate risks such as channel stuffing and cannibalization among distributors.

We apply strict quality control standards and have implemented various quality control checks to ensure that our products meet our customers’ expectations and international and industry standards. We also require our business partners, including wafer manufacturer, packaging and testing service providers, assembly service providers, and delivery service companies, to apply their stringent quality control standards and meet our internal requirements. In particular, we cooperate closely with PSMC for wafer fabrication as wafer fabrication requires highly advanced technologies and PSMC is a global leader in wafer fabrication which has stringent quality standards that safeguard the quality of wafers we use for our chips.

BUSINESS

Set forth below is a diagram which illustrates our business model:



For details of the design process, please see “Research and Development — Our Design Process” in this section. Take our DRAM chips as an example: (1) *Market Research*: Our teams analyze customer needs, market trends, and competitive landscapes to define product specifications and assess market potential; (2) *Feasibility Assessment*: Our R&D team evaluates technical feasibility, resource requirements, and potential risks, producing a detailed report for cross-functional review; (3) *Project Initiation*: A formal report summarizing market potential, technical viability, and financial projections is prepared and approved by management; (4) *Product Design*: Our R&D team develops the chip architecture and circuitry, ensuring manufacturability and performance through simulations and verification; (5) *Design Verification and Test Program Development*: The design undergoes rigorous verification, and test programs are developed to validate functionality against specifications; (6) *Tapeout and Wafer Fabrication*: The verified design is sent to the foundry for mask creation and wafer fabrication, with initial testing conducted on the first silicon; (7) *Engineering Sample Analysis and Reliability Verification*: Functional and reliability tests are performed on engineering samples, with customer feedback used for refinements if needed; (8) *Full-Scale Production*: After validation, the product enters risk production and then full-scale manufacturing, ensuring high yield and reliability; (9) *Packaging and Testing*: The final product is packaged and subjected to comprehensive testing to ensure it meets all quality and performance standards.

BUSINESS

OUR PRODUCTS AND SOLUTIONS

As a leading provider of DRAM products in China, we offer a comprehensive portfolio of products designed to meet the diverse needs of our customers. Our product matrix spans the full range of DRAM products, including (i) DRAM chips, (ii) DRAM modules and (iii) DRAM KGD wafers, enabling us to deliver end-to-end memory solutions for applications ranging from consumer electronics to enterprise-level systems. With continuous product iteration and flexible customization capabilities, our DRAM products have rapidly expanded into various fields, including robots, smart speakers, Wi-Fi, security applications, personal computer workstations, and servers. We are also developing a range of AI memory-computing solutions which include notably cutting-edge high-bandwidth memory products which are expected to address storage bottlenecks in data-intensive AI applications, enhancing computational efficiency and enabling integrated storage and computing capabilities.

We focus on the niche DRAM market which has distinct product performance characteristics, stable downstream demand, and strong irreplaceability. According to Frost & Sullivan, the global niche DRAM market size reached RMB68.6 billion in 2025 and is expected to grow further at a CAGR of 14.7% from 2025 to 2030, reaching RMB136.2 billion by 2030, whereas the niche DRAM market size in China (including Hong Kong, Macau and Taiwan) reached RMB41.6 billion in 2025 and is expected to record a higher CAGR of 18.2% from 2025 to 2030, reaching RMB95.7 billion by 2030.

Along with the recent growth of the global and China (including Hong Kong, Macau and Taiwan) DRAM and AI computing-related industries, we have seen an overall increase in both the volume of our products sold and revenue generated from such sales. During the Track Record Period, the total storage capacity of our products sold grew from approximately 29.3 million GB in 2023 to about 54.3 million GB in 2025, representing CAGR of 36.1%. Our revenue increased from RMB580.3 million in 2023 to RMB1,104.9 million in 2025.

The following table sets forth our revenue breakdown by business segments during the Track Record Period:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	% of revenue (%)	RMB'000	% of revenue (%)	RMB'000	% of revenue (%)
DRAM chips	484,164	83.5	454,391	70.2	607,824	55.1
DRAM modules	47,283	8.1	137,467	21.3	429,012	38.8
DRAM KGD wafers	47,081	8.1	54,028	8.4	46,642	4.2
AI memory-computing solutions and others ⁽¹⁾	1,818	0.3	515	0.1	21,411	1.9
Total	580,346	100.0	646,401	100.0	1,104,889	100.0

Note:

- (1) During the Track Record Period, our revenue from AI memory-computing solutions and other business comprised (i) design services and (ii) royalty fees, both mainly in relation to our high-bandwidth memory products.

BUSINESS

The following table sets forth the number and total storage capacity of our products sold during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Number of chips (including chips contained in modules and wafers) sold (million)	112.5	101.5	109.7
Total storage capacity sold (million GB)	29.3	34.2	54.3

Leveraging our R&D innovation and continual iterations and refinement on our products, our products consistently deliver industry-leading performance, high reliability, stability and uniformity. Below is a detailed overview of our product offerings and their unique features:

DRAM chips

Our core business focuses on the design of DRAM chips serving the niche market. A DRAM chip is a type of volatile memory chip that stores each bit of data in a separate capacitor within an integrated circuit. Since capacitors leak charge, DRAM requires constant refreshing to maintain data, thus giving rise to its “dynamic” nature. DRAM chips are widely used in computing systems due to their high density and relatively low cost compared to other volatile memory types like SRAM. They are the primary memory technology in devices such as PCs, servers, and smartphones, providing the working memory needed for running applications and processing data.

Our self-developed DRAM chips are manufactured by our fabrication partner which we have long-established business relationship, and are rigorously packaged and tested to ensure superior performance across a wide range of applications. These chips are subject to stringent quality control and available in commercial-grade and industrial-grade variants, each designed to meet specific environmental and operational requirements.

1. Commercial-Grade DRAM Chips

Our commercial-grade DRAM chips have applications across consumer electronics and network communications, such as robots, smart speakers, and Wi-Fi systems. The operating temperature ranges from 0°C to 95°C. They are compliant with mainstream international JEDEC standards. Optimized for high performance and energy efficiency, these chips are ideal for modern smart devices, ensuring seamless operation and enhanced user experiences.

2. Industrial-Grade DRAM Chips

Our industrial-grade DRAM chips have application across industrial control systems, security systems, and other high-reliability applications. The operating temperature ranges from -45°C to 125°C. They are compliant with JEDEC standards. These chips are engineered to deliver exceptional stability and longevity, making them suitable for demanding operating conditions. In particular, they are specifically designed to meet the stringent reliability requirements of industrial control applications, ensuring stable performance even in extreme temperature environments.

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The following table sets forth our revenue breakdown by commercial-grade and industrial-grade variants during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	% of revenue (%)	RMB'000	% of revenue (%)	RMB'000	% of revenue (%)
Commercial-grade	472,916	97.7	443,693	97.6	587,363	96.6
Industrial-grade.	11,249	2.3	10,698	2.4	20,461	3.4
Total	484,164	100.0	454,391	100.0	607,824	100.0

In June 2025, we commenced the mass production of our LPDDR4 DRAM chip, which represents a significant upgrade over its predecessor. According to Frost & Sullivan, LPDDR4 is a mainstream low-power memory widely used in smart terminals and highly integrated devices. Compared to our pre-existing products, LPDDR4 DRAM chip features lower power consumption, a smaller size, and more advanced process technology, along with higher capacity and improved power efficiency. As a result, LPDDR4 DRAM chip offers better overall system performance in end customers’ products and thus broader adoption across various mobile devices. In addition, our 8Gb DDR4 DRAM chip that we have previously developed has entered mass production as part of our IPTV project, further expanding its commercial deployment.

According to Frost & Sullivan, the market size of LPDDR4 grew from RMB3.7 billion in 2021 to RMB5.2 billion in 2025, and is expected to reach RMB10.8 billion by 2030. The global market size for 8Gb DDR4 products increased from RMB21.7 billion in 2021 to RMB27.9 billion in 2025. Due to its continued widespread application in general computing, servers, and industrial terminals, its market size is projected to reach RMB30.5 billion by 2030. We believe our products that have entered mass production recently are well-positioned to capture the growing downstream market demand. According to Frost & Sullivan, demand for DRAM products continues to increase and may outpace supply in certain segments. LPDDR4 and 8Gb DDR4 products have already achieved broad adoption across a range of downstream applications, demonstrating both technical qualification and market recognition. Our new LPDDR4 further improves upon its predecessor with clear performance advantages. Additionally, our products that have entered mass production recently are mainly used in IPTV devices, a sub-market experiencing rapid growth driven by advances in network and display technologies, according to Frost & Sullivan. With mass production of our new products, we are well-positioned to support the near-term customer volume ramps.

DRAM Modules

A DRAM module is a physical assembly that integrates multiple DRAM chips onto a PCB to provide a standardized memory solution for electronic devices. Common types of DRAM modules include DIMMs for desktops and servers, and SODIMMs for laptops and compact devices. These modules connect to the motherboard via slots and work together to deliver the required memory capacity and bandwidth for the system. DRAM modules simplify the process of upgrading or replacing memory in devices, making them a key component in modern computing.

Our memory module products feature meticulously designed circuit layouts and precision surface-mount manufacturing, and have undergone rigorous product and system testing. These modules primarily address the mainstream market and are widely used in high-end intelligent products, such as industrial high-performance PCs, data centers and enterprise-level servers, which are key products in the IT application innovation industry currently under rapid development.

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According to Frost & Sullivan, the development of IT application innovation industry is aimed at addressing long-term overseas supply chain dependencies by establishing China’s own IT foundation, encompassing domestic alternatives for CPUs storage and database services, etc.

Our DRAM modules are capable of delivering superior data transfer speeds, high storage density and stable performance under demanding conditions. The modular design facilitates easy integration into various systems, providing flexibility for diverse application scenarios. During the Track Record Period, we procure the majority of DRAM chips used in DRAM modules from third party suppliers, mainly because our DRAM modules are used in mainstream markets such as desktop computers, laptops and data centers, while our self-developed DRAM chips are positioned in niche markets, and we have not yet entered the mainstream DRAM market segments. During the Track Record Period, we mainly procured mainstream DRAM chips from (a) a leading Chinese DRAM manufacturer and (b) a Chinese subsidiary of a leading international memory chips manufacture, who mainly engages in manufacturing, assembly and testing memory chips in the PRC.

We are actively expanding our presence in the DRAM module market and have become a supplier to leading domestic computer and server manufacturers such as Lenovo Kaitian.

DRAM KGD Wafers

A DRAM KGD wafer is a thin slice of silicon on which multiple DRAM dies are fabricated simultaneously. The wafer undergoes a series of complex semiconductor manufacturing processes, including photolithography, etching, and doping, to create the intricate circuitry of DRAM dies. Each individual die on the wafer undergoes rigorous testing to identify KGD, Known Good Die — die that is fully functional and verified. Once qualified, the entire wafer containing these KGDs is delivered to our customer as a product. Customers can then dice the wafer and package the DRAM dies or integrate them into multi-chip modules, SiP, and other advanced packaging solutions, enabling flexibility for various applications and ensuring reliability in applications like chip stacking or heterogeneous integration.

We provide customized DRAM KGD wafer solutions tailored to the needs of SoC manufacturers. Our wafers are designed and tested to meet the highest technical standards, ensuring optimal performance for downstream packaging and processing. In terms of technical design, our wafer products are primarily used for joint packaging by connecting two KGD wafers before encapsulation into a single chip, which requires compatibility of the pin designs of the two wafers or co-design of the RDL. Such design generally helps reduce costs for chip companies, according to Frost & Sullivan. In terms of customization, we are capable of precision testing and optimization based on customer requirements. We tailor parameters such as density, bandwidth, latency, and voltage to seamlessly integrate with the SoC’s architecture. Each wafer undergoes rigorous testing to ensure compliance with customer specifications. Throughout the process, we work closely with our customers to deliver solutions that align with their technical and operational goals. For example, we developed a 512Mb DDR2 KGD product to meet our customers’ demand for memory-integrated main chips, where the process technology improved from 38nm to 25nm, resulting in both size reduction of the product and cost reduction for our customers.

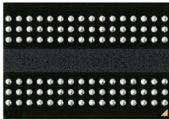
BUSINESS

Representative Product Portfolio

Our representative products for DRAM chips include SDR/DDR series, DDR2 series, DDR3 series and DDR4 series products. DRAM modules include DDR3 UDIMM 2Rx8, DDR4 UDIMM 1Rx8, DDR5 UDIMM 1Rx8 and DDR5 RDIMM 2Rx4. DRAM KGD wafers include DDR2 KGD series and DDR3 KGD series. The table below provides an overview of some of our representative products for each of our three main product lines, including product images, features and applications:

DRAM chips

DDR3 series

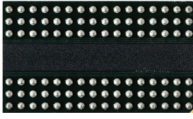


Capacity	1Gb~8Gb
Bit width	x16/x8
Working voltage	1.35V/1.5V
Operating temperature	0~95°C/-40~95°C
Package	BGA96ball/BGA78ball
Product standard	JEDEC standards
Rate	Maximum frequency of 2133Mbps (backward compatible)
Application scenarios	Network communications, ubiquitous power IoT, industrial control, set-top boxes

Product features

- High performance, high reliability
- Lightweight, low power consumption
- Ability to adapt to harsh environments
- Customized Services
- Supports industrial wide-temperature range

DDR4 series



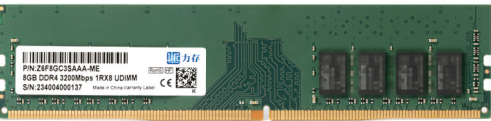
Capacity	4Gb~8Gb
Bit width	x16/x8
Working voltage	1.2V
Operating temperature	0~95°C/-40~95°C
Package	BGA96ball/BGA78ball
Product standard	JEDEC standards
Rate	Maximum frequency of 3200Mbps (backward compatible)
Application scenarios	Network communications, ubiquitous power IoT, industrial control, set-top boxes

Product features

- High performance, high reliability
- Lightweight, low power consumption
- Ability to adapt to harsh environments
- Customized Services
- Supports industrial wide-temperature range

DRAM modules

DDR4 UDIMM 1Rx8



Capacity	8GB
Interface	DDR4 UDIMM
Temperature range	Commercial standard (applicable to ambient temperature range of 0-85°C)
Voltage	1.2V
Rate	3200MHZ, compliant with JEDEC standards
Application scenarios	Desktop, workstation, etc.
Features	A domestic module brand based on our or third parties' chips.

DDR5 UDIMM 1Rx8



Capacity	16GB
Interface	DDR5 UDIMM
Temperature range	Commercial standard (applicable to ambient temperature range of 0-85°C)
Voltage	1.1V
Rate	5600MHZ, compliant with JEDEC standards
Application scenarios	Desktop, workstation, etc.
Features	A domestic module brand based on third parties' chips.

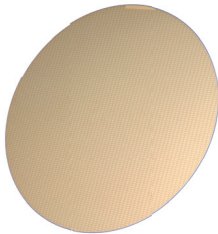
DDR5 RDIMM 2Rx4



Capacity	64GB
Interface	DDR5 RDIMM
Temperature range	Commercial regulations (applicable ambient temperature range 0-85°C)
Voltage	1.1V
Rate	5600MHZ, JEDEC standards
Application scenarios	Desktop, data centers, etc.
Features	A domestic module brand based on third parties' chips.

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DRAM KGD wafers



	DDR2 KGD series	DDR3 KGD series
Capacity	128Mb~1Gb	1Gb~4Gb
Bit width	x16	x16
Working voltage	1.8V	1.35V/1.5V
Operating temperature (Tj)	-25~125°C	-25~125°C
Product standard	JEDEC standards	JEDEC standards
Application scenarios	Cameras, network communications, T-CON	Network communications
Product features	• Dual channel mode • Prefetching technology • Ability to adapt to harsh environments • Customized services	• High performance, high reliability • Lightweight, low power consumption • Ability to adapt to harsh environments • Customized services

Key technologies

Below are some of the key technologies relating to (i) chip design and (ii) DRAM testing that we have developed which aim to enhance the reliability and performance of our DRAM products and provide flexible and effective solutions for fault detection and repair, ensuring our products meet the stringent demands of various high-reliability application with high efficiency:

Technologies relating to chip design

1. ECC (Error Correction Code) Integrated Circuit Design Technology

Leveraging our technical expertise across disciplines, we have successfully integrated ECC verification circuits in the DRAM chip design process. This integrated ECC technology significantly improves fault tolerance and data transmission reliability, particularly in challenging environmental conditions. Our ECC-enhanced DRAMs maintain stable operation across an extended temperature range of -40°C to 125°C or beyond, ensuring robust performance in high-stress environments.

These capabilities make our ECC-enabled DRAMs ideal for mission-critical applications that demand ultra-high reliability, such as automotive systems (ADAS, infotainment, and engine control units) and industrial automation (robotics, PLCs, and harsh-environment sensing). By mitigating soft errors and enhancing signal integrity, our technology extends product lifespans while reducing system-level failure risks.

2. KGD (Known Good Die) Design Technology

Leveraging our extensive chip design expertise and deep understanding of customer requirements, we collaborate closely with customers to develop customized KGD solutions tailored to their SoC specifications, including form factor, pin layout, operating voltage, and target speed. By integrating KGD with the customer’s SoC using SiP technology, we create compact, high-performance functional modules that minimize footprint, reduce package count, accelerate testing, and enhance overall system performance.

To ensure high quality products, we implement rigorous wafer-level KGD testing protocols to validate die functionality for bare-die applications. Only products that pass our stringent wafer-level tests and meet all predefined parametric benchmarks qualify for inclusion in our KGD portfolio.

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During the Track Record Period, our KGD solutions were widely adopted in security surveillance, networking equipment, and other fields. Supporting DDR2, DDR3, and other series, our products operate at voltages as low as 1.1V, offer capacities up to 4Gb, and deliver speeds up to 1,866Mb/s, addressing diverse market needs.

3. *Advanced-Node Design Technology (19nm and below)*

To meet growing demands for higher speeds and lower operating voltages in field applications, we partnered with PSMC in April 2025 in respect of the development of DRAM products based on 19nm and below nodes. This technology also serves as a critical foundation for our Wafer-on-Wafer DRAM stacking applications and next-generation high-bandwidth memory products, positioning us at the forefront of high-performance memory innovation.

Technologies relating to DRAM testing

1. *DRAM Core Array Testing and Repair Technology*

We utilize a pre-designed MBIST engine to thoroughly test the DRAM core array. When the MBIST detects a fault, the system can initiate a fault unit program to replace the damaged address with a pre-designed redundant array. This ensures thorough testing of the DRAM core array. It also supports both temporary repairs to verify the effectiveness and permanent repairs by fusing pre-designed fuses, and therefore offers flexible repair options. This technology is essential for high-reliability applications where fault tolerance and repair capabilities are critical, such as in servers and data centers.

2. *Interface Interconnect Channel Testing and Repair Technology*

We implement boundary scanning to test the interconnection between the host ASIC and DRAM without running the DRAM core, detecting static faults. Additionally, this technology allows us to initiate loopback testing to detect interface-related faults when the interface operates at target speeds. Therefore, it is capable of detecting both static and dynamic faults in the interface. When faults are detected, the system can initiate an interconnect channel remapping function, using pre-designed redundant I/O channels to replace damaged ones. This supports both temporary remapping to verify the repair and permanent remapping by fusing pre-designed fuses. As such, this technology is crucial for high-speed data transmission applications, such as networking equipment and high-performance computing systems.

Our Design Process

Our design process is mainly managed by the project director from our R&D teams. It is a structured and collaborative process involving multiple departments that transforms market insights and customer requirements into high-quality products. Once feasibility assessment and detailed specifications have been formulated and approved, detailed design process will commence, where architecture and circuit development are meticulously executed. Rigorous design verification ensures functionality and performance before tape-out and wafer fabrication. Engineering samples are then analyzed, and reliability is verified through extensive testing. The below illustrates the key phases of our design process:

1. *Market Research.* Our marketing and sales teams conduct in-depth market research to gather customer requirements, product specifications, and emerging market trends. We analyze the total addressable market, estimate potential market share, and evaluate the competitive landscape. Additionally, we assess the required investment, resource allocation, and expected return on investment. This comprehensive analysis ensures a clear understanding of market demand and opportunities, forming the foundation for informed decision-making.

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2. *Feasibility Assessment.* Based on the insights from market research, our R&D team evaluates the technical feasibility of the proposed product. This includes assessing architecture design, process technology, potential challenges, and resource requirements. The feasibility assessment, typically completed within one month, results in a detailed report outlining design options, risks, and resource needs. This report is reviewed by cross-functional teams (marketing, sales, product engineering, quality, and operations) for approval before proceeding to the next phase.

3. *Project Initiation.* Once feasibility is confirmed, a formal project initiation report is prepared, summarizing market potential, technical viability, and financial projections. This report is presented to management for approval. Upon approval, the project is officially launched, and resources are allocated to move into the design phase.

4. *Product Design.* Our R&D team begins the chip design process, which varies in duration depending on the complexity of the technology. For mature process technologies and conventional functions, the design phase typically takes six months, while new process technologies with new functions may require up to one year. During this phase, the team focuses on architecture development, circuit design, and simulation. Before finalizing the design, a comprehensive review is conducted to ensure design verification, testability, manufacturability, and simulation results meet all requirements. Any identified issues are addressed, and the design is finalized for tapeout.

5. *Design Verification and Test Program Development.* The finalized design undergoes rigorous verification to ensure functionality and performance. Simultaneously, test programs are developed to validate the design against predefined specifications. This phase ensures that the chip meets all technical and quality standards before proceeding to fabrication.

6. *Tape-out and Wafer Fabrication.* The verified design is submitted to the foundry for mask creation and wafer fabrication. This process typically takes five months. The first batch of wafers is produced and sent for initial testing to ensure the design translates accurately into physical silicon.

7. *Engineering Sample Analysis and Reliability Verification.* Functional testing is conducted on the first silicon, and engineering samples are provided to customers for evaluation. Concurrently, comprehensive reliability tests (e.g., temperature, voltage, and lifespan testing) are performed to ensure the product meets stringent quality standards. Feedback from customers and internal testing is used to refine the design if necessary.

After successful validation and reliability verification, the product enters risk production to analyze yield, process stability, and reliability. Full-scale production begins once all customer and internal requirements are met. After full-scale production, the fabricated wafers are cut into individual chips, which are then packaged into the final product form. Once packaged, the chips undergo rigorous testing to verify functionality, performance, and reliability. For details of the packaging and testing process, please see “Production and Procurement — Arrangements with Our Production Partners — Packaging and Testing” in this section.

We endeavor to incorporate customer feedback and adapt to changing requirements during the design process. At each stage of the design process, there are well-defined checkpoints to evaluate our progress. If customer requirements change, the project may be modified or terminated. For customized products, we typically require our customers to commit upfront funding to cover development costs. If a project is terminated, resources are reallocated to other high-priority projects.

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PRODUCTION AND PROCUREMENT

Our Fabless Model

Our company operates under a fabless business model, which means we focus exclusively on the design, development, and sales of DRAM chips while outsourcing the manufacturing processes to production partners. This approach allows us to concentrate on our core competencies in innovation and product design, while leveraging the specialized expertise of manufacturers for wafer fabrication, packaging, and testing. By collaborating with renowned production partners, we ensure that our DRAM chips meet the standards of quality, reliability, and performance of our customers. Our main fabrication partner, PSMC, a Taiwan-based company, is one of the largest dedicated DRAM foundries globally with which we have established long-term strategic partnership. PSMC handles the intricate process of wafer fabrication, which involves transforming raw materials into high-performance semiconductor wafers. Following fabrication, the wafers are delivered to our DRAM packaging and testing service providers, where they undergo assembly, rigorous testing, and quality assurance processes to ensure they meet our specifications.

The fabless model offers significant strategic advantages, particularly in terms of cost efficiency and risk mitigation. By partnering with established foundries like PSMC and DRAM module manufacturers like ADATA, we avoid the substantial capital expenditures and operational complexities associated with owning and maintaining fabrication, packaging, and testing facilities. Additionally, our partners are responsible for procuring the majority of the raw materials required for production, further reducing our operational burden. This model also allows us to benefit from the advanced technologies and economies of scale that our partners bring to the table, ensuring that our DRAM products remain competitive in a rapidly evolving market.

The production timeline under this model is highly efficient. The fabrication of wafers typically takes four to five months, after which the wafers are transported to OSAT companies such as FATC and ChipMOS for packaging and testing. This phase generally requires approximately 10 to 14 days, depending on the complexity and volume of the order. Throughout the entire process, we maintain close collaboration with our partners to monitor quality, address any technical challenges, and ensure timely delivery. By adopting the fabless model, we are able to deliver cutting-edge DRAM solutions to our customers while maintaining flexibility, scalability, and a strong focus on innovation.

Arrangements with Our Production Partners

Selection of Production Partners

We carefully select our production partners, and we evaluate them based on a range of factors, including technological expertise, degree of cooperation, product quality and quality control effectiveness, cost reliability, ability to meet our delivery timeline and production capacity.

According to Frost & Sullivan, it is a common practice among leading DRAM chip design companies, particularly in China, to work exclusively with one single or a limited number of suppliers for fabrication to ensure stable supply of production capacity and continual iterations of production technologies in line with the product iterations. Fabrication of our DRAM chip products require advanced technologies and there are only few foundries capable of providing DRAM fabrication services globally. The substantial capital investment required to build and operate such foundries also contributes to their scarcity. We currently work with PSMC as our main fabrication foundry supplier to ensure sufficient supply of quality chips. Our longstanding partnership with PSMC is fortified by mutual trust and understanding. In instances where production capacities may waver, PSMC demonstrates firm dedication by prioritizing our orders. As of December 31, 2025, PIHC held (i) approximately 99.97% partnership interests of Hangzhou Chuyuan, one of our Shareholders (which is expected to hold approximately [REDACTED]% shareholding of our Company upon the [REDACTED]), and (ii) approximately 19.82% of PSMC.

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In addition, we have established cooperation with globally leading DRAM module manufacturers including ADATA and Ramaxel. We also maintain collaborative relationships with leading OSAT companies, including FATC and ChipMOS for packaging and testing services.

Wafer Fabrication

We work with PSMC to produce DRAM wafers. In our typical cooperation scenario, we and PSMC first enter into a non-disclosure agreement to maintain intellectual property rights. We then provide PSMC with basic preliminary information about our chip design, and work with them to finalize the layout. Once our design is taped out, PSMC fabricates a prototype for us to confirm. Once confirmed, PSMC procures necessary materials and mass production of the wafers can then be conducted, and we place actual purchase orders according to our business needs. As it takes an average of approximately four to five months from the time we place our orders to the delivery of the wafers, we work with PSMC to formulate semi-annual purchase plans.

During the Track Record Period, we entered into a framework agreement with PSMC and then placed monthly orders under the agreement to procure wafers. The salient terms of our framework agreements and orders with PSMC are set out below:

- Duration: The duration of the framework agreements with PSMC is one year, subject to automatic renewal unless either party provides a two-month notice of termination prior to the end of the contract term.
- Minimum purchase requirement: There is no minimum purchase requirement under the agreements with PSMC.
- Pricing: We negotiate the price for each order with PSMC, with reference to prevailing market rates.
- Payment and credit term: PSMC generally grants us a credit term of one month from the date of billing.
- Warranty and product return: PSMC provides a one-year warranty period for the products delivered to us. During the warranty period, we may return defective products. PSMC shall address the issue with us within five days, with compensation capped at the purchase price. If the product is discontinued, we are entitled to return the product. PSMC shall cover the costs for defects attributable to them, while we cover the costs for defects not attributable to PSMC.
- Logistics: Wafers shall be delivered to the locations designated by us under 2001 INCOTEMS Delivered Duty Unpaid (DDU).
- Transfer of risks: Risks are transferred from PSMC to us once the wafers are delivered to the locations designated by us.
- Non-Disclosure: Unless with our prior written consent from the other party and subject to certain exceptions, each party shall not disclose to any third parties or use or cause to be used by any third parties any confidential information obtained as a result of the framework agreement. The obligation of non-disclosure remains effective for 10 years irrespective of the term of the framework agreement.
- Termination: Both parties are entitled to terminate the agreement with 60 days' prior written notice.

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Our Relationship with PSMC

We relied on PSMC, our main foundry partner, for the production of DRAM wafers during the Track Record Period. As a result, PSMC consistently ranked among our top five suppliers in each period during the Track Record Period, accounting for 49.1%, 42.4% and 26.1% of our total procurement in the respective periods, while procurement from our top five suppliers in each period during the Track Record Period accounted for 88.6%, 76.2% and 64.0%, respectively, of our total procurement for the respective periods. Our procurement from PSMC as a percentage of the total cost of sales decreased significantly during the Track Record Period mainly due to our increased procurement of DRAM chips used in our growing DRAM module business, which was further attributable to our decision to expand into and develop IT application innovation business. The cost of sales attributable to PSMC (including the cost of sales attributable to the purchase from PSMC through AP Memory) during the Track Record Period amounted to RMB336.4 million, RMB258.3 million and RMB282.8 million, accounting for 63.5%, 46.0% and 25.8% of our total cost of sales in the respective periods. During the Track Record Period, the procurement volume from PSMC (including the procurement attributable to the purchase from PSMC through AP Memory) amounted to 24.5 million GB, 21.1 million GB and 28.3 million GB for the respective period and the average procurement cost attributable to PSMC (including the procurement attributable to the purchase from PSMC through AP Memory) amounted to RMB10.7, RMB11.9 and RMB10.0 per GB, respectively. Our procurement volume from PSMC (including the procurement attributable to the purchase from PSMC through AP Memory) decreased from 24.5 million GB in 2023 to 21.1 million GB in 2024 mainly because we tightened inventory management in response to the volatile market condition.

In the typical collaboration model between fabless companies and foundries, a single foundry is usually responsible for the entire wafer fabrication and associated foundry services. According to Frost & Sullivan, there are only a limited number of foundries worldwide, which are currently capable of providing comprehensive DRAM wafer fabrication and foundry services.

As our main foundry supplier during the Track Record Period, PSMC was responsible for the performance of the majority of wafer fabrication and associated foundry services. The wafer fabrication and associated foundry services provided by PSMC include wafer loading, oxidation, pattern generation, photo resist (PR) coating, lithography exposure, PR development, thin film pattern etching, PR stripping and wafer acceptance testing.

Given the highly competitive and rapidly evolving nature of the DRAM market, where supply and demand dynamics can significantly impact pricing and availability, securing dedicated production capacity ensures a stable supply chain, which is essential to our business. Since PSMC was our main wafer foundry supplier during the Track Record Period and we have a long-standing partnership, we entered into a production capacity reservation agreement (the “**Production Capacity Reservation Agreement**”) with PSMC in October 2021 which was primarily driven by the industry-wide tight production capacity at the relevant time to ensure supply chain certainty. Pursuant to the Production Capacity Reservation Agreement, PSMC committed to supplying and we committed to purchasing certain number of wafers according to an agreed schedule. The Production Capacity Reservation Agreement expired on December 31, 2024 after renewal on December 31, 2023. The DRAM market has then shifted into a phase of relatively balanced or surplus capacity, allowing industry participants more flexibility in planning and allocating resources. We believed maintaining operational agility through normal procurement arrangements better serves our business strategies than making rigid purchase commitments with PSMC. Therefore, we did not extend the Production Capacity Reservation Agreement or enter into new agreement or arrangement with PSMC to that effect upon the expiration of the Production Capacity Reservation Agreement.

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Our Directors believe, and the Sole Sponsor concurs, that there is no material risk of terminating our business relationship with PSMC, taking into account the following key factors: (i) we have maintained a stable business relationship with PSMC for over 20 years (covering business relationship between PSMC’s predecessor prior to its spun off from PIHC (formerly known as Powerchip Technology Corporation) and Zentel Japan since 2004); (ii) PIHC, a shareholder of PSMC, is also an indirect shareholder of our Group, further strengthening the business ties between both parties; (iii) we have been one of PSMC’s long-term customers with predictable forecast, and our purchases accounted for 1.3%, 2.4% and 2.3% of the total revenue of PSMC for the three years ended December 31, 2024, respectively; (iv) there has been no past disruption in our business cooperations; (v) as a foundry, PSMC’s core business depends on providing services to fabless companies, and terminating such relationship would negatively impact its revenue; (vi) an easing of capacity constraints in the DRAM industry may reduce competitive pressure on foundry service allocations; and (vii) we have established cooperation with PSMC that goes beyond purchase orders in our ordinary course of business, which involves joint development of advanced technologies such as 19nm and below nodes and certain 3D AI semiconductor solutions.

In addition, our Directors believes that our relationship with PSMC is mutually dependent, based on the following factors: (a) PSMC relied on our design capabilities to jointly develop DRAM products based on 19nm and below nodes because there are only a limited number of fabless companies that possess independent DRAM design capabilities at advanced process nodes, aside from leading international players; (b) PSMC has partnered with 10 supply chain partners, including us, to introduce certain 3D AI semiconductor solutions; (c) we maintain a stable and predictable order forecast; and (d) we have established a strong and long-term relationship with PSMC, which dates back to the period prior to our acquisition of Zentel Japan.

As wafers constitute our key raw materials and PSMC was our main third-party foundry supplier during the Track Record Period, we monitor potential alternative partners and maintain internal readiness to shorten the lead time for alternative foundry when necessary. As of the Latest Practicable Date, we had entered into a wafer fabrication agreement with an alternative foundry. Our Directors believe that we will be able to find alternative wafer foundry supplier in the event of relationship termination or supply chain disruption in relation to our current foundry suppliers, and that our existing design processes are adaptable to other foundry platforms with reasonable engineering effort and lead time.

Packaging and Testing

After the wafers are manufactured, they are shipped to an OSAT company for packaging into chips, which are then tested to ensure that they meet all the quality control procedures.

Specifically, packaging involves enclosing the DRAM chips in protective materials to ensure durability, thermal performance, and electrical connectivity. Advanced packaging techniques, such as flip-chip or TSVs, may be employed depending on the product requirements. Once packaged, the chips undergo rigorous testing to verify functionality, performance, and reliability. This includes electrical testing, speed grading, and stress testing under various environmental conditions. Defective units are identified and discarded, while passing units are prepared for shipment. Packaging and testing are critical steps to ensure that the final product meets both technical specifications and customer expectations, delivering high-quality, reliable memory solutions to the market. We also maintain collaborative relationships with leading OSAT companies, including FATC and ChipMOS for packaging and testing services. We provide order forecasts three months in advance on a monthly basis to OSAT companies for them to purchase the necessary materials. It usually takes our packaging and testing suppliers about 10 to 14 days for testing and packaging.

During the Track Record Period, we entered into framework agreements with OSAT companies and then placed orders under the framework agreement to procure testing and packaging services. The typical salient terms of our framework agreements and orders with major OSAT companies include: (i) the duration of the framework agreement is typically one year, subject to

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automatic renewal unless either party provides a two-month notice of termination prior to the end of the contract term; (ii) the price for each order is negotiated with reference to prevailing market rates; (iii) we typically settle payments on a monthly basis and we are required to pay within 60 days upon receipt of invoices; and (iv) both parties are entitled to terminate the agreement with 60 days’ prior written notice.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We engage third-party logistics service providers for the delivery of finished goods to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow and we evaluate the third-party logistics service providers periodically on their compliance and performance to ensure smooth delivery of products to customers. During the Track Record Period, we primarily engage logistics service providers in Taiwan and Hong Kong for delivery of products to our direct customers and distributors located in Taiwan, Hong Kong and mainland China.

Inventory Management

We attach great importance to our inventory health, assigning dedicated staff to provide management with regular reports on the status of inventory. We take inventory level into consideration when formulating procurement plans.

Our inventories mainly include raw materials, work in progress and finished goods. We have various policies in place to ensure effective inventory management, such as (i) adopting the first-in, first-out method, (ii) maintaining a safety stock to compensate for any unexpected increase in demand or delay in supply, (iii) tracking and monitoring the flow of goods and inventory levels through our BI system to enhance inventory turnover rates, ensuring that inventories do not remain in our warehouses for too long, and (iv) conducting regular stocktaking to ensure the accuracy of inventory records. For the three years ended December 31, 2025, our inventory turnover days were 115, 97 and 89 days, respectively. For details, please see “Financial Information — Discussion of Certain Key Consolidated Statements of Financial Position Items — Inventories.”

SALES AND MARKETING

We have established a robust brand reputation and significant industry influence through sustained, comprehensive, and in-depth collaborations with top-tier companies across diverse application areas. Our “Zentel” brand was inherited from Zentel Japan, which boasts over 20 years of history. By adopting tailored strategies for customers in different industries and dedicating substantial resources to business development in emerging applications, we have solidified our position as a trusted partner in the global market. Our customer-centric approach ensures that we not only meet but exceed the expectations of our customers, fostering long-term relationships and driving mutual growth.

Our comprehensive customer strategy spans the entire process from customer acquisition to product delivery, further enhancing our industry influence and reputation. We maintain close contact with our customers to gain a deep understanding of their needs and the competitive landscape. Leveraging our thorough understanding of international market dynamics and customer requirements, we are able to position our products strategically, engage in collaborative product development, promptly address technical issues during production, and provide exceptional after-sales services. This holistic approach has enabled us to build a loyal customer base and establish ourselves as a leader in the industry.

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We take a customer-centric marketing approach to build and expand our business relationships. By collecting direct feedback from customers and partners, we gain valuable insights that drive our business and operational strategies forward. We formulate targeted marketing strategies and participate in a variety of marketing activities, including exhibitions, forums, to meet our business promotion needs and enhance our brand awareness. As we continue to expand both domestically and globally, we are committed to optimizing our sales and marketing network to ensure comprehensive geographic coverage across existing and new markets.

Sales Channels

We have an experienced and highly trained sales and marketing team, consisting of 26 personnel as of December 31, 2025, who proactively identify market opportunities and design sales strategies. Our products are sold through both direct sales and distribution. 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:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	% of revenue (%)	RMB'000	% of revenue (%)	RMB'000	% of revenue (%)
Distribution	402,923	69.4	421,430	65.2	642,135	58.1
Direct sales	177,423	30.6	224,971	34.8	462,754	41.9
Total	580,346	100.0	646,401	100.0	1,104,889	100.0

Geographical analysis

Throughout the Track Record Period, China (including Hong Kong and Taiwan) was our major market and we derived approximately 80.8%, 77.3% and 87.8% of our total revenue from the customers located in China (including Hong Kong and Taiwan) for each of the three years ended December 31, 2025. The table below sets out a breakdown of our revenue by reference to the principal business locations of our customers for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	% of revenue (%)	RMB'000	% of revenue (%)	RMB'000	% of revenue (%)
China (including Hong Kong and Taiwan)	468,724	80.8	499,361	77.3	971,327	87.8
Other countries and regions in Asia ⁽¹⁾	93,975	16.2	106,689	16.5	94,618	8.6
Western Europe	17,545	3.0	39,969	6.1	37,090	3.4
Other countries and regions ⁽²⁾	102	0.0	382	0.1	1,854	0.2
Total	580,346	100.0	646,401	100.0	1,104,889	100.0

Notes:

- (1) Other countries and regions in Asia mainly include Japan and Singapore.
- (2) Other countries and regions mainly include the United States and Isarel.

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Direct Sales

As of December 31, 2023, 2024 and 2025, we had 20, 25 and 38 direct sales customers, respectively, many of whom were industry-leading enterprises with strict quality standards and long product validation cycles. For the three years ended December 31, 2025, revenue from direct sales amounted to RMB177.4 million, RMB225.0 million and RMB462.8 million, respectively, representing 30.6%, 34.8% and 41.9% of our total revenue for the respective periods.

We typically reach our direct sales customers through marketing activities such as exhibitions, forums. The adoption of direct sales enables us to precisely understand and respond to customer requirements, allowing us to offer tailored products and services that meet our customers’ specific needs. We acquire direct sales customers by leveraging our strong brand reputation and significant industry influence, built through long-term, comprehensive collaborations with leading companies across various application sectors, complemented by targeted marketing activities.

We enter into sales agreements with our direct sales customers, which typically do not have a specified duration, and both parties are entitled to terminate the agreement with one month’s prior written notice. We are generally responsible for delivering our products to locations designated by our direct sales customers. The risks transfer to direct sales customers normally after they confirm receipt of our products. We typically do not allow our direct sales customers to return products to us except for limited reasons, such as product design defects or quality issues.

Distribution

We primarily sell our products through a distributorship model, where our role in relation to the distributors is as a seller/buyer. This approach allows us to efficiently manage payment term risks, reduce cash flow pressures, and gain logistical support, while also enabling us to rapidly establish regional sales networks and enhance market penetration. By leveraging distributors, we can streamline administration and logistics, effectively serving a large and diverse base of end customers across industries such as consumer electronics, network communications, automotive electronics, power edge computing and industrial control systems. According to Frost & Sullivan, it is an industry practice to adopt the distributorship model.

As of December 31, 2023, 2024 and 2025, we had 33, 36, 37 and 51 distributors, respectively. During these years, revenue from distributors amounted to RMB402.9 million, RMB421.4 million and RMB642.1 million, representing 69.4%, 65.2% and 58.1% of our total revenue for the respective periods.

Selection and Management of Distributors

We select distributors based on a comprehensive set of criteria, including their performance, customer base, technical capabilities, financial condition, and alignment with our marketing needs. Distributors are not exclusively engaged to sell our products, and during the Track Record Period, we have had no material unresolved disputes or lawsuits with them. Distributors purchase products directly from us without any commission arrangement, maintaining their own inventories and on-selling to end customers.

To ensure effective management, distributors report end customer information to us, including sales data, project details and shipping addresses. This enables us to monitor actual sales, track logistics, and mitigate risks such as channel stuffing and cannibalization among distributors.

For certain key end customers, we engage with direct price negotiation with end customers by providing quotes, while distributors are responsible for delivery and post-sales services. This dual approach ensures competitive pricing and high-quality customer support. Additionally, we conduct comprehensive evaluations of our distributors, and if a distributor underperforms or fails to meet our expectations, we terminate the cooperation.

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We manage distributors similarly to our in-house sales team, setting annual sales targets and monitoring performance monthly. We provide distributors with recommended price ranges and support their sales and marketing efforts through training, technical assistance, and promotional activities. Distributors are required to adhere strictly to our stipulated price ranges when quoting end customers. This ensures consistency in pricing and protects our brand reputation.

We generally do not allow product returns except in cases of quality issues. Similarly, we are not contractually obliged to buy back the products from distributors even under exceptional circumstances, such as bankruptcy, liquidation, or termination of the agreements with them. This policy helps maintain inventory discipline and reduces financial risks. During the Track Record Period, we had not repurchased any products from our distributors under circumstances including the distributors’ bankruptcy or liquidation, or termination of distributorship agreement.

During the Track Record Period, to the best of our knowledge, all of our distributors are Independent Third Parties who were not controlled by our former or current employees, did not use our brand or name nor receive any material advance or financial assistance from us.

Risk Management and Ethical Practices

We maintain strict internal policies to manage risks associated with distributorship, including regular monitoring of shipments, inventory levels, and end customer feedback. Distributors report to us on product shipment to their customers, allowing us to track product usage and adjust supply to prevent overstocking or channel stuffing.

To ensure ethical business conduct, we conduct evaluations of distributors on a regular basis, assessing criteria such as compliance with anti-corruption policies. We incorporate anti-commercial bribery clauses in our agreements with distributors and provide comprehensive training to employees on our ethical standards. Any violations, such as kickbacks or bribery, result in punitive measures or termination of the distributorship.

Salient terms

We enter into framework agreements and/or place purchase orders with distributor customers to procure our products. The salient terms of our standard agreements with distributors during the Track Record Period are set forth below:

- *Duration.* Our agreements with distributors typically do not have a specified duration.
- *Minimum purchase requirement.* There is no minimum purchase requirement or minimum sales target.
- *Pricing.* We provide a price range for our distributors’ reference, and the price range is subject to market conditions. There is no term mandating selling prices to end-customers.
- *Payment and credit terms.* Payment terms granted to our distributors vary, ranging from full prepayment to 45-day credit period.
- *Sub-distribution.* Distributors are not restricted from appointing sub-distributors. During the Track Record Period, to the best knowledge, information and belief of our Directors, there were no sub-distributors engaged by our distributors.
- *Warranty.* We generally provide an one-year warranty period for the products delivered to our distributors. We are responsible for fixing quality issues or the replacement of our products during the warranty period.

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- Product returns. During the warranty period, we will accept requests for product returns or exchanges from our distributors only if the products do not meet quality standards. Our product return policy is in line with industry practice, according to Frost & Sullivan.
- Geographical exclusivity. Distributors are authorized to sell our products within a designated region.
- Non-Disclosure. Unless with our prior written consent, distributors shall not disclose to any third parties any confidential information obtained as a result of the agreements with us. In case of breach, distributors shall compensate our loss including payment of liquidated damages. The obligation of non-disclosure remains effective irrespective of the term of our agreements with distributors and until the relevant confidential information becomes publicly available.
- Termination. Parties may not terminate the agreements with distributors and/or the relevant orders without justification. If our distributors cause early termination, they must compensate us for all losses and pay liquidated damages. Additionally, if payments are delayed beyond 10 days, we will be entitled to terminate the agreement and deduct any liquidated damages from the distributors’ payable amounts.

Movement by geographic region

The below table sets forth the movement of our distributors by geographic region during the Track Record Period.

	For the year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the period			
– PRC	1	5	7
– Overseas	32	31	30
Number of new distributors for the period			
– PRC	4	3	4
– Overseas	5	1	12
Number of distributors which ceased business relationship for the period			
– PRC	0	1	0
– Overseas	6	2	2
Net increase (or decrease) in number of distributors for the period			
– PRC	4	2	4
– Overseas	(1)	(1)	10
Number of distributors at the end of the period			
– PRC	5	7	11
– Overseas	31	30	40
Total	36	37	51

During the Track Record Period, we strengthened our distributor network to facilitate the sales of our products as our business expanded. In 2023, 2024 and 2025, we engaged nine, four and 16 new distributors, respectively. We stringently review our business relationship with distributors through periodic assessment. In 2023, 2024 and 2025, we terminated business relationship with six, three and two distributors, respectively, for reasons including (a) unsatisfactory sales performance or cooperation that did not meet our evaluation criteria, (b) changes in the distributors’ business operations, and (c) replacement by other distributors designated by end customers or their affiliated entities.

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OUR CUSTOMERS

The industries which our customers operate in include consumer electronics, network communications, automotive electronics, energy and industrial control equipment. For instance, we are a major DRAM chip supplier to a global leader in computer and printer manufacturing, a leading communication equipment manufacturer in Europe, a leading router manufacturer in China, and a prominent IoT SoC chip design company in China, solidifying our market leadership. These collaborations have not only solidified our market leadership but also provided us with invaluable feedback to continuously optimize our products and services. Leveraging the trust of our customers, we have achieved a leading market share in niche DRAM market, with our DDR3 products capturing considerable market share in the Chinese telecommunication operator market for WiFi6 & GPON, according to Frost & Sullivan. We have also made significant breakthroughs in the computer system market, particularly in the server projects of one of the world’s largest mobile communication operators, where we established business relationships with several leading Chinese communication equipment manufacturers.

Currently, we are focused on the R&D, and market expansion of AI-driven memory products designed for storage and computing applications. We have also established strategic partnerships with leading AI computing power chip companies in China. As our AI-driven memory products continue to mature, we anticipate the emergence of more commercialized application scenarios in the AI field, further solidifying our role as a key player in the DRAM chip market.

Given the long product lifecycle and the high demand for product stability, we work closely with our customers during the R&D and design phases to ensure seamless technical integration. In the DRAM chip industry, the technical complexity of DRAM design, which must balance factors such as storage density, speed, power consumption and stability, creates significant technological barriers, according to Frost & Sullivan. As a result, there are relatively few companies globally that specialize in DRAM design, making it a highly specialized and competitive field, and leading customers have stringent qualification and certification requirements. Our deep technical expertise allows us to systematically assist customers in design and product development, while our top-tier service team supports customers in product anti-interference system validation and reliability reporting. With our strong technical capabilities and excellent service, we can accurately identify customer needs from the outset, deeply penetrate target markets, and collaborate with leading customers to develop high-quality products that meet their specific requirements.

Customer service lies at the core of our competitive edge. We offer professional technical support and consulting services to ensure our customers achieve the best possible experience throughout the product lifecycle, thereby enhancing customer loyalty. Leveraging our exceptional service experience we provide to our existing customers, we have successfully secured partnerships with renowned domestic and international customers. These collaborations have facilitated the application of our products and technologies across various scenarios, including smart TVs, audio-visual playback, computers, and servers.

Major Customers

Revenue generated from our top five customers in each period during the three years ended December 31, 2025 amounted to approximately RMB387.6 million, RMB336.1 million and RMB479.2 million, representing approximately 66.8%, 52.0% and 43.4% of our total revenue for the respective periods. Revenue generated from our largest customer in each period during the three years ended December 31, 2025 amounted to RMB174.0 million, RMB87.5 million and RMB170.3 million, representing approximately 30.0%, 13.5% and 15.4% of our total revenue for the respective years.

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The following table set forth our top five customers for the respective periods indicated:

For the year ended December 31, 2023

Ranking	Customer	Principal business location	Product sold or service rendered	Downstream application by end customers ^(Note 10)	Method of procurement	Method of payment	Credit term	Transaction amount	% of total revenue of the Group	Year of commencement of business relationship with our Group ^(Note 1)
								RMB'000	%	
1.	CHONG WAI (HONGKONG) ELECTRONICS LIMITED (創威(香港)電子有限公司) (“CHONG WAI”) ^(Note 2)	Hong Kong	DRAM chips	Various applications including router, printer and smart home appliances	Distribution	Wire transfer	45 days	174,016	30.0	2020
2.	Customer Group A ^(Note 3)	China	DRAM chips	Router	Direct sales	Wire transfer	30 days	101,790	17.5	2021
3.	HONGKONG NBW ELECTRONIC CO., LTD (香港新光維電子有限公司) (“NBW ELECTRONIC”) ^(Note 6)	Hong Kong	DRAM chips and KGD wafers	Camera	Distribution	Wire transfer	30 days	39,066	6.7	2022
4.	Customer B ^(Note 4)	Japan	DRAM chips	Printer, hard disk drive (HDD), automotive electronics	Distribution	Wire transfer	Monthly 10 days	36,694	6.3	2019
5.	BLUE OCEAN Group ^(Note 7)	Hong Kong	DRAM chips and modules	Various applications including industrial control, PCs, servers and network security	Distribution	Wire transfer	Full prepayment	36,066	6.3	2023
Total								387,632	66.8	

For the year ended December 31, 2024

Ranking	Customer	Principal business location	Product sold or service rendered	Downstream application by end customers ^(Note 10)	Method of procurement	Method of payment	Credit term	Transaction amount	% of total revenue of the Group	Year of commencement of business relationship with our Group ^(Note 1)
								RMB'000	%	
1.	BLUE OCEAN Group ^(Note 7)	Hong Kong	DRAM chips, modules and KGD wafers	Various applications including industrial control, PCs and servers	Distribution	Wire transfer	Full prepayment	87,513	13.5	2023
2.	CHONG WAI ^(Note 2)	Hong Kong	DRAM chips	Various applications including router, printer and smart home appliances	Distribution	Wire transfer	30 days	77,409	12.0	2020
3.	Customer Group A ^(Note 3)	China	DRAM chips	Router	Direct sales	Wire transfer	30 days	68,644	10.6	2021
4.	Customer C ^(Note 5)	Singapore	DRAM chips	Printer	Direct sales	Wire transfer	Monthly 75 days	51,904	8.0	2011
5.	NBW ELECTRONIC ^(Note 6)	Hong Kong	DRAM chips and KGD wafers	Camera	Distribution	Wire transfer	30 days	50,642	7.9	2022
Total								336,112	52.0	

For the year ended December 31, 2025

Ranking	Name	Principal business location	Product sold or service rendered	Downstream application by end customers ^(Note 10)	Payment Method	Method of procurement	Credit Term	Transaction amount	% of total revenue of the Group	Year of commencement of business relationship with our Group
1.	CHONG WAI ^(Note 2)	Hong Kong	DRAM chips, modules	Various applications including router, printer and smart home appliances	Wire transfer	Distribution	15 days	170,293	15.4	2020
2.	Customer Group D ^(Note 8)	China	DRAM modules	Various applications including industrial PCs and enterprise-level servers	Wire transfer	Direct Sales	60 days	105,828	9.6	2023
3.	Customer Group A ^(Note 3)	China	DRAM chips	Router	Wire transfer	Direct Sales	30 days	78,356	7.1	2021
4.	BLUE OCEAN Group ^(Note 7)	Hong Kong	DRAM chips, modules and KGD wafers	Various applications including industrial control, PCs and servers	Wire transfer	Distribution	Full prepayment	63,786	5.8	2023
5.	Customer E	China	DRAM modules	Server	Wire transfer	Direct Sales	90 days	60,970	5.5	2025
Total								479,233	43.4	

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Notes:

- (1) Where applicable, the year of commencement of business relationship with our Group refers to when the relevant customer first began its business relationship with Zentel Japan, our major subsidiary. See “History, Development and Corporate Structure — Zentel Japan” for details.
- (2) CHONG WAI, a private company incorporated in 2010 with paid-up capital of HKD46,650,000, is principally engaged in the trading of electronic components, whose downstream customers are mainly leading PRC companies in the network communication and smart home appliances industries whose annual revenues during the Track Record Period typically exceeded RMB1.0 billion. Sales to CHONG WAI decreased from RMB174.0 million in 2023 to RMB77.4 million in 2024. The growth in 2023 was supported by our strategic measures following the 2022 market downturn, mainly attributable to (i) the temporary shortfall in upstream supply in 2024 amid a rebound in DRAM market demand following the contraction in 2023, and (ii) the impact of increased availability of lower-priced alternative components in 2024 following adjustments in end customers’ purchase standards. Sales to CHONG WAI increased to RMB170.3 million in 2025, mainly attributable to the increase in the average selling price and sales volume to CHONG WAI, which was further attributable to the upward cycle in the DRAM industry in 2025.
- (3) Customer Group A, a group of companies incorporated in 2000, 2008 and 2021, respectively, are principally engaged in the manufacturing and sales of network communication equipment. The paid-up capital of entities in Customer Group A is RMB500.0 million, RMB200.0 million, RMB20.0 million and RMB50.0 thousand, respectively.
- (4) Customer B, a joint stock company incorporated in 1961 with paid-up capital of JPY13,672,000,000, is principally engaged in trading of electronics, whose major downstream customer are Japanese conglomerates whose annual revenues during the Track Period Record typically exceeded JPY500.0 billion.
- (5) Customer C, a private company incorporated in 1970 with issued and paid-up capital of SGD5,328,737,000, is principally engaged in manufacturing of printers, manufacturing and repair of electronic office machinery and equipment, and manufacturing and repair of engineering and scientific instruments.
- (6) NBW ELECTRONIC, a private company incorporated in 2018 with paid-up capital of HKD10,000, is principally engaged in sales of electronic products and trading of electronic components, whose downstream customers are mainly leading PRC companies in the semiconductor industry whose annual revenues during the Track Record Period typically exceeded RMB500.0 million.
- (7) BLUE OCEAN Group comprises (a) SHENZHEN LANHAI CHENXI ELECTRONIC TECHNOLOGY CO. LIMITED* (深圳嵐海晨曦電子科技有限公司) incorporated in 2019 with registered capital of RMB10.0 million and (b) BLUE OCEAN (HONG KONG) ELECTRONIC TECHNOLOGY CO., LIMITED (香港藍海晨曦電子科技有限公司) incorporated in 2021 with paid-up capital of HKD10,000. BLUE OCEAN Group is principally engaged in manufacturing and sales of computer hardware and software, instruments and meters, and IC products and components, whose downstream customers are mainly PRC public and private entities in the IT application innovation industry.
- (8) Customer Group D, a group of companies incorporated in 1997 and 2020, respectively, are principally engaged in industrial control computer and system manufacturing. The paid-up capital of entities in Customer Group D is approximately RMB3,225.8 million and RMB602.0 million, respectively.
- (9) Customer E, a private company incorporated in 2014 with paid-up capital of RMB1,431,330,000, is principally engaged in the manufacturing and sales of electronic, IT, energy, smart home and monitoring equipment.
- (10) The downstream application by end customers is determined based on our best knowledge taking into account our understanding of the profiles of our customers, for example, their principal business activities as publicly available, and our communications with them during our daily business operations.

During the Track Record Period, sales volume of our DRAM modules consistently increased during the Track Record Period due to our decision to expand into and develop DRAM modules business. Our DRAM modules primarily address the mainstream market and are widely used in high-end intelligent products, such as industrial high-performance PCs, data centers and enterprise-level servers, which are key products in the IT application innovation industry. The growing demand from the downstream customers of our DRAM modules was attributable to a combination of favourable market dynamics and favourable government policies. According to Frost & Sullivan, demand for DRAM modules grew rapidly in response to accelerated digitalization, expansion of data centres, artificial intelligence and IoT applications. These industry-wide developments substantially drove the need for reliable and cost-efficient DRAM modules, providing a strong demand base for the Group’s products. In addition, according to Frost & Sullivan, the development of IT application innovation industry is aimed at addressing long-term overseas supply chain dependencies by establishing China’s own IT foundation, encompassing domestic alternatives for

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CPUs storage and database services, etc. Benefiting from the technological rise of local manufacturers and the promotion of the Internet of Things and domestic substitution policies, demand for domestically produced DRAM modules has grown steadily.

Against this industry backdrop, demand for DRAM modules expanded rapidly, directly driving our sales growth. Leveraging the strong market demand, the revenue contribution from our DRAM modules business increased from 8.1% in 2023 to 21.3% in 2024, and further to 38.8% in 2025. This growth was accompanied by a shift in our customer mix. Our sales to BLUE OCEAN Group, a customer of our DRAM modules, was RMB36.1 million in 2023, RMB87.5 million in 2024 and RMB63.8 million in 2025. It was our fifth, largest and fourth largest customer in 2023, 2024 and 2025, respectively. We established our business relationship with BLUE OCEAN Group in 2023 as part of our strategic initiative to expand our DRAM module business by engaging new distributors with sales capabilities in this business segment. The major downstream applications of the DRAM modules we sold through BLUE OCEAN Group include consumer electronics, servers, and desktop computers, enabling us to strengthen penetration into mainstream downstream applications and capture the industry’s structural shift toward DRAM module demand.

During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest customers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

Pricing

We price our products based on a variety of factors, including: (i) the costs of relevant products, which encompass production, R&D expenses and operational costs, and may vary depending on the type of products, (ii) customer demand, and (iii) the competitive landscape, which takes into account our strengths and weaknesses relative to our competitors, their pricing strategies and our customers’ cost sensitivity. In addition, we adopt different pricing strategies across different product lines. Once we set the base prices according to these factors, we adjust the pricing on a case-by-case basis in consideration of specific requirements of our customers.

OUR SUPPLIERS

Our major suppliers are (i) our production partners including (a) wafer fabrication service provider and (b) packaging and testing service providers, as well as (ii) the suppliers of other raw materials. Our key raw materials during the Track Record Period are wafers. For details of our arrangement with our production partners and suppliers, please see “Production and Procurement” in this section. The purchases from our top five suppliers in each period during the three years ended December 31, 2025 amounted to approximately RMB475.9 million, RMB451.1 million and RMB754.2 million, representing approximately 88.6%, 76.2% and 68.7% of our total purchase amount for the respective periods. The purchase from our largest supplier amounted to RMB263.6 million, RMB250.7 million and RMB282.8 million, representing approximately 49.1%, 42.4% and 25.8% of our total purchase amount for the respective periods.

During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers (except for PSMC) in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

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The following table set forth our top five suppliers for the respective periods indicated:

For the year ended December 31, 2023

Ranking	Supplier	Principal business location	Product purchased or service rendered	Method of payment	Credit term	Purchase amount	% of total purchase amount of the Group	Year of commencement of business relationship with our Group ^(Note 1)
						RMB'000	%	
1.	PSMC ^(Note 2)	Taiwan	DRAM wafers (including foundry services)	Wire transfer	Monthly 30 days	263,627	49.1	2004
2.	Ufct Technology Co., Limited (聯合創泰科技有限公司) (“Ufct”) ^(Note 5)	Hong Kong	DRAM products	Wire transfer	45 days	70,451	13.1	2023
3.	FATC ^(Note 3)	Taiwan	IC packaging and testing services	Wire transfer	Monthly 60 days	67,113	12.5	2007
4.	ChipMOS ^(Note 4)	Taiwan	IC packaging and testing services	Wire transfer	Monthly 60 days	56,585	10.5	2007
5.	Supplier A ^(Note 6)	Hong Kong	DRAM products	Wire transfer	Monthly 30 days	18,122	3.4	2023
Total . .						475,898	88.6	

For the year ended December 31, 2024

Ranking	Supplier	Principal business location	Product purchased or service rendered	Method of payment	Credit term	Purchase amount	% of total purchase amount of the Group	Year of commencement of business relationship with our Group ^(Note 1)
						RMB'000	%	
1.	PSMC ^(Note 2)	Taiwan	DRAM wafers (including foundry services)	Wire transfer	Monthly 30 days	250,664	42.4	2004
2.	FATC ^(Note 3)	Taiwan	IC packaging and testing services	Wire transfer	Monthly 60 days	75,684	12.8	2007
3.	ADATA Group ^(Note 7)	Taiwan	DRAM module assembly services	Wire transfer	30 days	55,320	9.4	2023
4.	ChipMOS ^(Note 4)	Taiwan	IC packaging and testing services	Wire transfer	Monthly 60 days	38,328	6.5	2007
5.	Supplier A ^(Note 6)	Hong Kong	DRAM products	Wire transfer	Monthly 30 days	31,062	5.1	2023
Total . .						451,058	76.2	

For the year ended December 31, 2025

Ranking	Supplier	Principal business location	Product purchased or service rendered	Method of payment	Credit term	Purchase amount	% of total purchase amount of the Group	Year of commencement of business relationship with our Group
1	PSMC ^(Note 2)	Taiwan	DRAM wafers	Wire transfer	Monthly 30 days	282,831	25.8	2013
2	ADATA Group ^(Note 7)	Taiwan	DRAM module assembly services	Wire transfer	30 days	281,330	25.6	2023
3	FATC ^(Note 3)	Taiwan	IC packaging and testing services	Wire transfer	Monthly 60 days	72,801	6.6	2007
4	JIUBAN (HK) SEMICONDUCTOR LIMITED (久半(香港)半導體有限公司) ^(Note 8)	Hong Kong	DRAM products	Wire transfer	Full prepayment	61,672	5.6	2025
5	Supplier Group B ^(Note 9)	PRC	DRAM products	Wire transfer	Monthly 45 days	55,540	5.1	2023
Total . .						754,174	68.7	

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Notes:

- (1) Where applicable, the year of commencement of business relationship with our Group refers to when the relevant supplier first began its business relationship with Zentel Japan, our major subsidiary. See “History, Development and Corporate Structure — Zentel Japan” for details.
- (2) PSMC, a company incorporated in 2008 with paid-up capital of TWD41,731,409,360 and listed on Taiwan Stock exchange with stock code 6770, is principally engaged in foundry services, sales, development, and manufacturing memory IC products including DRAM products. In 2004, PSMC’s predecessor prior to its spun off from PIHC (formerly known as Powerchip Technology Corporation) commenced its business relationship with Zentel Japan.
- (3) FATC, a company incorporated in 1990 with paid-up capital of TWD4,422,222,230 and listed on Taiwan Stock Exchange with stock code 8131, is principally engaged in packaging, testing, and module manufacturing services for memory IC products.
- (4) ChipMOS, a company incorporated in 1997 with paid-up capital of TWD7,272,401,260 and listed on Taiwan Stock exchange with stock code 8150, is principally engaged in packaging, testing, and module manufacturing services for memory IC products and other IC products.
- (5) Ufct, a private company incorporated in 2013 with paid-up capital of HKD5,000,000, is a wholly owned subsidiary of Supplier Group Company C, which in turn is a company listed on Shenzhen Stock Exchange. Ufct is principally engaged in the trading of electronic components and is a major distributor of SK Hynix in China. We began procuring DRAM products from Ufct in 2023 to support the growth of our DRAM module business, and purchases from Ufct became significant in the same year. The DRAM products supplied by Ufct during the Track Record Period were sourced from SK Hynix. We did not purchase directly from SK Hynix, as it primarily supplies products in the PRC through authorized distributors, which also offer credit terms, logistics and warehousing support.
- (6) Supplier B, a private company incorporated in 2009 with paid-up capital of HKD1,000,000 and USD9,871,000, is principally engaged in trading of electronic components.
- (7) ADATA Group comprises (a) ADATA incorporated in 2001 with paid-up capital of approximately TWD2,958.7 million and (b) ADVANCED DATA TECHNOLOGY (SUZHOU) CO., LTD (威方科技(蘇州)有限公司) incorporated in 2007 with paid-up capital of USD19.0 million. ADATA Group is principally engaged in manufacturing and sales of DRAM and other memory IC products.
- (8) JIUBAN (HK) SEMICONDUCTOR LIMITED (久半(香港)半導體有限公司), a private company incorporated in 2025 with paid-up capital of HKD10,000, principally engaged in the manufacturing and sales of semiconductor products.
- (9) Supplier Group C comprises Ufct, Supplier C and Supplier C1, all of which are subsidiaries of Supplier Group Company C. Supplier C, a private company incorporated in 2022 in Hong Kong with paid-up capital of HKD1.0 million, is principally engaged in trading of electronic components. Supplier C1, a limited liability company established in the PRC in 2023 with registered capital of RMB70 million, is principally engaged in the R&D, production and sales of enterprise level storage products. We began procuring DRAM products from Ufct in 2023 and began procuring DRAM products from Supplier C and Supplier C1 in 2025. The purchase amounts of our Group from Ufct, Supplier C and Supplier C1 are calculated on a consolidated basis since 2025.

Procurement of Raw Materials, Components and Parts

Wafers produced by PSMC accounted for the largest portion of our costs for raw materials during the Track Record Period. In addition to wafers, we procure DRAM chips, which are further integrated in our DRAM modules, and other electronic components and parts. We procure these raw materials, components and parts in accordance with our sales plans.

We generally do not enter into long-term supply agreements. Instead, we enter into purchase agreements and place purchase orders with our suppliers based on our purchase and production schedules. The typical salient terms of our standard purchase agreement and purchase orders with our major suppliers during the Track Record Period are set forth below:

- Duration. The supply agreements typically do not have a specified duration.
- Minimum purchase requirement. There is no minimum purchase requirement under the supply agreements.
- Pricing. Pricing terms with our suppliers mainly depend on the prevailing market rates but may also depend on the quantities that we purchase.

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- Payment and credit terms. Payment terms granted by our suppliers vary depending on a number of factors, such as our relationships with them and the size of the transaction. For example, some suppliers require payment in advance, while some suppliers grant us a 30-day credit period after the products are accepted as qualified.
- Warranty. We are typically entitled to a warranty period of one year to three years. Our suppliers are responsible for fixing of the replacement of products during the warranty period.
- Product returns. During the warranty period, our suppliers are responsible for the return of products for quality reasons as requested.
- Non-Disclosure. Unless with our prior written consent, suppliers shall not disclose to any third parties any confidential information obtained as a result of the purchase orders. The obligation of non-disclosure remains effective irrespective of the terms of the purchase orders.
- Termination. If the products fail to meet specifications upon inspection, the supplier must replace them or provide a full refund, covering all associated costs. If the replaced products still do not conform, we have the right to terminate the purchase agreement, cancel the order, recover all payments, and claim liquidated damages.

Please see “Production and Procurement — Arrangements with Our Production Partners” in this section for the salient terms of the agreements with our production partners.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of contracts on the part of our suppliers or delay in delivery of our orders from our suppliers, nor did we have any material disputes with our suppliers.

RESEARCH AND DEVELOPMENT

We are committed to innovation and focus on the R&D of our technology platform and products. Our technology platform undergoes continual iterations and refinement. We consistently dedicated ourselves to the development and design of high-bandwidth, low-power, and high-reliability memory solutions. With a comprehensive product portfolio that spans the full range of DRAM types, we offer a complete suite of memory solutions tailored for a wide array of applications, including consumer electronics and network communications such as set-top boxes, smart home appliances and IoT devices, as well as automotive electronics, energy and industrial control systems.

Notably, we have achieved significant breakthroughs in the field of high-reliability application. Our DRAM design with ECC technology provides a highly reliable memory solution for industrial control machinery and equipment operating in harsh environments. In addition, by leveraging TSV and hybrid bonding technologies, we have developed a multi-layer wafer-level stacked high-bandwidth memory solution, which has reduced power consumption by 50%, further solidifying our leading position in innovative memory solutions that offer high computing power with low energy consumption. Meanwhile, we are working closely with our wafer production partner to advance the design and development of DRAM products based on 19nm and below advanced nodes, ensuring future product competitiveness.

We invested significant resources into the R&D of our technology platform and products. In 2023, 2024 and 2025, we incurred research and development expenses of RMB77.2 million, RMB95.8 million and RMB102.1 million, representing 13.3%, 14.8% and 9.2% of our revenue during the respective periods.

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Our R&D Team

We are supported by a robust R&D team comprising semiconductor industry veterans with profound expertise across the areas of DRAM Design. Our R&D team is jointly led by Mr. Kim Joonho, who was responsible for overseeing DRAM design and marketing at SK Hynix, Infineon Technologies, Jeju Semiconductor and Winbond Electronics before joining our Group in 2021, and Mr. Kubo Takashi, who currently oversees our R&D efforts in Japan, had extensive experience in the design and development of DRAM, flash memory, customized cache memory, and customized high-bandwidth memory at Mitsubishi Electric, Renesas Electronics and Zentel Japan.

As of December 31, 2025, our R&D team is comprised of 86 members, representing approximately 53.4% of our total employees. All of our R&D personnel hold a bachelor’s degree or higher, with most specializing in electronic engineering. Our R&D department is primarily constituted by our R&D teams in Hangzhou and Japan. Our Hangzhou R&D team, which had 57 members as of December 31, 2025, focuses on the development of standardized DRAM chip products. The team is led by core experts from South Korea who have working experience on designing cutting-edge products such as DDR4, DDR5, LPDDR4, and LPDDR5 at major global brands. Our Japan R&D team, which comprised 10 members as of December 31, 2025 specializes in customized DRAM products and stacked structure products such as high-bandwidth memory. Our Japan team is led by Mr. Kubo Takshi, who has been working in Zentel Japan since its inception in 2003, as well as core experts with expertise in circuit design (including array, peripheral, interface, power generator, etc.), design software and tools and testing equipment.

Our teams in Hangzhou and Japan maintain a highly collaborative and synergistic working relationship, leveraging their respective expertise to drive innovation in advanced memory technologies. A prime example of this collaboration is our work on high-bandwidth memory, a cutting-edge solution that involves vertically stacking multiple DRAM chips to achieve superior performance. In this process, our Hangzhou R&D team takes the lead in optimizing chip performance by enhancing processing speed and reducing power consumption, ensuring the individual chips meet the highest standards of efficiency and reliability. Meanwhile, our Japan R&D team specializes in the intricate process of stacking these refined chips, utilizing their advanced technical capabilities to achieve precise integration and maximize overall performance. This seamless partnership not only accelerates the development cycle but also ensures that our high-bandwidth memory products deliver high quality and reliable performance, meeting the demands of next-generation computing and data-intensive applications.

Our R&D Mechanism

Through continuous accumulation of experience in iterative research and development, we have established a two-dimension design and R&D management system. This system features vertical collaboration between our R&D and business departments, as well as horizontal coordination among specialized R&D teams. This dynamic design mechanism enables us to effectively address the ever-evolving technical demands of the memory industry, significantly enhancing the predictability and efficiency of future development efforts.

Our design and R&D are carried out as a group effort in close collaboration between our different departments. Our sales and marketing department, who are deeply rooted in the industry and closer to customers, is responsible for the initial conceptualization of product candidates, which is typically derived from in-house ideas and information collected from customers. Our R&D department, comprising our Hangzhou team focusing on standardized product development and our Japan team focusing on high-bandwidth memory development, is responsible for the design and development of our products. Apart from our R&D department members, certain members of our sales and marketing department also possess technical backgrounds which we believe directly

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contribute to an effective and seamless collaboration among the different departments for a successful and smooth product design. For details of our design process and the involvement of our various departments in the process, please see “Our Products and Solutions — Our Design Process” in this section.

Our R&D Achievements

We have consistently demonstrated our ability to innovate and iterate technology, driving advancements in product performance, customization, and R&D efficiency. Our comprehensive experience in technological iteration has provided us with a deep understanding of customers’ diverse needs for memory solutions, allowing us to better meet their demands for customized products in terms of response speed and efficiency. Please see “Our Technologies” in this section for details of our key technologies in connection with our product offerings.

We have inherited the long-standing R&D experience of Zentel Japan, which was established in 2003, and core R&D experts, including Mr. Kubo Takashi. Building on our extensive experience and iterative approach in technology development from SDR to DDR4 products, we possess proprietary R&D capabilities in DRAM products and AI memory-computing solutions. According to Frost & Sullivan, we are one of the few domestic DRAM chip design company which possesses the complete iterations of DRAM products from SDR to DDR4. Leveraging our continuous R&D efforts in enhancing the design processes, we can enhance product yield and reduce costs in testing and other critical procedures in the manufacturing process. This commitment to technological advancement ensures that our DRAM products meet the stringent demands of high-reliability applications across diverse industries.

Below are key examples that highlight how our iterative technological advancements have led to significant breakthroughs in product design, customization, and development efficiency:

1. *Enhancing Product Performance through Design Improvements.* In respect of the standard 512Mb DDR2 product, which typically operates at 1.8V with a speed of 1,066Mbps, we introduced a 1.5V voltage design based on our deep understanding of the product technology, which not only reduced power consumption but also made the product compatible with variable (i.e. both 1.8V and 1.5V) power supplies. In addition, our revamped product achieved a speed of 1,333Mbps, significantly improving data transfer efficiency compared to the standard product. Furthermore, through design improvements, we increased the memory array from the standard 512 cells/BL to 688 cells/BL, resulting in a nearly 10% reduction in chip size compared to products from other companies using the same process technology.
2. *Meeting Customization Needs through Technical Adaptation.* Leveraging our expertise in DRAM chip technology, we have developed DRAM module products that are highly compatible with various CPUs from mainstream domestic manufacturers, providing a solid technical foundation for customized product development. For instance, in response to our customers’ specific needs for higher reliability and additional value-added features, we successfully integrated our current technology (i.e. SECDED (single error correction, double error detection) ECC functionality) into an existing 25nm 4Gb DDR3 product. This adaptation was made possible by our iterative understanding of different products and functionalities, fulfilling specific customization requirements of our customers.
3. *Improving R&D Efficiency through Technological Accumulation.* During our product development process, we endeavor to shorten the development timeline from design to testing by maximizing the repeated utilization of existing design and programming resources, thereby reducing costs and improving efficiency. For example, during the development of a 25nm 2Gb DDR3 product, we leveraged our accumulated knowledge from similar products (for example, our 1Gb DDR3 product) to introduce a faster and more reliable circuit verification system. This innovation helps us shorten the overall product development cycle.

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Our R&D Capabilities in AI Memory-Computing Solutions

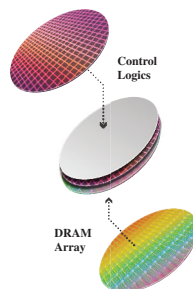
Leveraging our technical expertise across disciplines, we are developing key technologies relating to chip design, DRAM testing, and more importantly, AI memory-computing solutions which we believe will underscore our future competitiveness. High-bandwidth memory is an advanced memory technology designed to deliver significantly higher bandwidth compared to traditional DRAM solutions. It achieves this by stacking multiple DRAM chips vertically and connecting them using TSVs, which reduces data travel distance and increases speed. High-bandwidth memory is commonly used in high-performance applications such as GPUs, AI accelerators, and data centers, where large amounts of data need to be processed quickly. Unlike traditional DRAM modules, High-bandwidth memory is often integrated directly with processors or logic chips in a 2.5D or 3D configuration, enabling faster data transfer and lower power consumption. High-bandwidth memory products are poised to play a critical role in overcoming memory bottlenecks in future AI systems and are on track to become the mainstream memory solution for GPUs.

Our AI memory-computing solutions under development

Our AI memory-computing solutions are designed to address the storage bottlenecks in data-intensive AI applications, enhancing computational efficiency and enabling memory computing integration. Sets forth below are our key AI memory-computing solutions currently under development.

High-bandwidth 3D stacked DRAM chip. Our high-bandwidth 3D stacked DRAM chip utilizes heterogeneous integration technology, employing bumpless hybrid bonding to vertically interconnect the logic and DRAM layers. The ultra-fine bonding pitch not only significantly enhances performance but also reduces power consumption and latency. Significantly, the logic and DRAM wafers can be manufactured using distinct process technologies, enabling the creation of highly customized memory solutions that are optimized for achieving both high bandwidth and low power consumption.

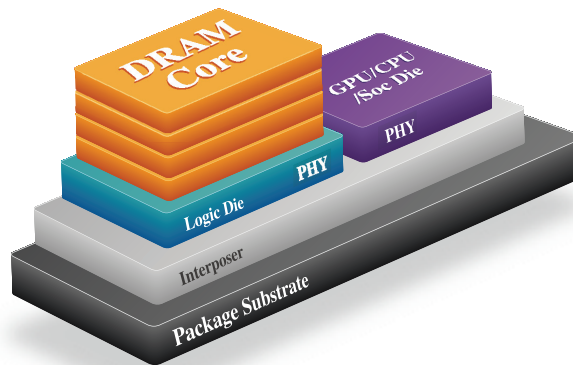
Additionally, regarding multi-core processors, we are developing a solution where each logic core has its own dedicated memory core with direct access. This one-to-one design allows simultaneous access and enables high bandwidth (up to 57.6TB/s with 563 cores per layer in a 4-Hi stack). Each memory core has its own TSV interface, directly connecting to logic cores without redundant paths. This direct connection reduces energy consumption compared to 2.5D HBM solutions that require data to pass through an interposer. The following diagram depicts the design of our high-bandwidth 3D stacked DRAM chip.



The above features make our high-bandwidth 3D stacked DRAM chip a perfect fit for AI acceleration applications such as on-device AI inference for large language models. We plan to commercialize our high-bandwidth 3D stacked DRAM chip in 2026.

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High-bandwidth memory-centric DRAM chip for AI applications. High-bandwidth memory-centric DRAM chips are now the main solution for memory bottlenecks in AI applications. Traditional solutions use TSV and micro-bump technologies to stack DRAM wafers with a logic control wafer, and connect to logic chips through CoWoS packaging. This design effectively caters to the high-speed data processing and bandwidth demands of AI workloads. For example, while the latest DDR5 offers about 5,600 Mbps data transfer rates and 50 GB/s bandwidth, leading *high-bandwidth memory-centric* solutions can exceed 9.6 Gbps data transfer rate and 1 TB/s bandwidth. Our high-bandwidth memory-centric DRAM chip, known as “Hybrid-stacked Memory (HSM)” not only inherits the proven strengths of traditional high-bandwidth memory-centric DRAM solutions but also achieves a significant advancement in multilayer stacking technology. By employing hybrid bonding for die stacking, it outperforms existing solutions in terms of TSV pitch, thermal distribution, and overall performance. See “— Our Technologies relating to AI memory-computing solutions — 2. Customized 3D-IC Stacking Technology” in this section. The following diagram depicts the design of our HSM chip.



The above features make our high-bandwidth memory-centric DRAM chip a perfect fit for computing centers. We anticipate commercializing our HSM chips in 2026.

Silicon Interposer for Advanced Packaging. We also offer customized silicon interposer solutions featuring higher interconnect density, enhanced bandwidth performance, and lower power consumption compared to traditional substrate packaging techniques. These advanced features are achieved through the use of TSVs, embedded silicon capacitors, and RDLs. Serving as the connection between high-bandwidth memory and SoC, our silicon interposer enables electrical interconnection between heterogeneous dies, making it a key component in high-performance chiplet chips and CoWoS-based packaging solutions.

In May 2025, we have entered into a procurement contract with a Chinese AI-computing company, Enrigin, in respect of the purchase of silicon interposer from us, which signified the commercialization of our silicon interposer solutions. The total contract sum of such procurement contract is approximately RMB1.65 million excluding tax, including sales of interposer of approximately RMB0.54 million and non-recurring engineering fees of approximately RMB1.11 million, both exclusive of taxes. Pursuant to the payment terms of the procurement contract, Enrigin is required to provide formal written notice by email to us to initiate production and supply arrangements, and shall make full payment within 60 working days thereafter. In addition, to better support Enrigin under this procurement contract, we may provide packaging design and process engineering technical field support, for which we will charge a fixed monthly service fee starting from the date of contract execution, subject to orders from Enrigin. The pricing of our silicon interposer is determined on a per-unit basis, with the unit price subject to the agreed product specifications and testing requirements. The parties may review and adjust the unit price to reflect changes in raw material costs, production yields, or market conditions, subject to mutual written consent.

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Overall, our AI memory-computing solutions currently under development include three distinct technologies, each designed to address different performance and integration needs. Our high-bandwidth 3D stacked DRAM chip vertically integrates logic and DRAM layers, offering extremely short signal transmission distances and high bandwidth, though with limited memory capacity. This design significantly enhances performance while reducing power consumption and latency, making it ideal for on-device AI inference for large language models. Meanwhile, our high-bandwidth memory-centric DRAM chip utilizes TSV and micro-bump technologies to stack DRAM wafers with a logic control wafer. While offering bandwidth that exceeds traditional DRAM solutions but less than our 3D stacked solution, these chips provide substantially greater memory capacity, optimized for computing center applications. Complementing these memory solutions, our customized silicon interposer serves as a key infrastructure in 2.5D stacking designs, enabling electrical interconnection between heterogeneous dies. Feature higher interconnect density, enhanced bandwidth performance, and lower power consumption, our customized silicon interposer is a key component in high-performance chiplet chips and CoWoS-based packaging solutions.

Our Technologies relating to AI memory-computing solutions

To enable the development of our key AI memory-computing solutions, we have established a core set of proprietary technologies that drive performance and integration advantages. Set forth below are the technologies we have developed which form the cornerstone of our AI memory-computing solutions.

Wafer-on-Wafer 3D Heterogeneous Integration Technology. Our Wafer-on-Wafer 3D heterogeneous integration technology enables direct bonding of logic and DRAM wafers in a vertically stacked configuration. This approach eliminates the need for interposers, significantly reducing latency and power consumption while maximizing bandwidth. The resulting design, comprising one logic wafer and one DRAM wafer, delivers 6GB of capacity and a bandwidth of up to 12TB/s, all while achieving ultra-low power efficiency of <1pJ/bit.

This technology is particularly well-suited for AI and high-performance computing applications, where rapid data access and energy efficiency are critical. By minimizing data movement between memory and processing units, our Wafer-on-Wafer integration enhances real-time inference and training performance, making it ideal for data centers, autonomous systems, and other latency-sensitive workloads.

Customized 3D-IC Stacking Technology. To address the growing demand for high-bandwidth memory in AI accelerators and GPUs, we have developed a customized 3D-IC stacking technology capable of four to eight stacked layers, offering configurable capacities ranging from 2GB to 4GB and a bandwidth of up to 400GB/s, which is comparable with JEDEC HBM2E standards.

A key differentiator of our approach compared with the traditional TSV and micro-bump based stacking is our bumpless hybrid bonding Wafer-on-Wafer stacking scheme, which effectively overcomes the thermal management challenges of traditional designs. Stacking memory is accompanied by a vast number of input/output interfaces, resulting in substantial total power consumption, which gives rise to thermal management challenges. To address this issue, efficient heat dissipation from the heat source to the heat sink is crucial. Our bumpless hybrid bonding Wafer-on-Wafer stacking scheme demonstrates outstanding heat diffusion performance. Without the presence of bumps, the heat conduction area is increased, and the use of extremely thin polished wafers significantly accelerates heat diffusion across multiple layers. With our customized 3D-IC stacking technology including the bumpless hybrid bonding Wafer-on-Wafer stacking scheme, we intend to achieve ~1.5pJ/bit, which is one-third of the power consumption of conventional 2.5D-stacked HBM2E solutions (typically 4—5pJ/bit).

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Chiplet-Based SiP Technology. For mobile and edge AI applications, we employ chiplet-based SiP technology, which integrates multiple memory and logic chiplets into a compact, high-performance module. Our mobile-optimized solution features eight channels, each with a 512Mb density (1Gb per die), delivering a total bandwidth of 136GB/s at an efficient 2pJ/bit.

This design prioritizes small form factor and low power consumption, making it ideal for smartphones, IoT devices, and other battery-powered systems. The modular chiplet architecture also allows for customization, enabling tailoring of memory configurations for specific AI workloads, from on-device neural networks to real-time sensor processing.

Independent Logic Chip Design & Development Technology. Logic chips serve as critical components in high-bandwidth memory systems, directly determining end-product performance and future scalability. We are independently designing logic chips tailored for high-bandwidth memory applications, fully compliant with JEDEC HBM2 and HBM2E standards. Our logic chips will enable protocol command translation and serial-to-parallel data conversion, ensuring rapid and accurate data transmission.

To optimize power efficiency, we integrate Data Bus Inversion to reduce read/write power consumption, while Command/Address Parity and DQ Parity functions safeguard signal integrity. For testability, our chips will incorporate IEEE 1500-compliant boundary-scan circuits for connectivity validation. Built on advanced process nodes, our logic chips are expected to achieve 1.6GHz clock speeds and 3.2Gbps data rates, empowering high-bandwidth memory products with high speed, ultra-stability, and low-power operation.

Memory-Cell-Based Integrated Passive Device Technology. To deliver exceptional power supply stability, we have developed a proprietary memory-cell-based Integrated Passive Device (“IPD”) technology designed . Benchmark testing demonstrates that our solution achieves a capacitance density of 515 nF/mm² at voltages below 1.5V, representing a 30% improvement over comparable industry solutions. Notably, when operating at optimized low-voltage conditions (0.75V), such IPD technology can deliver effective capacitance values up to 2060 nF/mm², substantially exceeding conventional alternatives.

Such IPD solutions are available in multiple integration formats to address diverse system requirements, including (i) discrete 2D components, with individual IPD devices for conventional circuit implementations; (ii) 2.5D interposer integration, with embedded passive networks for advanced packaging architectures; and (iii) 3D wafer-level solutions, with high-density integration with memory wafers for 3D system designs. This flexible implementation approach, combined with superior electrical performance, enables our IPD technology to meet the most demanding power delivery requirements and support a broad range of high-performance applications.

Our R&D Cooperation with Third Parties

We are actively engaged in cutting-edge industry research with our business partners and professional and academic institutions. During the Track Record Period, we collaborated with several external institutions in various research and development efforts, including the development of advanced wafer processes and 3D stacked and customized high-bandwidth memory.

We have entered into a development agreement with PSMC to govern our joint R&D efforts in relation to the design of DRAM products based on 19nm and below nodes (the “**Development Agreement**”), which is a testament of our R&D prowess and our close collaboration with our production partners. The 19nm 8Gb DDR4 DRAM chip (the “**19nm Product**”) developed under the Development Agreement complies with JESD79-4D standards for all speed bins, IDD/IDDQ/IPP, and is used in the niche market. Compared with our existing products, the 19nm Product uses a more advanced process node, which yields more dies per wafer, reducing unit costs. According to the Development Agreement, all the intellectual property rights in and to all inventions developed in the course of the development shall be jointly owned by PSMC and us. PSMC will pay us a fixed

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development cost in relation to the development of such products and we agree to engage PSMC exclusively for the foundry services. In terms of profit sharing, and PSMC will pay us certain percentage of the net sales of the products as royalties upon mass production, in consideration of the non-exclusive rights we grant to PSMC, among other things, to use, implement, remake and modify the technology in relation to the 19nm Product to manufacture, sell, offer for sale, import and/or distribute the 19nm Product. We reserve the rights to sell the 19nm Product by ourselves. We expect to commence mass production of the 19nm Product in the third quarter of 2027 and realize commercial sales of the 19nm Product in the fourth quarter of 2027.

The strategic partnership under the Development Agreement reflects our broader objective of enhancing our product competitiveness. PSMC, as a leading international foundry, brings cutting-edge production technologies and industry-leading manufacturing yields, laying a strong foundation for the development of advanced DRAM products. Importantly, the 19nm DRAM process represents the most advanced node currently available in China, offering clear advantages in both cost structure and performance, and is expected to significantly enrich our product portfolio. Furthermore, we expect to leverage the benefits of the 19nm and below nodes by incorporating them into our AI memory-computing solutions, including 3D stacked and HSM products, to support higher memory density and better fulfill evolving customer requirements.

From PSMC’s standpoint, we believe that our collaboration also delivers substantial strategic value, which is reflected by its willingness to pay the development costs under the Development Agreement. By tapping into our robust DRAM design and architecture expertise, PSMC can shorten development cycles and reduce technical risks associated with advanced node products. The collaboration allows PSMC to accelerate its expansion into advanced DRAM nodes in a more cost-effective manner. Moreover, the exclusive production arrangement ensures a stable and long-term manufacturing partnership between both parties. The inclusion of a profit-sharing mechanism further aligns interests, fostering continued cooperation in optimizing yield, performance, and market reach. According to Frost & Sullivan, it is an industry norm for DRAM chip design companies and DRAM wafer foundries to enter into agreements similar to the Development Agreement and for the DRAM chip design companies to charge non-recurring engineering fees under such agreements.

Furthermore, in collaboration with globally renowned academic institutions, multiple research papers co-authored by our team have been accepted at premier international conferences, including IEEE S&P, one of the top four conferences in computer security, and ACM/IEEE ISCA, a leading academic conference in computer architecture. These achievements underscore our commitment to advancing innovation and contributing to the global technology landscape.

In addition, we partnered with each of (i) Enrigin, which is a leading AI computing chip company, (ii) a high-performance heterogeneous AI computing chip innovator in China and (iii) a premier CPU developer in China, to jointly develop next-generation high-bandwidth memory products during the Track Record Period. These collaborations leverage our partners’ cutting-edge chip architecture and our advanced memory design capabilities to deliver optimized performance for data-intensive AI and high-performance computing applications.

INTELLECTUAL PROPERTY

We use various product designs, technologies and know-how that were developed by us or third parties through licensing arrangements. However, we do not rely on any critical intellectual property that is licensed from third parties. We strictly adhere to and implement the relevant laws and regulations concerning patents, trademarks, copyrights, integrated circuit layouts, trade secrets, and other intellectual property, protecting our technologies by registering various types of intellectual property rights or entering into confidentiality agreements. Additionally, we proactively secure patents in advance for high-bandwidth memory and stacking technology to establish a distinct and defensible patent portfolio.

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As of the Latest Practicable Date, we had 92 patents, comprising 83 in the PRC, 6 in Japan and 3 in the U.S., 33 trademarks including 25 in the PRC, four in Hong Kong, one in Macau, one in Taiwan and two in Japan, 10 copyrights in the PRC including seven software copyrights, and 11 layout designs of integrated circuit. The table below sets forth the key IP rights and their respective technological significance to us. For details of our intellectual property rights, see the paragraph headed “Statutory and General Information — B. Further Information about our Business — 2. Intellectual property rights” in Appendix V of this document.

Our Product or Technology	Key IP	Patent Number	Application Scenario	Key Functions of Our Product or Technology
8Gb DDR4	3D Stacked Memory Architecture and Its Processing Method, Memory (三維堆疊存儲器架構及其處理方法、存儲器)	202311772980.2	Enterprise-level servers and data centers, PC	DRAM chip
25nm 1Gb DDR3	Storage Array and Method for Improving Data Read Accuracy of Storage Array (存儲陣列及提高存儲陣列的數據讀取準確度的方法)	202410224395.7	(1) Consumer electronics including set-top boxes and printers; (2) network communication equipment	DRAM chip
	A Control Device for Sensing Amplifier Supply Voltage (一種感測放大器供電電壓的控制裝置)	202420751162.8	(1) Consumer electronics including set-top boxes and printers; (2) network communication equipment	DRAM chip
25nm 2Gb DDR3	A Device and Method for Saving Energy During Memory Refresh (一種在存儲器刷新過程中節省能耗的裝置及方法)	202410438368.X	(1) Consumer electronics including set-top boxes and printers; (2) network communication equipment	DRAM chip
	Random Number Generation Method, Device, Electronic Equipment, and Storage Medium (隨機數生成方法、裝置、電子設備和存儲介質)	202411005607.9	(1) Consumer electronics including set-top boxes and printers; (2) network communication equipment	DRAM chip
High-bandwidth memory .	Internal Voltage Testing System and Method for Memory (存儲器內部電壓測試系統和方法)	202410526909.4	AI chips, high-performance computing, data centers, graphics processing, autonomous driving	High-bandwidth memory chip
	Memory Redundant Word Line Refresh Method, Device, Equipment, and Medium (存儲器冗餘字線刷新方法、裝置、設備和介質)	202410627719.1	AI chips, high-performance computing, data centers, graphics processing, autonomous driving	High-bandwidth memory chip

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Our Product or Technology	Key IP	Patent Number	Application Scenario	Key Functions of Our Product or Technology
8 Gb DDR4 Logic Process Product Design	Fuse Unit for Storage Array and Its Processing Method, Storage Array (用於存儲陣列的熔斷器單元及其處理方法、存儲陣列)	202310824954.3	Enterprise-level servers and data centers, smart home appliances	DRAM chip
	A Clock Correction Circuit and Memory (一種時鐘校正電路和存儲器)	202311006147.7	Enterprise-level servers and data centers, smart home appliances	DRAM chip
	Memory Testing Method, System, and Computer-Readable Storage Medium (內存測試方法、系統及計算機可讀存儲介質)	202211625081.5	Enterprise-level servers and data centers, PC	DRAM module
	A Memory Automation Testing Method and System Based on Hybrid Cloud (一種基於混合雲的內存自動化測試方法和系統)	202211665140.1	Enterprise-level servers and data centers, PC	DRAM module
DDR4 PHY Logic Interface Development	Duty Cycle Detection Method for Delay-Locked Loop Clock Signals and Duty Cycle Detector (延遲鎖相環路時鐘信號佔空比檢測方法、佔空比檢測器)	202310392614.8	Enterprise-level servers and data centers, smart home appliances	DRAM chip

OUR EMPLOYEES

As of December 31, 2025, we had a total of 161 employees. The following table sets forth the number of our full-time employees by function as of December 31, 2025, respectively:

	As of December 31, 2025
	<i>Number of Employees</i>
Function	
R&D	86
Sales and Marketing	26
Administration	21
Operating and Quality Control	19
Senior Management	9
Total	161

As of December 31, 2025, 90.7% of our employees were based in the PRC, while the other 9.3% of our employees were based in Japan. To streamline human resource management, we established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others.

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We use various recruitment methods, including campus recruitment, online recruitment, other external recruitment channels as well as internal referrals and transfers. In addition to salaries and benefits, we generally offer our full-time employees an annual performance-based bonus tied to our Company’s operational results. We have established a comprehensive system for employee training and development, including general trainings on company information and corporate culture, product knowledge, employee rights and responsibilities, workplace safety, data security and other vocational aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to our business. We are committed to making continual efforts to provide an engaging working environment for our employees.

We enter into standard labor contracts and confidentiality agreements with our full-time employees, and we enter into non-competition agreements with our key management and professionals. 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 housing, pension, medical, work-related injury, maternity and unemployment benefit plans. We believe we maintain a good working relationship with our employees, and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

During the Track Record Period, we provided mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance, maternity insurance and medical insurance. We believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities, including but not limited to property all risks insurance, supplementary commercial insurance for employees (including supplementary medical insurance and accidental injury/death insurance), etc. Our Directors consider our insurance policy as a whole to be in line with the general market practice. See “Risk Factors — Risks Relating to Our Industry and Business — We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be adversely affected should any such liability or losses arise.”

QUALITY CONTROL

We emphasize quality control in all aspects of our operations, including product development, component sourcing, product assembly and delivery. We apply strict quality control standards and have implemented various quality control checks to ensure that our products meet our customers’ expectations and international and industry standards. We also require our business partners, including wafer manufacturer, packaging and testing service providers, assembly service providers, components suppliers and delivery service companies, to apply their stringent quality control standards and meet our internal requirements. The following outlines the quality control measures at each stage of the production process that we or our production partners have in place:

Procurement of raw materials. We have always been selective in choosing our suppliers for raw materials. We only purchase from qualified suppliers, and the qualification process includes rigorous requirements regarding quality control. See “Production and Procurement — Procurement of Raw Materials, Components and Parts” for detailed supplier selection criteria. We constantly monitor the raw materials we source, and conduct quarterly reviews and evaluations on our suppliers’ performance, covering the quality of the components supplied, the timeliness of delivery, pricing and ability to provide value-added services. Pursuant to our arrangement with various suppliers, any components delivered that fail our quality inspection will be returned to our suppliers at their cost, and we will terminate our relationship with such suppliers if they fail to rectify the defects.

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Wafer fabrication. During the Track Record Period, we cooperate exclusively with PSMC for wafer fabrication as wafer fabrication requires highly advanced technologies and PSMC is a global leader in wafer fabrication. We understand PSMC, as a leading wafer manufacturer, has stringent quality standards that safeguard the quality of wafers we use for our chips. We inspect wafers before delivery for packaging and testing.

Packaging and testing. Our packaging and testing partners also conduct inspection of the wafers for us. Upon delivery of packaged and tested chips, we further conduct our own inspection to ensure the chips’ quality.

Assembly. We have adopted stringent safety and quality standards for final product assembly in addition to those of our third-party subcontractors for assembly services. Specifically, we conduct quality sampling tests on the components used in the assembly process, semi-finished products and final products. We have received ISO9001:2015 certification. We also have a dedicated quality control team responsible for carrying out the quality control procedures based on the ISO9001:2015 standards. We have devoted and will continue to devote significant resources to product quality control. During the Track record Period and as of the Latest Practicable Date, we have not experienced any material product quality disputes.

WARRANTY AND AFTER-SALES SERVICES

We generally provide a warranty period of one year to three years for our products. We maintain timely communication with our customers, promptly address their feedback, and deliver efficient after-sales services. We believe that the provision of satisfactory after-sales services is a crucial determinant of our success. We receive customer feedback through our website, telephone, email and via our extensive network of distributors. We have established an efficient customer complaint handling mechanism, featuring clear responsibilities, rapid root cause analysis, and tiered annual case reviews to drive continuous improvement. These standardized procedures ensure timely responses and effective corrective actions across departments. We provide product return and exchange services that are tailored to address the requirements and concerns of our customer. We developed a standard product return procedure which is detailed in our customer return management policy. When a customer raises a quality issue with our products, we will promptly verify the concern. Following an internal analysis and review that confirms a product deficiency, our quality control department will inform the customer service team to initiate a return request to complete the return and exchange procedure. During the Track Record Period, we did not experience material product returns from our direct sales customers or distributors. In isolated cases, we may coordinate product exchanges for customers to accommodate their adjustments in product designs, product processes and product promotion and marketing arrangements. During the Track Record Period, the amount of such product exchanges was insignificant.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental, Social, and Governance Matters

We are keenly aware of the importance of Environmental, Social and Governance (ESG) to sustainable development. Upon [REDACTED], we commit to complying with the *Environmental, Social and Governance Reporting Guide* as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. On an annual basis, we will publish ESG reports to disclose our ESG performance to stakeholders.

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ESG Governance

We have established a top-down, three-tiered ESG governance structure with a clear definition of the responsibilities for ESG matters at each level to ensure the orderly implementation of ESG-related work. The Board of Directors, as the highest decision-making body for ESG governance, is responsible for reviewing ESG objectives, overseeing ESG risks, formulating strategies, and supervising ESG matters. The Audit Committee, operating under the Board of Directors, is responsible for assisting the Board in ensuring the effective implementation of ESG-related work, managing the achievement of ESG objectives, and reporting regularly to the Board on ESG progress. The ESG Working Group, composed of heads of major departments within our Company, is responsible for the day-to-day execution of ESG matters, including ESG risk identification and assessment, ESG information disclosure, ESG performance management, ESG training, and other related activities.

Tackling Climate Change

Climate Change Risks and Opportunities

We recognize that climate change poses long-term impacts on our business operations. We have identified and assessed climate-related risks, taking into account policies and regulations, market concerns, and current climate conditions and trends. The main risks involved include:

- Physical risks: Climate change and extreme weather events may directly impact our daily operations. These risks include acute risks (typhoons, floods, heavy rainfalls, and other extreme weather events) and chronic risks (such as long-term changes in climate patterns or sea level rise). We have formulated the *Emergency Response Management Procedures*, which clearly defines the handling processes and personnel responsibilities for responding to potential natural disasters such as typhoons and floods, and also continuously optimized the procedure. We provide allowances for employees working in high temperatures and implement flexible work arrangements to ensure the safety of our employees, customers, and company assets.
- Transition risks: In the process of transitioning to a low-carbon economy, we may face risks related to policy, technology, market, and reputation. We continuously monitor the requirements of external policies and laws and stakeholder needs. In addition, we encourage employees to choose low-carbon travel options to ensure the reduction of carbon emissions during our operations. At the same time, we require our suppliers and production partners to take energy-saving and carbon-reducing measures, and actively explore sustainable operating practices across the entire value chain.

Despite facing the aforementioned climate change-related physical and transition risks, we have identified potential business opportunities presented by climate change.

- Opportunities for industry development: Memory chips are widely used in key areas of the digital economy, such as smart terminals and data centers, enabling us to capitalize on the development opportunities presented by industrial digitalization and the green and low-carbon transition.
- Opportunities for technological innovation: We continuously invest in R&D and improve product energy efficiency performance through technological innovations such as advanced process optimization and low-power design.
- Opportunities for market demand: The market demand for green and low-carbon memory products is on the rise. Our products have obtained multiple internationally recognized authoritative certifications, thus meeting the demand of global customers for high-performance, low-power memory solutions.

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Energy Management

We strictly adhere to laws and regulations such as the *Law of the People’s Republic of China on Conserving Energy*. We have also established energy management systems, including the *Environmental Aspect Inspection and Control Procedures*. Through lean management and energy-saving measures, we continuously strengthen energy consumption management in various operational scenarios and business stages to achieve our energy-saving goals. Specific measures include:

- Encouraging employees to save electricity and energy through internal promotion (such as emails and posters)
- Setting air conditioning temperatures appropriately to ensure efficient energy usage
- Ensuring that devices such as computers, printers, and copiers automatically enter sleep or standby mode when not in use
- Purchasing energy-efficient equipment to reduce unnecessary energy consumption.
- Promoting remote work to lower the energy demand of office spaces

From the initial construction stage of the Jinhua Testing Laboratory, we integrated the concept of energy conservation. The laboratory is equipped with energy-efficient lighting fixtures and a variable-frequency air conditioning control system. Once the testing environment reaches the required constant temperature and humidity, the air conditioning system automatically switches to a minimum power mode to reduce energy consumption. In terms of equipment procurement, we prioritize testing equipment with high energy efficiency ratios. In addition, we established comprehensive equipment usage regulations for the laboratory, explicitly requiring that equipment be operated on an as-needed basis and that main system power be turned off outside of working hours to minimize power loss. We also conduct regular energy audits to identify major energy-consuming items and enhance management of these areas. To foster a culture of collective participation in energy-saving practices, the laboratory organizes annual training and promotional activities focused on energy conservation.

Metrics and Targets

Throughout our operations, we continuously monitor energy usage and performance metrics and also regularly conduct statistical analysis of energy consumption. The data on energy consumption and carbon emissions for the years ended December 31, 2023, 2024 and 2025 are as follows:

Energy Consumption	Unit	2023	2024	2025
Natural gas	m ³	1,521	1,820	2,670
Direct energy consumption	MWh	15.03	17.98	26.38
Direct energy consumption intensity . . .	MWh/RMB million	0.03	0.03	0.01
Purchased electricity*	MWh	654.57	1,002.45	1,679.80
Indirect energy consumption	MWh	654.57	1,002.45	1,679.80
Indirect energy consumption intensity . .	MWh/RMB million	1.12	1.55	0.02
Total energy consumption	MWh	669.60	1,020.43	1,706.18
Energy consumption intensity	MWh/RMB million	1.15	1.58	0.02

* The increase in purchased electricity during the Track Record Period is primarily attributed to the commissioning of our testing facility located in Jinhua, Zhejiang, as well as the expansion of overall production capacity.

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GHG Emissions	Unit	2023	2024	2025
Direct GHG emissions (Scope 1)	tCO ₂ e	3.29	3.94	5.77
Indirect GHG emissions (Scope 2)	tCO ₂ e	373.30	571.70	957.99
Total GHG emissions (Scope 1 & 2) . .	tCO ₂ e	376.59	575.64	963.76
GHG emission intensity (Scope 1 & 2)	tCO ₂ e/RMB million	0.65	0.89	0.87
Other indirect GHG emissions in the value chain (Scope 3)	tCO ₂ e	16,711.17	19,443.32	34,369.74
GHG emission intensity (Scope 1, 2 & 3)	tCO ₂ e/RMB million	29.44	30.97	31.98

Notes:

- (1) The greenhouse gas (GHG) emissions metrics are calculated in accordance with internationally recognized standards and guidelines, including *Greenhouse Gas Protocol* (GHG Protocol) issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the *China Products Carbon Footprint Factors Database* (2022), the EPA Supply Chain GHG Emission Factors v1.2 (NAICS, CO₂e, USD2021), and the *2021 UK Government GHG Conversion Factors for Company Reporting*.
- (2) The energy consumption metrics are calculated in accordance with the national standards of the People's Republic of China, including the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB2589-2020) and the *Guideline of the Greenhouse Gas Emissions Accounting and Reporting – Power Generation Facilities*.
- (3) Indirect energy mainly includes purchased electricity.
- (4) Direct energy mainly includes natural gas used at our operational sites.
- (5) Other indirect GHG emissions in the value chain mainly come from purchased goods and services, capital goods, upstream transportation and distribution, business travel, and employee commuting.

In 2022, we launched the Jinhua Testing Laboratory construction project. From 2023 to 2024, we procured a substantial amount of testing and auxiliary equipment. The laboratory began operations in 2023, with testing capacity gradually expanding. The construction of fixed assets and the acquisition and use of laboratory equipment have been the main drivers of increased energy consumption and carbon emissions over the past two years. Meanwhile, the rapid expansion of the Company's scale has not been immediately accompanied by a corresponding increase in new product sales, resulting in a slight rise in energy consumption and carbon emissions per unit of revenue. To effectively manage and control energy consumption and carbon emissions, we actively taken steps to expand product sales in order to ensure a continuous reduction in both energy consumption and carbon emission intensity.

Moreover, all of our products are manufactured by OEM suppliers, making the purchased goods and services category the primary source of our Scope 3 GHG emissions, accounting for over 90%. In light of this, we have set clear carbon footprint requirements for the products supplied by our OEM partners, aiming to drive more effective energy-saving and carbon-reducing measures during chip manufacturing processes. Through these initiatives, we aim to work collaboratively with stakeholders across the value chain to promote green mobility and further reduce Scope 3 GHG emissions.

In order to effectively track energy consumption and carbon emissions, we have set the following targets. By 2030, we aim to reduce our comprehensive energy consumption intensity and operational carbon emission intensity (Scope 1 & 2) by 15% compared to 2024 levels. Furthermore, we are committed to achieving a year-on-year reduction in our Scope 3 carbon emission intensity.

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The specific targets and timeline for energy consumption and carbon emission intensity reduction are as follows:

2024	2025	2026	2027	2028	2029	2030
Baseline year	Drop	3%	6%	9%	12%	15%

Environmental Protection

Adhering to the philosophy of green, eco-friendly sustainable development, the Company is dedicated to minimizing the environmental impact of its business operations. We strictly comply with the *Environmental Protection Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and other applicable laws and regulations. We have established a series of internal environmental management systems, including the *Environmental Aspect Inspection and Control Procedures*, and required all departments and subsidiaries to strictly adhere to these regulations. We have obtained the ISO 14001:2004 Environmental Management System certification.

Water Resource Management

We place high importance on the comprehensive utilization and rigorous management of water resources during the operational process. We implement water-saving measures throughout our business operations and adopt targeted optimization strategies to enhance the efficiency of domestic and laboratory water usage. Specific measures include raising water-saving awareness among employees through emails and posters; reducing water usage in pantry areas by adopting centralized cleaning methods and installing sensor-activated faucets and other water-saving facilities.

We have implemented the following targeted measures:

- Recycling of air conditioning cooling water through a closed-loop circulation system to reduce demand for fresh water;
- Installation of intelligent remote control systems at the equipment end, enabling automatic shutdown of the water supply when the cooling water pressure reaches a predefined standard and the equipment is in standby mode, thereby further increasing water resource efficiency.

Through these measures, we are committed to minimizing water consumption while ensuring the smooth operation of the laboratory, thereby contributing to its sustainable development.

Water Consumption	Unit	2023	2024	2025
Water consumption volume*	Tonne	3,337	5,918	11,290
Water consumption intensity	Tonne/RMB million	5.75	9.16	10.22

* The increase in water usage during the Track Record Period is primarily attributed to the commissioning of our testing facility located in Jinhua, Zhejiang, as well as the expansion of overall production capacity.

As part of our efforts toward water conservation, we have set water-saving targets: by 2030, our water consumption intensity will decrease by 2% annually compared to the previous year.

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The specific targets and timeline for water consumption intensity reduction are as follows:

2024	2025	2026	2027	2028	2029	2030
Baseline year	2%	2%	2%	2%	2%	2%

Emissions Management

As a fabless chip design company, we do not own any manufacturing facilities or vehicles. Therefore, our daily operations do not generate waste gases or wastewater. In terms of waste management, our waste primarily consists of general solid waste generated in offices, warehouses, and laboratories, as well as scrapped chips resulting from testing processes.

We strictly comply with the *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other relevant laws, regulations, and industry standards. We have formulated the *Waste Management Procedures* to ensure the effective disposal of waste. All waste generated is collected in a centralized manner and transported off-site for disposal in accordance with regulatory requirements. Furthermore, we actively raise employees’ awareness of waste reduction and resource efficiency through means such as emails and posters. The main measures include reducing the use of disposable items and encouraging green procurement.

The data on waste emissions and disposal for the years ended December 31, 2023, 2024 and 2025 is as follows:

Waste Emissions	Unit	2023	2024	2025
Total waste emissions*	Tonne	0.36	0.29	0.41
Waste emission intensity	Tonne/RMB million	0.00062	0.00045	0.00037
Proportion of hazardous waste receiving compliant treatment*	%	100	100	100

* Hazardous waste refers to scrapped chips generated during the testing process, 100% of which is crushed and recycled.

Product Responsibility

We strictly adhere to the laws and regulations of the regions where it operates, including the *Product Quality Law of the People’s Republic of China* and the *Standardization Law of the People’s Republic of China*. We have put in place a comprehensive control plan during the entire process from raw material quality, production and processing testing to packaging and shipment. Each stage is operated and inspected in line with the requirements of the control plan.



Production Process Quality Control Procedures

Besides engaging in product innovation, we have formulated the *Intellectual Property Management Measures* and the *Patent Incentive Management Measures* to emphasize the protection of intellectual property rights and encourage the output of innovative achievements.

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Customer Responsibility

Upholding a customer-centric philosophy, we have formulated the *Guidelines on Customer Complaint Handling Operations* to optimize the customer service experience to the greatest extent possible and continually enhance customer satisfaction. We have established a prompt and effective complaint-handling mechanism, held major departments accountable for customer complaints, and set requirements such as the efficiency of response to customer demands. In addition, we have prepared the *Nonconforming Product Quality Control Operation Procedures* to clarify management processes such as product after-sales service and product recall, and continuously optimize our products.

In strict accordance with the *Civil Code of the People’s Republic of China* and the *Personal Information Protection Law of the People’s Republic of China*, we rigorously protect customer privacy. We have prepared the *Information Security Guidelines* to standardize the management of customer personal information files and continuously optimize our privacy protection system. As of December 31, 2025, we had not experienced any incidents of infringing customer privacy rights or leaking customer information.

Employee Management

We strictly comply with relevant laws and regulations such as the *Labor Law of the People’s Republic of China* and the *Labor Contract Law of the People’s Republic of China*. The specific guidelines for compliant recruitment have been outlined in the *Employee Handbook*. We explicitly prohibit any form of child labor or forced labor, and ensure that our recruitment processes are fair and impartial.

In addition, we provide our employees with competitive compensation and a wide range of benefits, including but not limited to festival allowances, supplementary commercial insurance, paid annual leave, health check-ups, employee training and development programs, and high-temperature subsidies. These measures aim to fully safeguard employees’ rights and interests, enhance job satisfaction, and support employees in achieving a healthy work-life balance.

We have developed scientific training programs for all employees. Through standardized and systematic training management, we enhance employees’ professional skills and robust human resource support for our Company’s growth. Every year, we formulate an *Annual Training Plan* based on business needs.

We strictly comply with laws and regulations such as the *Work Safety Law of the People’s Republic of China*, the *Fire Protection Law of the People’s Republic of China*, and the *Law of the People’s Republic of China on Prevention and Control of Occupational Diseases*. We arrange annual health check-ups for all employees and provides necessary labor protection articles for factory and warehouse staff to safeguard their health. As of December 31, 2025, we had not experienced any incidents of work-related injury or death.

Anti-corruption

We adhere strictly to laws and regulations such as the *Anti-Unfair Competition Law of the People’s Republic of China* and the *Anti-Monopoly Law of the People’s Republic of China*. We have formulated the *Regulations on Anti-Commercial Bribery Management System* to maintain a sound business ethics environment. We have set up an Integrity Leading Group, whose members include our general manager, chief financial officer, head of audit, and head of legal affairs. We have opened a dedicated email account to ensure that key management personnel stay updated on audit developments and promptly address any breaches of business ethics. Meanwhile, we publicly disclose our whistleblowing channels. The Integrity Leading Group conducts internal investigations into the reports and also leverages the expertise of external auditors and lawyers when necessary.

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In order to standardize employee conduct, we have detailed the specific requirements of anti-commercial bribery in the *Employee Handbook*. By means of official announcements, we clearly convey our anti-bribery policies and guidelines to all employees in an authoritative manner. Moreover, we incorporate anti-commercial bribery clauses into the new employee onboarding training courses to ensure that every employee acquires an awareness of compliance. As set out in cooperation agreements with customers and suppliers, we explicitly require them to adhere to our anti-bribery terms and uphold the principles of integrity cooperation, thus preventing misconduct at the source of business relationships. As of December 31, 2025, we had not experienced any litigation cases related to violations of business ethics.

RISK MANAGEMENT AND INTERNAL CONTROL

We adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency.

We are dedicated to upholding the legal compliance of our operations and management, safeguarding assets and ensuring the accuracy and completeness of financial reports and related information. We established an internal audit department tasked with independent audit supervision of the business operations and internal control of our Company in accordance with laws, rules and regulations and Articles of Association, and in accordance with the principles of objectivity, impartiality and prevention.

Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management. Our Directors are of the view that our current internal control measures are adequate and effective.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines.

In accordance with such procedures, our operations department conducts supplier selection and evaluation before entering into any contracts or business arrangements, which includes reviewing the suppliers’ business qualifications, service history, and key achievements. In addition, our legal department reviews the contract terms and examines related documents, including all necessary due diligence materials and licenses and permits obtained by the other party to fulfill its obligations under the relevant contract.

In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment to ensure compliance in our business operations. We delegate the responsibility of monitoring compliance in specific business areas to representatives from those areas. In addition, we have a dedicated department that continuously supervises compliance efforts within departments and reports to our general manager. We also have a department that regularly evaluates and supervises our compliance efforts and reports to our general manager and the Board.

Intellectual Property Risk Management

As a knowledge- and technology-intensive company, we have been and may continue to be subject to claims from companies holding patents or other intellectual property rights, alleging infringement of such rights or otherwise asserting their rights and urging us to obtain licenses in the course of our operations. See “Risk Factors — Risks Relating to Our Industry and Business — Our business may be adversely affected by inadequate protection of intellectual property rights and/or claims by third parties for possible infringement of their rights.” To ensure proper management of

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our intellectual property and avoid litigation concerning intellectual property infringement, we have implemented various internal policies and established an internal intellectual property management system: (1) we have developed and enacted robust internal policies for the management of intellectual property rights; (2) to facilitate effective management of our intellectual properties, we utilize an internal intellectual property management system for the full lifecycle management of our proprietary intellectual property; (3) to safeguard against potential infringements on both our intellectual property rights and those of others, our legal department, responsible for intellectual property management, conducts thorough searches and analysis of our R&D outcomes upon the completion of scientific research projects and technology development; (4) we require employees to adhere to confidentiality obligations for technical secrets, sign confidentiality contracts and non-compete agreements, and follow an internal confidentiality system outlining specific employee responsibilities; and (5) to foster employees’ enthusiasm for research and enhance the protection of our technologies, we have established a patent reward management policy to encourage protecting job-related inventions through patents.

Information Security and Data Privacy Risk Management

See “Data Security and Privacy” in this document.

Anti-corruption Risk Management

Anti-corruption risk refers to the risk of use of cheating, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our Company’s economic interests and (ii) the pursuit of improper interests of our Company. We have established our anti-corruption risk management policies prohibiting any corruption activities by our employees, either for the pursuit of improper personal benefits or improper interests of our Company. We have maintained a whistleblower mechanism for employees to anonymously report any incidents of bribery and corruption. Our internal audit department bears sole accountability for the audit and anti-corruption endeavors of our Company and provides regular reports to the Audit Committee of the Board. We will impose corresponding administrative disciplinary sanctions on persons responsible for corruption incidents. Suppliers, distributors and customers found to engage in corruption incidents shall receive formal warnings, face restrictions on supply or sales, and, where deemed necessary, be placed on a prohibited list. We provide internal training to our employees and ensure that our stakeholders, including customers, distributors, suppliers and shareholders, are informed of our anti-corruption policies and practices.

Audit Committee Experience and Qualification and Board Oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. See “Directors and Senior Management — Board of Directors.”

In addition to our internal control department, we have also established an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board on a timely basis.

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INFORMATION TECHNOLOGY SYSTEMS

IT is fundamental to our competitive edge and operational efficiency. We utilize and maintain IT systems that evolve in tandem with our business growth, ensuring they meet our varied operational demands. These systems underpin key areas such as sales, R&D, supply chain management, production and after-sales services. Our main information technology systems include the following:

- *BI system:* Our business intelligence (“**BI**”) system facilitates data integration and analysis to support management decision-making. By collecting and processing operational data from various departments, including inventory, sales, and finance, the system provides real-time business insights and reports. Through data visualization, trend analysis, and predictive models, it helps optimize supply chain management, production planning, and resource allocation.
- *OA system:* Our Office Automation (“**OA**”) system integrates functions such as scheduling, document management, workflow, and collaboration to enhance internal efficiency. At the same time, the system provides document management and data analytics features, ensuring document security and assisting our management in optimizing operations.
- *ERP system:* Our Enterprise Resource Planning (“**ERP**”) system is designed to integrate various aspects of our business, including finance, procurement, production, logistics, sales, and quality control. It promotes communication and coordination across different departments, thereby improving efficiency and enhancing productivity.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations. See “Risk Factors — Risks Relating to Doing Business in the Markets in which We Operate — Cybersecurity breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.”

DATA SECURITY AND PRIVACY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. This is particularly pertinent as the PRC legislature and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, use, storage, disclosure and transfer of various types of data may come under increased administrative scrutiny. See “Risk Factors — Risks Relating to Doing Business in the Markets in which We Operate — Cyber security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer” and “Risk Factors — Risks Relating to Our Industry and Business — Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have an adverse impact on our business, financial condition and results of operations.”

In the course of our business operations, we collect, store and process business data and transaction data. Given that we only make transactions with enterprises, our business generally does not involve the collection or processing of customers’ personal information.

To reinforce our data security and protection measures, we established comprehensive internal policies. These policies facilitate our data management and provide detailed requirements in relation to the classification, storage, access, transmission, encryption and disposal of data. We closely monitor data security threats and promptly strengthen protective measures to prevent data breaches and system disruptions from impacting our operations and reputation. We also stay vigilant

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about changes in data privacy regulations across different countries to ensure compliance and mitigate legal and financial risks. Additionally, we closely follow market regulatory requirements to obtain necessary permits and licenses in a timely manner, preventing potential business disruptions.

Moreover, we implemented a robust information backup management system, which sets forth the guiding principles, detailed procedures and mechanisms for data recovery. In addition, we formulated a manual on information security management to set out the general guidance and principles of our information security management, under which we established a series of policies and procedures, including among others, policies on system operation management, password management and corporate trade secret protection and procedures on document control and confidentiality management. These systems, policies and procedures collectively form a solid framework that safeguards our data and upholds our stringent standards for information security.

COMPETITION

We primarily compete against global and local DRAM chip design companies adopting similar fabless model as ours. According to Frost & Sullivan, DRAM chips are among the most widely used and standardized foundational products in the integrated circuit industry, with market demand showing considerable growth. Based on different product specifications and applications, DRAM can be divided into mainstream DRAM and niche DRAM and our Company specializes in the niche DRAM market. According to Frost & Sullivan, the global niche DRAM market was RMB68.6 billion in 2025. The China (including Hong Kong, Macau and Taiwan) niche DRAM market reached RMB41.6 billion in 2025, and in the next five years, benefiting from the withdrawal of overseas large manufacturers, the technological rise of local manufacturers, as well as the promotion of the Internet of Things and domestic substitution policies, the China (including Hong Kong, Macau and Taiwan) niche DRAM market size is expected to reach RMB95.7 billion by 2030, with a CAGR of 18.2% from 2025 to 2030. See “Industry Overview — Overview of the Global and China Dram Market — Market Drivers and Trends of DRAM Industry — Increase of domestic self-sufficiency rate” in this document.

The principal competitive factors in our markets include technological expertise and innovative R&D capabilities, product development capabilities and supply chain partnerships. We have significant in-house capabilities across critical areas of DRAM chip design and testing and are increasing spending in R&D in key areas, with a focus on the development of AI memory-computing solutions. We offer a comprehensive range of DRAM products to meet diverse customer needs in various segments such as consumer-grade and industrial-grade markets, with wide product applications across consumer electronics, network communications, automotive electronics, energy and industrial control systems. We continue to enhance our existing product portfolio, including the continuous iteration of our DRAM chip offerings, as well as the development of high-bandwidth memory products, focusing on the implementation of 3D heterogeneous integration solutions. In terms of supply chain partnerships, we have established strong, long-term relationships with fabrication foundries and packaging and testing service providers which will further consolidate our competitiveness.

We have demonstrated strong market competitiveness among Chinese companies in the global niche DRAM market. According to Frost & Sullivan, in terms of niche DRAM revenue in 2025, we ranked fifth among Chinese companies and fourth among Chinese fabless companies in the global niche DRAM market. We have developed expertise in Wafer-on-Wafer 3D heterogeneous integration technology and are actively advancing toward achieving mass production of high-bandwidth memory products.

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OUR PROPERTIES

Jinhua Property

During the Track Record Period, we entered into a purchase agreement (the “**Purchase Agreement**”) with Zhejiang Jinyi Zhiyuan Industrial Co., Ltd.* (浙江金義智園實業有限公司) (“**Jinyi Zhiyuan**”) for the acquisition of a testing facility in Jinhua, Zhejiang, with a total gross floor area of 8,286.8 sq.m. (“**Jinhua Property**”). As of the Latest Practicable Date, Jinyi Zhiyuan had obtained the real property ownership certificate of Jinhua Property. We have paid the purchase price for Jinhua Property in full according to the Purchase Agreement and occupied Jinhua Property. As of the Latest Practicable Date, Jinyi Zhiyuan had not completed the registration of the change in right holder for real property ownership certificate, as Jinyi Zhiyuan is currently undergoing internal procedures.

We have obtained a written confirmation from Jinyi Zhiyuan in May 2025 (the “**Confirmation**”), confirming, among others, that: (1) as of the date of the Confirmation, Jinhua Property is free from any mortgage, or other encumbrances, and is not subject to any disputes over debts and claims, or any property preservation measures in litigation, and that there are no defects or other inherent faults that would affect the use of Jinhua Property; (2) we have full rights to own and use Jinhua Property; (3) completing the registration of the change in right holder for real property ownership certificate of Jinhua Property is not subject to any material legal impediments; and (4) we and Jinyi Zhiyuan have no existing or potential disputes, controversies, or claims with respect to Jinhua Property. In addition, Jinyi Zhiyuan undertakes to complete the registration of the change in right holder for real property ownership certificate as soon as possible. As advised by our PRC Legal Advisor, the Purchase Agreement is legally binding on Jinyi Zhiyuan and us. Accordingly, we are entitled to require Jinyi Zhiyuan to complete the registration of the change in right holder for real property ownership certificate of Jinhua Property.

Leased Properties

As of the Latest Practicable Date, we leased (i) six properties in the PRC with an aggregate gross floor area of approximately 2,896 sq.m.; (ii) one property in Hong Kong with a gross floor area of approximately 923 sq.ft.; and (iii) three properties in Japan with an aggregate gross floor area of approximately 249.8 sq.m., all from Independent Third Parties. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from one year to three years. The properties we owned or leased are primarily used for office purposes.

As of the Latest Practicable Date, three of our lease agreements in the PRC were not registered with the relevant competent authorities. We have taken proactive steps to register these lease agreements. As the registration of a lease agreement requires the cooperation between the lessor and lessee, and lessors are typically unwilling to undertake the administrative burden, we were not able to complete the registration of the remaining lease agreements. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China. As advised by our PRC Legal Advisor, the lack of registration does not affect the validity and enforceability of the lease agreements, but we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register. Our PRC Legal Advisor advises that, if the lease registration can be completed in accordance with relevant laws and regulations within the prescribed time limit ordered by the competent governmental authorities, the risk of governmental authorities imposing a material penalty on us with respect to these leased properties is remote. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties arising from the non-registration of our lease agreements, and had not experienced any dispute arising out of, or in relation to, our leased properties.

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In addition, the lessor of one of our leased properties with an aggregate gross floor area of 1,689.6 sq.m. was unable to provide a valid title certificate as of the Latest Practicable Date. As advised by our PRC Legal Advisor, it is the landlord’s responsibility to obtain a title certificate, and, we, as the lessee, will not be subject to any material penalties. We may not be able to continue to use such property if the validity of such lease is challenged by third parties, in which case we will have to relocate to other premises. Since the leased property is primarily used as our office space and is substitutable, such relocation may involve additional costs but would not have a material adverse impact on our business operation. As of the Latest Practicable Date, we were not aware of any challenge by third parties or government authority of such title defect. We cannot assure you that in the future, we may not encounter such challenges. In addition, in the event of relocation, the additional costs could adversely affect our daily operation and cause an impact on our financial condition.

As of the Latest Practicable Date, we had no owned property interest that forms part of our non-property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01(2)(b) of the Listing Rules.

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received awards and recognitions, including, but are not limited to, the following:

Award/Recognition	Award Year	Awarding Institutional/Authority
National-Level Specialized and Sophisticated Key “Little Giant” Enterprise (國家級專精特新重點「小巨人」企業)	2025	The Ministry of Industry and Information Technology of the PRC
National Specialized and New “Little Giant” Enterprise (國家級專精特新“小巨人”企業) . . .	2024	The Ministry of Industry and Information Technology of the PRC
Provincial Enterprise Research and Development Institution (省級企業研發機構)	2024	Zhejiang Provincial Department of Economy and Information Technology
Most Innovative and Dynamic Small and Medium Enterprise (最具創新活力中小企業獎). “Gold Member”	2024	Zhejiang Semiconductor Industry Association
Global Computing Alliance Membership Certificate (全球計算聯盟會員證書)	2024	Diversity Computing Promotion Committee of the China Communications Standards Association
Member of the China Automotive Chip Industry Innovation Strategic Alliance (中國汽車芯片產業創新戰略聯盟會員)	2024	Global Computing Alliance
Zhejiang Province Specialized and New Small and Medium-sized Enterprises (浙江省專精特新中小企業)	2023	China Automotive Chip Industry Innovation Strategic Alliance
		Zhejiang Provincial Department of Economy and Information Technology

LICENSES, APPROVALS AND PERMITS

We are subject to laws, regulations, and supervision by different levels of regulatory authorities and are required to maintain various licenses, permits and certificates in order to conduct our business. A summary of such relevant laws and regulations which our business operations are subject to is set out in the section headed “Regulatory Overview” in this document.

During the Track Record Period and up to the Latest Practicable Date, we had obtained all the material requisite licenses, qualifications and permits from the relevant regulatory authorities, and all of our material licenses, qualifications and permits were valid and subsisting as of the Latest Practicable Date. There were no certificates that are expired or not yet renewed as of the Latest Practicable Date. Our Directors are of the view that there are no material legal impediments in renewing the licenses that will be expiring.

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LEGAL AND REGULATORY COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. For more information, please see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to risks relating to litigations and disputes with employees, competitors, business partners or other parties, which could adversely affect our business, financial condition, results of operations and prospects." in this document.

During the Track Record Period and up to the Latest Practicable Date, there had been no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

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 business, financial condition and results of operations.

BUSINESS ACTIVITIES IN RELATION TO REGION AND ENTITY SUBJECT TO INTERNATIONAL SANCTIONS AND ENTITY SUBJECT TO EXPORT CONTROLS

During the Track Record Period, the Group has sold certain self-developed smart memory chips, wafers to non-sanctioned customers based in the Relevant Region. The Group has engaged certain Taiwan-based non-sanctioned foundry and packaging firms to manufacture certain items which are classified as EAR99. Most of the items that fall within the scope of the EAR but are not specifically controlled for export, are given the classification of EAR99. EAR99 items generally consist of low-technology consumer goods and do not require a license in most situations. As advised by our International Sanctions Legal Advisers after performing the procedures they consider necessary, the Group's activities with the Relevant Region and its procurement of EAR99 items did not implicate the applicable U.S. Export Controls or represent a Primary Sanctioned Activity on the basis that i) we are not a Sanctioned Target; ii) the Relevant Region is not subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction; and iii) our customers based in the Relevant Regions are not sanctioned, thus our procurement and corresponding sales of such items in the Relevant Regions did not represent a violation to the export controls applicable such items.

During the Track Record Period, the Group has also sold certain DRAM module incorporated with DRAM DIE that are non-U.S. origin and are not subject to the EAR to two customers which have been designated by the BIS to the Entity List. The Group has reviewed the compliance of the transactions before proceeding with the in-country transfer to the said Entity List customers, and has received confirmation from our supplier that such DRAM DIE are not subject to the EAR. As advised by our International Sanctions Legal Advisors, based on the information provided by the Group, on the basis that such DRAM DIE are non-U.S. origin and are not subject to the EAR, such export did not implicate the U.S. Export Controls applicable to the said Entity List customers, and hence did not represent a Primary Sanctioned Activity or a violation of the U.S. Export Controls.

As advised by our International Sanctions Legal Advisors, on the basis that we did not engage in any activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions, the prohibitions and wider restrictions under EU, UK and UK Overseas Territories sanctions measures as applicable during the Track Record Period, are not implicated by the Group's business activities in the Relevant Region.

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IMPACT OF U.S. OUTBOUND INVESTMENT RESTRICTIONS

The Outbound Investment Rule

On October 28, 2024, the U.S. government issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Outbound Investment Rule**”). The Outbound Investment Rule implements Executive Order 14105, dated August 9, 2023, entitled “Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern.” The rules impose investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as “covered foreign persons.” Unless an exception applies, U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, certain investments in covered foreign persons, which are defined as “covered transactions.” The “covered transactions” include acquisitions of equity interests that are not yet publicly traded, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund.

The Outbound Investment Rule excepts from its coverage (among other transactions) investments in “publicly traded securities” as defined in the Outbound Investment Rule — i.e., denominated in any currency that trade on a securities exchange or over-the-counter in any jurisdiction. Notably, this exception does not apply to investments that afford a U.S. person rights beyond “standard minority shareholder protections,” as defined in the Outbound Investment Rule, with respect to the covered foreign person.

The Outbound Investment Rule took effect on January 2, 2025, and applies to transactions with a completion date on or after that date. Notably, on February 21, 2025, the America First Investment Policy Memorandum was issued aiming to potentially further expand the set of technologies and targeted investment types.

Impact of the Outbound Investment Rule on our Group

Our legal advisor as to the Outbound Investment Rule and our Directors are of the view, and the Sole Sponsor concurs, that the impact of the Outbound Investment Rule is generally limited and manageable because:

- Investments by persons other than U.S. persons or their “controlled foreign entities,” as defined under the Outbound Investment Rule, are generally not subject to the Outbound Investment Rule, unless a U.S. person is involved in a manner that constitutes “knowingly directing” a “prohibited transaction” by a non-U.S. person.
- We are likely a “covered foreign person,” and our business likely constitutes “covered activities” under the Outbound Investment Rule. As a result, investments by U.S. persons in us could constitute “notifiable transactions” under the Outbound Investment Rule. An exception to the notifiable transaction regime applies to investments by U.S. persons in publicly traded securities, including securities traded on a non-U.S. exchange such as the Stock Exchange, as long as the trade does not afford a U.S. person rights beyond standard minority shareholder protections with respect to the covered foreign person. Where this exception applies, the transaction is an excepted transaction and is not subject to notification.

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- According to guidance published by the U.S. Department of the Treasury in December 2025, absent additional facts, a U.S. person’s acquisition of an equity interest pursuant to a subscription agreement or similar arrangement (including a standby [REDACTED]) qualifies as an excepted transaction where, at the time of acquisition, the equity interest constitutes a “publicly traded security” within the meaning of the Outbound Investment Rule, regardless of when the relevant agreement was entered into. Neither the Outbound Investment Rule or U.S. Department of the Treasury guidance define the exact time of acquisition. A conservative approach would therefore be to assume that the acquisition of the Company’s shares by an investor occurs upon settlement, since an investor would receive the Company’s shares at settlement.
- As long as the settlement of the H shares purchased by U.S. persons occurs after 9:00 am on the [REDACTED], the H shares they acquire would be publicly [REDACTED] and traded securities. However, if settlement occurs before 9:00 am on the [REDACTED] when the H shares are not yet publicly [REDACTED] and traded (for example, this is the case for settlement for [REDACTED]), it remains uncertain whether the publicly traded securities exception under the Outbound Investment Rule can be applicable. As a result, the Outbound Investment Rule may increase the compliance burden on U.S. investors who wish to invest in us during the [REDACTED].
- While there is no assurance that the U.S. Department of the Treasury will take the same view, it is the responsibility of the U.S. person engaged in a “notifiable transaction” to make the relevant notification. Therefore, the Outbound Investment Rule is not expected to have a material adverse impact on our business, results of operations, financial condition or the [REDACTED].
- The U.S. government may enact future regulations altering the current regime. On December 18, 2025, the U.S. Congress enacted the Comprehensive Outbound Investment National Security Act of 2025 (“**COINS Act**”) as part of the National Defense Authorization Act for Fiscal Year 2026, which codifies and expands the Outbound Investment Rule and provides independent statutory authority for the program for at least seven years. The COINS Act directs the Treasury to expand and clarify the scope of “excepted transactions” within 450 days of enacting the COINS Act, including preserving the publicly traded securities exception, and adding a new exception for certain secondary transactions, including underwriting services that include the temporary acquisition of an equity interest.

TRANSFER PRICING ARRANGEMENTS

During the Track Record Period, our Company and Zentel Japan had been engaged in certain material intra-group transactions (the “**Relevant Transactions**”) involving the buy-sell transactions of DRAM chips. The major types of our intra-group transactions include the procurement by Zentel Japan of DRAM chips from our Company for reselling to certain overseas customers during the Track Record Period.

The Organization for Economic Co-operation and Development (“**OECD**”), an international organization fostering cross-border cooperation, issued the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (the “**OECD Transfer Pricing Guidelines**”). These guidelines are widely adopted by tax authorities worldwide in evaluating related-party transactions. In accordance with the OECD Transfer Pricing Guidelines, transactions within our Group’s entities should be carried out in commensurate with the arm’s length principle.

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We have engaged independent third party tax advisers to provide analysis on the Relevant Transactions. Based on the independent third party tax adviser’s assessment of the Relevant Transactions and the transfer pricing benchmarking analysis, which involved screening and evaluating comparable companies, the profitability of the relevant entities could be considered as reasonable and commensurate with their respective functions and risks. Therefore, no significant transfer pricing risk was identified in the Relevant Transactions for the years ended December 31, 2023, 2024 and 2025.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not aware of any enquiries, audit, investigation or challenge by any tax authorities in the PRC and other relevant tax jurisdictions in relation to our intra-group transactions and transfer pricing arrangements. Our Directors believe that our 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.

IMPACT OF COVID-19

The outbreak of COVID-19 pandemic has adversely affected the global economy since the first quarter of 2020. Numerous anti-pandemic measures were taken by government authorities, including travel bans and restrictions, quarantines measures and remote working arrangements. The adverse impact of the pandemic has gradually subsided since 2023.

The impact of the COVID-19 pandemic on our overall business operations was limited and did not have any material impact on our Group’s operation and financial condition. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption to our regular operations, raw material procurement or product delivery due to the COVID-19 pandemic. In response to the pandemic, we implemented various measures in line with government policies and regulations to ensure the maintenance of stable operations. Accordingly, our Directors believe that the pandemic has not had any material adverse impact on our business operations and financial performance during the Track Record Period.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

Business sustainability

We have experienced a continuous improvement in the sales of our major products during the Track Record Period, demonstrating our ability to successfully commercialize our products and solutions. During the Track Record Period, the total storage capacity of our products sold grew from approximately 29.3 million GB in 2023 to approximately 54.3 million GB in 2025, representing a CAGR of 36.1%. Accordingly, our revenue increased from RMB580.3 million in 2023 to RMB1,104.9 million in 2025. According to Frost & Sullivan, in terms of niche DRAM revenue in 2025, we ranked fifth among Chinese companies and fourth among Chinese fabless companies in the global niche DRAM market. The global and China (including Hong Kong, Macau and Taiwan) DRAM, in particular, high-bandwidth stacked DRAM, markets are expected to continue with expansion, which will ensure the demand for our DRAM products and AI memory-computing solutions in the coming years. According to Frost & Sullivan, the global market for high-bandwidth stacked DRAM products reached RMB217.6 billion in 2025, with a further CAGR of 26.2% predicted from 2025 to 2030. With further penetration and development of our DRAM products and AI memory-computing solutions, we expect that our revenue from such products and solutions will continue to gain momentum and improve our financial condition in the foreseeable future.

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Analysis of historical losses

We incurred loss of RMB244.3 million, RMB108.9 million and RMB10.5 million for the three years ended December 31, 2025. Our net loss in 2023 was primarily attributable to the substantial share-based payment expenses incurred during the year. Our adjusted net loss (non-IFRS measure) in the years ended December 31, 2024 was RMB93.2 million and RMB52.8 million, respectively. We had adjusted net profit (non-IFRS measure) of RMB26.1 million for the year ended December 31, 2025. We did not achieve a net profit during the Track Record Period, primarily due to the following factors:

- (a) *Prioritization of business expansion over short-term profitability:* During the Track Record Period, we prioritized the development and continuous expansion of our DRAM products in the niche market, which we believe to have high market growth potential. According to Frost & Sullivan, the China (including Hong Kong, Macau and Taiwan) niche DRAM market recorded remarkable growth from 2021 to 2025 and is expected to continue to grow from 2025 to 2030. As the niche DRAM market in China (including Hong Kong, Macau and Taiwan) presents significant market potential, we strategically invested in our business and prioritized the business expansion and market share growth instead of short-term profitability to capture the market opportunities in the rising market. In addition, we have been developing our AI memory-computing solutions, which have not materialized into our revenue but have demonstrated high market potential. According to Frost & Sullivan, driven by the robust demand for AI computing, high-bandwidth stacked DRAM is set to significantly outpace the overall DRAM market, and the high-bandwidth stacked DRAM market can potentially expand at a CAGR of approximately 26.2% from approximately RMB217.6 billion in 2025 to around RMB696.9 billion in 2030, accounting for about 25.9% of the total DRAM market by 2030. In anticipation of the trends of AI computing, we have made significant progress in the R&D of our AI memory-computing solutions and have accumulated valuable technologies and product pipelines. Product design, development, innovation and iteration is often a complex, time consuming and costly process involving significant investment in R&D. For example, our Wafer-on-Wafer 3D heterogeneous integration technology enables direct bonding of logic and DRAM wafers in a vertically stacked configuration, which enhances real-time inference and training performance, making it ideal for data centers, autonomous systems, and other latency-sensitive workloads. Leveraging the accumulation of cutting-edge technologies and industry expertise, we expect to commercialize our first high-bandwidth 3D stacked DRAM chip in 2026. For details of our technologies and products under development in relation to our AI memory-computing solutions, please see “Research and development — Our R&D Capabilities in AI Memory-Computing Solutions” in this section. During the Track Record Period, our R&D expenses amounted to RMB77.2 million, RMB95.8 million and RMB102.1 million respectively, representing 13.3%, 14.8% and 9.2% of our revenue in the respective periods.
- (b) *Fluctuations in prices of raw materials for DRAM chips:* During the Track Record Period, the prices of our raw materials, mainly wafers used in the production of DRAM chips, have been subject to significant fluctuations. For the three years ended December 31, 2025, the average unit price of wafers was RMB5,486.2, RMB5,750.0 and RMB5,010.4 per wafer, respectively. These fluctuations have been driven by a combination of the features of the “silicon cycle”, supply chain disruptions, changes in global commodity prices, and increased demand. Between 2020 and 2021, supported by the upward trend in the DRAM industry, customer inventory accumulation, and the reduction of DDR3 production capacity by Samsung and SK Hynix, supply-demand imbalances significantly pushed up wafer prices. At the same time, the pandemic caused severe global supply chain constraints, raw material shortages, and logistics disruptions, further tightening supply. In addition, rising global energy and commodity prices increased the cost of silicon materials, leading to a surge in wafer prices. From 2022 to

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2024, as end-market demand weakened and inventory levels remained high, the DRAM industry entered a downward cycle, resulting in a sharp decline in demand and a subsequent drop in wafer prices. Against this industry backdrop, the unit price of wafers that we contracted to procure before the market price decline in 2022 but consumed later was relatively high. Such increased cost has had a direct impact on our profitability. In response, we have implemented strategies to mitigate these risks, including maintaining longstanding relationship with key suppliers and exploring alternative materials and processes to reduce our dependence on volatile raw material prices. For example, we maintained long-term partnerships with PSMC, a globally renowned wafer foundry to ensure quality of the wafers. We had entered into production capacity reservation agreement with PSMC where necessary and have established collaborations with ADATA and Ramaxel, two of the world’s top 10 DRAM module manufacturers according to Frost & Sullivan, ensuring a stable and robust supply chain. In addition, we dynamically adjusted purchasing volumes based on market price forecasts. When price increases were anticipated, we proactively increased procurement to optimize cost efficiency and reduce exposure to price volatility. While we have been successful in maintaining long-term relationship with our suppliers, we are still subject to the volatility of the market. For example, according to Frost & Sullivan, in 2022, major manufacturers had scaled up DDR3 production. However, growth in end-market demand fell short of expectations. To speed up inventory clearance, companies resorted to price reductions, triggering a decline in DDR3 prices. As a result, the unit price of wafers that we contracted to procure before the market price decline in 2022 but consumed later was relatively high. Such increased cost has had a direct impact on our profitability. During the Track Record Period, our raw material costs amounted to RMB386.8 million, RMB446.6 million and RMB788.5 million, respectively, representing 69.2%, 76.2% and 85.1% of our total costs of sale in the respective years. Since April 2023, monthly meetings have been held to review key business metrics, including sales, pricing trends, inventory turnover, and procurement strategies across product lines, with a focus on aligning procurement with real-time market conditions.

Path to Profitability

We expect to improve our financial performance and achieve profitability in the near future through continual revenue growth, growing economies of scale and improving operating efficiency.

Achieving Sustained Growth in Revenue

We seek to drive continual overall revenue growth through the following measures:

- *Product portfolio expansion and solution customization:* We are expanding and deepening our DRAM product portfolio to address the increasingly diverse requirements of high-growth segments such as AI computing, cloud data centers, and automotive electronics. This includes the development of next-generation low-power and high-bandwidth DRAM solutions, upgrading DDR product technology and developing advanced process product technologies. For example, leveraging the technologies we have accumulated in relation to AI memory-computing solutions, we expect to commercialize the first high-bandwidth 3D stacked DRAM chip in 2026. We also plan to commercialize the first generation of our HSM product by 2026. By closely collaborating with customers in these verticals, we are also offering more application-specific and modular solutions, increasing our value proposition and stickiness.
- *Customer diversification and strategic partnerships:* To mitigate customer concentration risk and tap into new demand pools, we are actively diversifying our customer base. We are also deepening our engagement with our business partners, such as (i) PSMC on advanced wafer processes and (ii) a high-performance heterogeneous AI computing chip innovator in China on 3D stacked and customized high-bandwidth memory, through

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strategic alliances and co-innovation initiatives. Specifically, we have entered into a development agreement with PSMC in respect of the development of DRAM products based on 19nm and below nodes, which is a testament of our R&D prowess and our close collaboration with our production partners. These relationships enhance our solution integration capabilities and accelerate our go-to-market execution.

- Global market penetration and localized customer engagement: With a solid customer base worldwide, we will deepen collaborations with existing customers while actively pursuing a global strategy. Through our regional R&D and technical support centers in China and Japan, tailored marketing campaigns, and active participation in industry forums, we are gaining actionable market insights. In addition, we plan to strengthen our overseas sales and engineering support teams to improve customer retention. Furthermore, we are committed to integrating global supply chain resources to improve delivery capabilities, enabling faster product launches and quicker responses to international customer demands. These efforts also enhance our responsiveness to regulatory environment changes.
- Enhancement of industry chain integration capabilities: We will progressively enhance our industry chain integration capabilities. With the aim to accelerate our high-bandwidth memory strategy through mergers and acquisitions, we will target primarily companies with leading in-memory processing technologies or commercialized applications. In addition, leveraging our testing facility in Jinhua, Zhejiang, we will expand our packaging and testing capacity within the industry chain and explore investments or acquisitions to ensure stable and efficient production.
- Capturing Market Opportunities: Although the historical downturn in the niche DRAM market has exerted an adverse impact on our revenue, gross margins and operating cash flow, the recent recoveries, such as the supply-driven price increase in 2025, could potentially boost our revenue, profitability and improve our working capital flexibility. In particular, according to Frost & Sullivan, since the end of 2024, global leading DRAM manufacturers have shifted their business focus toward high-end DRAM products required for the AI market and accelerated their exit from the niche DRAM segment. As the top three global DRAM manufacturers accounted for approximately 70% of the niche DRAM market in 2024, their strategic pivot triggered the supply contraction, subsequently an increase of market price of niche DRAM, according to Frost & Sullivan. This market price increase, if sustained, could assist us in achieving more predictable and sustainable growth.

Narrowing Loss

Historically, our gross margin has been under pressure due to raw material costs and inventory management. Notwithstanding this, our gross margin improved from gross profit margin of 3.7% in 2023 to gross profit margin of 16.1% in 2025. Our efforts to continuously improve margin and achieve long-term profitability include:

- Volume scaling: Higher volumes enable better unit economics. We are aligning our go-to-market strategy with volume customers, particularly in fast-growing segments like IoT devices and AI computing, to achieve scale and spread fixed costs more effectively. This effort is supported by our plans to upgrade our production and testing equipment, ensuring stable and efficient production to meet increasing demand. For example, we intend to procure equipment for testing of high-bandwidth memory products, construct our proprietary test production and testing line for DRAM chips and DRAM modules, and enhance our laboratory analytical capability. For details, please see “Future Plans and Use of [REDACTED]” in this document. Our Directors believe that we will be able to capture the market demand in the high-bandwidth stacked DRAM market. The domestic AI industry is currently experiencing rapid growth, driving strong demand for

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high-bandwidth memory products such as HSM and 3D stacked memory. The Chinese government provides strong support for chip design and the AI sectors. For example, the Interim Measures for the Administration of Generative Artificial Intelligence Services issued in 2023 explicitly encourage independent innovation in key technologies such as AI algorithms, frameworks, and chips, which reflects the Chinese government’s strategic emphasis on hardware self-reliance, encouraging greater R&D investment and accelerating breakthroughs in domestic AI chip design and application. Globally, HBM products are mainly supplied by Samsung, SK Hynix, and Micron, with no mainland China company yet commercializing high-bandwidth memory products according to Frost & Sullivan. According to the same source, we are one of the few domestic companies that have developed high-bandwidth 3D stacked memory technology, demonstrated by our (a) independent development of a “1 Logic Wafer + 1 DRAM Wafer” solution, (b) ongoing development of HSM1 product with memory cube commencing tape-out, logic die design completed and certain HSM1-related technology licensed out, (c) commercialization of silicon interposer solutions for advanced packaging, and (d) revenue generated from design services and licensing fees related to our AI memory-computing solutions during the Track Record Period. To capture the growing demand for high-bandwidth stacked DRAM, we plan to focus on the following strategies: (i) advancing our proprietary technologies such as stacked DRAM, HSM1 product and silicon interposer development, while generating revenue through design services and licensing; (ii) upgrading testing capabilities, including building proprietary testing lines and enhancing analytical capacity, to ensure stable and efficient and accurate design and output; and (iii) targeting high-volume customers in fast-growing segments such as AI servers and IoT devices to achieve economies of scale.

- IP and design reuse: By reusing proven IP across multiple product lines, we reduce engineering time and lower the risk of design flaws that affect yields and cost. Benefiting from the long-standing R&D experience that we have inherited from Zentel Japan, and our extensive experience and iterative approach in technology development from SDR to DDR4 products, we are able to enhance product performance through design improvements, meet customization needs of our customers through technical adaptation and improve R&D efficiency through technological accumulation. We are also exploring investments or acquisitions in companies with leading in-memory processing technologies to integrate advanced IP and design capabilities into our product development pipeline, further enhancing our ability to reuse and optimize designs. For details, please see “Future Plans and Use of [REDACTED]” in this document.
- Test cost optimization and yield improvement: Testing is a material contributor to our gross cost. We are utilizing a pre-designed MBIST to reduce time and cost per unit without sacrificing quality. Building on our existing testing facility in Jinhua, Zhejiang, which is dedicated to DRAM chip and module testing, we plan to further strengthen our product testing capabilities to enhance efficiency and reduce overall test costs. For the three years ended December 31, 2025, our Jinhua testing facility was primarily used for internal R&D testing and was not engaged in large-scale commercial testing. As of the Latest Practicable Date, our Jinhua testing facility had a designed daily testing capacity of approximately 80,000 units for DRAM chips and approximately 8,000 units for DRAM modules. Our DRAM IC testing capacity utilization rate was approximately 20%, while our DRAM module testing capacity utilisation rate was approximately 30%, as of the Latest Practicable Date. In addition, we are working closely with foundry partners to improve wafer yields by optimizing our design-for-manufacturing practices. This includes refining layout, reducing process variation sensitivity, and implementing automated design correction tools.

BUSINESS

Improving Cash Flow Performance

To improve cash flow, we seek to focus on both operational efficiency and financial discipline:

- *Enhanced inventory management*: Our inventories mainly include raw materials, work in progress and finished products. As of December 31, 2023, 2024 and 2025, we had inventories of RMB158.3 million, RMB152.8 million and RMB299.4 million, respectively. Our business model requires us to manage our inventories efficiently. We will adopt a dynamic, data-driven approach that aligns with the cyclical nature of the DRAM market. Given the volatility in demand and pricing, we will leverage real-time demand forecasting tools and collaborative planning with key customers to enhance accuracy in procurement and production scheduling, preventing both overstocking and shortages. These proactive management approaches enables us to respond more swiftly to market shifts and avoid holding excess inventory during periods of price decline which may lead to impairment. By aligning inventory levels more closely with market trends and actual customer demand, we reduce the likelihood of inventory devaluation due to obsolescence or unfavorable market conditions. In addition, we will seek to diversify supplier relationships to shorten lead times and negotiate flexible payment terms, reducing prepayment burdens. To mitigate obsolescence risks, we will prioritize modular designs that allow for component reuse across product lines and establish inventory hedging strategies to offset price declines.
- *Receivables and payables optimization*: Our trade receivables primarily include amounts due from our customers for products in the ordinary course of business. The credit period granted to our customers was generally one month from the date of billing. Our trade receivables turnover days increased from 46 days in 2023 to 60 days in 2024, as a result of the increase in our trade receivables further due to our business growth in 2024. Our trade receivables turnover days decreased to 44 days in 2025 mainly due to our collection efforts. We plan to achieve our full-year break-even target by clearing long aging inventories and strengthening accounts receivable management. On the payables side, we are also better utilizing the credit periods granted to us to optimize cash flow and preserve liquidity.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Upon [REDACTED] (assuming that the [REDACTED] are not exercised), Mr. Ying will control [REDACTED]% of our total issued share capital, comprising (1) [REDACTED]% beneficially owned by Hangzhou Dingyuan; (2) [REDACTED]% beneficially owned by Tianyuan Liji; (3) [REDACTED]% beneficially owned by Yingxi No. 1; (4) [REDACTED]% beneficially owned by Yingxi No. 4; (5) [REDACTED]% beneficially owned by Yingxi No. 5; and (6) [REDACTED]% beneficially owned by Eaglestream Partners. Each of Hangzhou Dingyuan, Tianyuan Liji, and Yingxi No. 1 is controlled by Ningbo Yingxi as general partner, which is in turn wholly owned by Ningbo Hunting. Ningbo Hunting is wholly owned by Safari Capital Company Limited, which is in turn wholly owned by Advance Faith Investing Limited. Mr. Ying owns 100% interests in Advance Faith Investing Limited. Each of Yingxi No. 4 and Yingxi No. 5 is controlled by Hangzhou Yingxi as general partner, which is wholly owned by Ningbo Yingxi. Eaglestream Partners is owned as to 54.6% by Mr. Ying. Accordingly, Mr. Ying, Advance Faith Investing Limited, Safari Capital Company Limited, Ningbo Hunting, Ningbo Yingxi, Hangzhou Dingyuan, Tianyuan Liji, Yingxi No. 1, Hangzhou Yingxi, Yingxi No. 4, Yingxi No. 5 and Eaglestream Partners will be our Controlling Shareholders upon the [REDACTED].

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders or any of their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their respective close associates upon and after the [REDACTED].

Operational Independence

We do not rely on our Controlling Shareholders and their respective close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have full rights to make all decisions on, and to carry out, our own business operations independently. We hold and enjoy the benefit of all relevant permits and licenses necessary for carrying out our business in all material respect, and we have sufficient capital, facilities, equipments and employees to operate our business independently from our Controlling Shareholders. In addition, our access to, and relationship with, our key customers and suppliers are independent from our Controlling Shareholders.

Based on the above, our Directors believe that we are operationally independent from our Controlling Shareholders and their respective close associates.

Management Independence

Our management and operational decisions are made by the Board and our senior management in a collective manner. The Board comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. Mr. Ying is a non-executive Director and the Chairman of the Board.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders and their respective close associates for the following reasons:

- (a) save for interests held by our Directors and senior management as disclosed in “History, Development and Corporate Structure” in this document and Mr. Lyu Dong, who is a representative of the managing partner (執行事務合夥人委派代表) in Hangzhou Dingyuan, Tianyuan Liji and Yingxi No. 1, respectively, all other members of the Board and senior management have no other relationship with the Controlling Shareholders and their respective close associates. Furthermore, each of our Directors and senior management members has substantial experience in the industry as further described in the section headed “Directors and Senior Management”, which will enable him/her to discharge his/her duties independently from the Controlling Shareholders;
- (b) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;
- (c) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company’s best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests;
- (d) where a Board meeting or Shareholders’ meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting; and
- (e) we will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. See “Corporate Governance Measures” in this section.

Financial Independence

We have a finance department independent from our Controlling Shareholders and their respective close associates. We have also established an independent financial system to make the decisions based on our own business needs. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders and their respective close associates. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. During the Track Record Period and as of the Latest Practicable Date, we had received the [REDACTED] Investment from third party investors independently. See “History, Development and Corporate Structure — [REDACTED] Investments” in this document for details. As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Controlling Shareholders or their respective close associates, nor were there any pledges and guarantees provided by and to our Controlling Shareholders or their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- where a Shareholders’ meeting is to be held for considering proposed transactions in which our Controlling Shareholders and/or any of their respective close associates has a material interest, our Controlling Shareholders and/or their respective close associate will not vote on the resolutions and shall not be counted in the quorum in the voting;
- our Group has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if any transaction is proposed between our Group and our Controlling Shareholders and/or their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders’ approval;
- our Board consists of a balanced composition of executive Directors, non-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;
- where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- we have appointed Somerley Capital Limited as our Compliance Advisor, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors serve a term of three years and are subject to re-election. Our Board is responsible for, and has general powers for, the management and conduct of our business.

The following table sets forth key 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 and senior management
Mr. YING Wei (應偉)	59	Chairman of our Board and non-executive Director	November 20, 2020	November 20, 2020	In charge of formulation of corporate and business strategies and overseeing management and strategic development of our Group	None
Mr. LIN Kuo Hsiung (林國雄) . . .	60	Vice Chairman of our Board and executive Director	December 25, 2023	November 20, 2020	In charge of business and operation planning and overseeing day-to-day management and operations of our Group	None
Mr. YU Xiao (于曉)	44	Executive Director and general manager	December 25, 2023	April 3, 2023	In charge of management and operation of our Group	None
Ms. MEI Wei (梅葦)	37	Non-executive Director	August 29, 2022	August 29, 2022	Responsible for providing strategic advice to business and operations of our Group	None
Mr. WANG Chi-Kuo (王其國) . . .	74	Independent non-executive Director	Upon [REDACTED]	Upon [REDACTED]	Responsible for providing independent advice and judgement to our Board	None
Mr. HO Hung Tim Chester (何鴻添) . . .	59	Independent non-executive Director	May 23, 2025	May 23, 2025	Responsible for providing independent advice and judgement to our Board	None
Ms. XU Qian (徐茜)	47	Independent non-executive Director	May 23, 2025	May 23, 2025	Responsible for providing independent advice and judgement to our Board	None

The following sets forth the biographies of our Directors:

Chairman and non-executive Director

Mr. YING Wei (應偉), aged 59, is our founder and was appointed as a Director and Chairman of our Board in November 2020, leading our development to a well-recognized DRAM chip design company in China. He was re-designated as Chairman of our Board and a non-executive Director on May 23, 2025. He is in charge of formulation of corporate and business strategies and overseeing management and strategic development of our Group.

Mr. Ying has also assumed various positions in our subsidiaries. He has served as an executive director and general manager of Hangzhou Lixin since March 2024, an executive director of Zentel Jinhua since February 2021, a director of Eaglestream HK since February 2018 and a director of Zentel Japan since November 2020.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ying also holds positions in the companies engaged in semiconductor design and investment as set forth below:

Period	Name of the company	Principal business activity	Position
since May 2018	Shenzhen Dinghui Baifu Private Equity Investment Fund Management Co., Ltd.* (深圳鼎暉百孚私募股權投資基金管理有限公司) (formerly known as Ningbo Dinghui Baifu Equity Investment Co., Ltd.* (寧波鼎暉百孚股權投資有限公司))	investment management	director and general manager
since March 2018	Shanghai Dingcheng Private Equity Fund Management Co., Ltd.* (上海鼎乘私募基金管理有限公司) (formerly known as Ningbo Dingcheng Investment Management Co., Ltd.* (寧波鼎乘投資管理有限公司))	investment management	director
since December 2014	CDH Shanghai Dinghui Baifu Wealth Management Co., Ltd.* (上海鼎暉百孚投資管理有限公司) (formerly known as Shanghai Baifu Wealth Management Co., Ltd.* (上海鼎暉百孚財富管理公司))	investment management	director and managing partner
since April 2009	CDH Investments Management (Hong Kong) Limited	investment management	managing partner

Mr. Ying also holds and has held directorships in a number of companies listed on the Stock Exchange, Shenzhen Stock Exchange, Shanghai Stock Exchange and NASDAQ in the past three years as set forth below:

Period	Name of the company	Stock exchange(s) and stock code	Principal business activity	Position
since October 2025	China Health Group Limited (中國衛生集團有限公司)	the Stock Exchange (stock code: 673)	distribution of medical equipment and consumables	non-executive director
since July 2021	Microvast Holdings, Inc	NASDAQ (stock code: MVST)	battery manufacturing	director
from December 2016 to December 2025	Zhongsheng Group Holdings Limited (中升集團控股有限公司)	the Stock Exchange (stock code: 881)	sale and service of motor vehicles	independent non-executive director
since January 2015	Fountain Set (Holdings) Limited (福田實業(集團)有限公司)	The Stock Exchange (stock code: 420)	textile and garment businesses	independent non-executive director
from March 2019 to July 2022	Sinocelltech Group Limited (北京神州細胞生物技術集團股份有限公司)	Shanghai Stock Exchange (stock code: 688520)	biomedical company	director

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ying was a director or supervisor of the following companies at the time or within 12 months from the time of their respective dissolutions or commencements of dissolution procedures (otherwise than by a members’ voluntary winding up):

Name of the company	Place of incorporation/ establishment	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Shenzhen CDH Baifu Private Equity Fund Management Co., Ltd.* (深圳鼎暉百孚私募股權基金管理有限公司) . . .	PRC	investment and asset management	June 26, 2025	deregistration	cessation of business
C.R.T.M. Accessories Company Limited (華原輔料有限公司) . .	Hong Kong	textile trading	August 1, 2003	deregistration	dissolved after reorganization of the group
CDH Supermatrix H Limited	Hong Kong	investment	August 16, 2024	deregistration	cessation of business
Natural Sun Limited (可光有限公司)	Hong Kong	trading	November 3, 2000	deregistration	cessation of business
Tak Fu Printing And Dyeing Company Limited (德富印染廠有限公司)	Hong Kong	manufacturing	May 18, 2007	deregistration	dissolved after reorganization of the group
Changzhou Huayuan Leidis Co., Ltd.* (常州華源蕾迪斯有限公司) . .	PRC	manufacturing	January 23, 2009	revoked without cancellation	dissolved after reorganization of the group
Beijing Yijin Flowers Co., Ltd.* (北京藝錦花卉有限公司)	PRC	trading	April 12, 2004	deregistration	cessation of business
Beijing Jinghua Textile Co., Ltd.* (北京京華紡織有限公司)	PRC	textile trading	June 17, 2004	deregistration	dissolved after reorganization of the group
Shanghai Jiexin Entrepreneurship Investment Management Co., Ltd.* (上海捷芯創業投資管理有限公司) . .	PRC	investment	July 1, 2022	deregistration	cessation of business
China Resources Hengda Import and Export Co., Ltd.* (華潤恒達進出口有限責任公司) . . .	PRC	textile trading	June 25, 2004	deregistration	dissolved after reorganization of the group
Shenzhen Leonardo Trading Co., Ltd.* (深圳市利奧納多貿易有限公司)	PRC	trading	May 22, 2009	deregistration	dissolved after reorganization of the group

Mr. Ying confirmed that there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on his part in the dissolution of the above companies and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Mr. Ying in his capacity as a director or supervisor prior to their dissolutions. Mr. Ying confirmed that the above companies were solvent at the time of their dissolutions.

Mr. Ying obtained his bachelor’s degree in accounting from Zhejiang Gongshang University (浙江工商大學) (formerly known as Hangzhou Business College* (杭州商學院)) in the PRC in July 1989 and master’s degree in business administration from the University of San Francisco in the United States in September 2001. He has been a non-practising member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會非執業會員) since August 1998.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LIN Kuo Hsiung (林國雄), aged 60, joined our Group in November 2020. He has been Vice Chairman of our Board and a Director of our Company since April 2023 and December 2023 and the representative director of Zentel Japan since November 2020. He was re-designated as an executive Director on May 23, 2025. From November 2020 to April 2023, he was also the general manager of our Company. He is in charge of business and operation planning and overseeing day-to-day management and operations of our Group.

Mr. Lin has over 21 years of experience in the electronics industry. Prior to joining our Group, from May 2018 to December 2020, he successively served as vice president of business center of AP Memory Technology Corporation (愛普科技股份有限公司), a company listed on the Taiwan Stock Exchange (stock code: 6531) and principally engaged in the development, design, licensing, manufacturing, and sales of customized memory chip products and technologies. From April 2008 to August 2017, he worked in Zentel Electronics Corp., a company principally engaged in foundry, and his last position was vice president. From May 1995 to April 2008, he was director of specialty DRAM marketing division of Winbond Electronics, a company principally engaged in provision of memory solution backed by the expert capabilities of design, manufacturing and sales services, where he was responsible for DRAM product marketing. From July 1994 to May 1995, he was vice engineer of communication product design division of Elan Microelectronics Corporation (義隆電子股份有限公司), a company listed on the Taiwan Stock Exchange (stock code: 2458) and principally engaged in manufacturing and sale of neural network and fuzzy processors, digital signal processors, eight-bit RISC microcontrollers and integrated circuits for special use, and provision of research and development services for these products, where he was responsible for research and development of microcontroller. From August 1993 to July 1994, he was vice engineer of communication product design division of Hualon Microelectronics Corp. (華隆微電子股份有限公司), a company principally engaged in research and development, design, manufacturing and sales of integrated circuit and semiconductor components.

Mr. Lin obtained his bachelor's degree in electrical engineering from Feng Chia University (逢甲大學) and master's degree in science from National Chiao Tung University (國立交通大學) in Taiwan in June 1989 and June 1991, respectively.

Mr. YU Xiao (于曉), aged 44, joined our Group in April 2023 as general manager of the Company. He has also been a Director since December 2023. He was re-designated as an executive Director on May 23, 2025. He has also served as director and general manager of Zentel Chengdu since October 2024. He is in charge of management and operation of our Group.

Mr. Yu has over 20 years of experience in the semiconductor industry. Prior to joining our Group, from January 2023 to March 2023, he was a partner of Longxin Shenzhen, a private equity fund manager, where he was responsible for investment management. From April 2005 to March 2009, he served as a senior engineer of Xi'an UniIC and its predecessor, and from June 2009 to December 2022, a senior vice president of Xi'an UniIC, a company principally engaged in development, research, manufacturing and sales of integrated circuits hardware and software.

Mr. Yu received the second prize of science and technology from the Chinese Institute of Electronics in December 2013 and the second prize of Scientific and Technological Progress of Shandong province in February 2014. He was recognized as a senior engineer (associate) (高級工程師(副高級)) by Department of Human Resources and Social Security of Shaanxi Province* (陝西省人力資源和社會保障廳) in November 2019.

Mr. Yu obtained his bachelor's degree in microelectronics technology and technology and master's degree in microelectronics and solid-state electronics from Tianjin University (天津大學) in the PRC in June 2002 and March 2005, respectively. He further obtained master of business administration from Beijing University of Posts and Telecommunications in the PRC in March 2017.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Ms. MEI Wei (梅葦), aged 37, joined our Group in August 2022 as a Director. She was re-designated as a non-executive Director on May 23, 2025. She is responsible for providing strategic advice to our business and operations.

Ms. Mei has over 11 years of experience in legal and private funds management industries. Since April 2021, she has been head of compliance and risk management of risk management department of Longxin Shenzhen, a private equity fund manager, where she is responsible for risk management and compliance matters. From April 2017 to March 2021, she was a product manager and a director of products department of CDH Shanghai Dinghui Baifu Wealth Management Co., Ltd. and Shenzhen Dinghui Baifu Private Equity Investment Fund Management Co., Ltd. (formerly known as Ningbo Dinghui Baifu Equity Investment Co., Ltd), both of which are principally engaged in equity investment, where she was primarily responsible for formation, operation and management of private funds. From September 2013 to March 2017, she successively served as an assistant to associate and an associate of Han Kun Law Offices (Shanghai)* (北京市漢坤律師事務所上海分所).

Ms. Mei obtained her bachelor’s degrees in law and German and master’s degree in international law from Wuhan University (武漢大學) in the PRC in June 2010 and June 2012, respectively. She further obtained the degree of master of laws in business and finance law from the George Washington University in the United States in May 2013. She also obtained her legal profession qualification in the PRC in March 2013. She passed New York Bar exam held in July 2013.

Ms. Mei was a supervisor of the following companies which were incorporated in the PRC at the time or within 12 months from the time of their respective dissolutions or commencements of dissolution procedures (otherwise than by a members’ voluntary winding up):

Name of the company	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Qingdao Dinghui Runqing Investment Co., Ltd.* (青島鼎暉潤青投資有限公司) . .	private fund management	January 5, 2023	deregistration	cessation of business
Ningbo Zentel Electronic Technology Co., Ltd.* (寧波力積電子科技有限公司) . .	design and sales of electronic components and integrated circuits	June 1, 2022	deregistration	cessation of business

Ms. Mei confirmed that there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on her part in the dissolution of the above companies, and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Ms. Mei in her capacity as a supervisor prior to their dissolutions. Ms. Mei confirmed that the above companies were solvent at the time of their dissolutions.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. WANG Chi-Kuo (王其國), aged 74, was appointed as an independent non-executive Director with effect from the [REDACTED], responsible for providing independent advice and judgement to our Board.

Mr. Wang has extensive experience in semiconductor industry. From January 2008 to June 2023, he worked for PIHC, a publicly traded company principally engaged in research, development, production, manufacturing, testing, packaging, foundry and sales of integrated circuits, and a limited partner of Hangzhou Chuyuan, our Shareholder, and his last position was general manager and chief operating officer responsible for overseeing execution and coordination of overall business, setting business goals, directing and supervising operations.

From July 2019 to April 2020, Mr. Wang successively served as director and chairman of the board of Nexchip Semiconductor Corporation (合肥晶合集成電路股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688249) and principally engaged in research, development, manufacturing and sales of integrated circuit related products. From June 2015 to September 2016, he was a representative of Deutron Electronics Corporation (智豐科技股份有限公司) which was a corporate director of (力旺電子股份有限公司), a semiconductor company and shares of which are traded in the Taipei Exchange (stock code: 3529).

Mr. Wang is the chairman of Taiwan IOT Technology and Industry Association (台灣物聯網產業技術協會) and the chairman of automotive semiconductors SIG and an executive director of Taiwan Advanced Automotive Technology Development Association (台灣先進車用技術發展協會). He was a board director of Taipei Computer Association (台北市電腦商業同業公會), the president of RISC-V of Taiwan Association (台灣RISC-V聯盟) and a board director of Taiwan Semiconductor Industry Association (台灣半導體產業協會).

Mr. Wang obtained his bachelor in physics from the National Taiwan University in Taiwan in June 1974. He also obtained his doctoral degree from the University of Illinois in the United States in October 1984.

Mr. HO Hung Tim Chester (何鴻添), aged 59, was appointed as an independent non-executive Director on May 23, 2025, responsible for providing independent advice and judgement to our Board.

Mr. Ho has over 20 years of professional accounting and financial service experience. Since May 2025, Mr. Ho has been serving as an independent non-executive director, the chairman of the audit committee of Allystar Technology (Shenzhen) Co., Ltd.* (深圳華大北斗科技股份有限公司), a company principally engaged in providing chips, modules and related solutions. From May 2023 to January 2026, he served as chief financial officer and joint company secretary to the board of B&K Corporation Limited (華彬生物科技(青島)股份有限公司), a biopharmaceutical company listed on the Stock Exchange (stock code: 2396), where he was responsible for overseeing corporate finance, audit and capital management, offshore capital market operations and company secretarial affairs. From June 2021 to December 2024, he served as an independent non-executive director and a member of the audit committee of Grand Baoxin Auto Group Limited* (廣匯寶信汽車集團有限公司), a company listed on the Stock Exchange (stock code: 1293) and principally engaged in the sale and service of motor vehicles, where he provided independent advice and judgement to the board. From November 2020 to March 2022, Mr. Ho served as a consultant of OCI International Holdings Limited, a company listed on the Stock Exchange (stock code: 0329). From December 2015 to December 2016, he served as a senior vice president of Somerley Capital Limited, a company listed on the Stock Exchange (stock code: 8439). From April 2008 to December 2014, he worked for China Resources (Holdings) Company Limited (華潤(集團)有限公司), a Fortune 500 Chinese state-owned enterprise that owns a variety of businesses in Hong Kong and mainland China, where his last position was senior deputy chief finance officer of finance department responsible for finance matters in relation capital operation. From June 2002 to April 2008, he

DIRECTORS AND SENIOR MANAGEMENT

worked for China Resources Enterprise, Ltd. (華潤創業有限公司) (currently known as China Resources Beer (Holdings) Company Limited (華潤啤酒(控股)有限公司), a company listed on the Stock Exchange (stock code: 291) and principally engaged in the manufacturing, sales and distribution of alcoholic beverages, where his last position was assistant general manager of corporate planning and development department responsible for corporate planning and development. From August 2000 to June 2002, he worked as senior investment manager of investment division of Hang Lung Group Limited (恒隆集團有限公司), a company listed on the Stock Exchange (stock code: 10) and principally engaged in property development for sales and leasing, property investment for rental income and other investments, where he was responsible for project investment and management. From May 1995 to July 2000, he worked for Anglo Chinese Corporate Finance Limited (英高財務顧問公司), a corporate advisory firm, where his last position was director responsible for finance consultancy business. From December 1992 to September 1994, he was a senior accountant of Ernst & Young (Hong Kong) where he provided corporate advisory services. Prior to that, Mr. Ho worked in the tax division of Arthur Andersen & Co, Toronto, Canada from January to April 1989, January to April 1990 and October 1990 to October 1992 and was promoted to tax senior when he left.

Mr. Ho obtained a bachelor’s degree of arts with first class honor in economic and social studies from the University of Manchester in England in July 1988 and a master’s degree of business administration from the University of Toronto in Canada in November 1990.

Mr. Ho was the external independent member of the Investment Committee of Canadian Race Relations Foundation, a Canadian federal crown corporation dedicated to the elimination of racism and all forms of racial discrimination in Canadian society, from January 2020 to April 2026. He has been a member of the American Institute of Chartered Financial Analyst since September 1998, a Fellow of Canadian Securities Institute since September 1997, a Certified Investment Manager of The Canadian Securities Institute since June 1994, a member of the Hong Kong Institute of Certified Public Accountants since April 1993, and a member of the Institute of Chartered Professional Accountants of Ontario (Canada) since October 1992.

Ms. XU Qian (徐茜), aged 47, was appointed as an independent non-executive Director on May 23, 2025, responsible for providing independent advice and judgement to our Board.

Ms. Xu has over 20 years of experience in legal practice, asset management and its downstream investment. Since August 2025, Ms. Xu has been serving as partner and chief operating officer of Lochpine Capital Limited, a member company of Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) (a company listed on the Stock Exchange (3750.HK) and the Shenzhen Stock Exchange (300750.SZ)), where she is primarily responsible for its overall operations and management. On April 25, 2025, Ms. Xu was appointed as an independent non-executive director of Janbon High Tech Co., Ltd. (建邦高科有限公司), a company principally engaged in the research, development, manufacturing, and sales of silver powder. From April 2021 to August 2025, she worked as fund general counsel of the group of China Renaissance Holding Limited, a company listed on the Stock Exchange (stock code: 1911) and was principally engaged in the provision of investment banking and investment management services. From October 2010 to March 2021, she worked for CDH Investments Management (Hong Kong) Limited (鼎暉投資管理(香港)有限公司) and her last position was the principal of legal compliance and risk management department responsible for compliance and risk management. From March 2000 to August 2001 and October 2002 to June 2003, Ms. Xu worked as a lawyer for King & Wood Mallesons responsible for legal due diligence work.

Ms. Xu obtained her bachelor of law in international economic law from the University of International Business and Economics in the PRC in July 2000. She also obtained her master of laws from the University College London in England in November 2002 and master of laws in corporate

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law from New York University in the United States in May 2007. She also obtained her legal profession qualification in the PRC in March 2000 and was admitted to the New York Bar in July 2008. She has been an arbitrator of Shenzhen Court of International Arbitration since February 2019.

Ms. Xu was a director or partner of the following enterprises at the time or within 12 months from the time of their respective dissolutions or commencements of dissolution procedures (otherwise than by a members’ voluntary winding up):

Name of the company	Place of incorporation/ establishment	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Golden Crystalline Limited.	BVI	investment holding	January 3, 2025	deregistration	cessation of business
Shanghai Dinghui Xiangfu Equity Investment Partnership (Limited Partnership)* (上海鼎暉祥孚股權投資合夥企業(有限合夥)).	PRC	equity investment	April 24, 2024	deregistration	cessation of business
Ningbo Dinghui Jinxiu Investment Management Co., Ltd.* (寧波鼎暉錦繡投資管理有限公司)	PRC	investment management and investment consultancy	August 28, 2018	deregistration	cessation of business
Ningbo Baiheng Huixin Investment Management Co., Ltd.* (寧波百恒匯鑫投資管理有限公司)	PRC	investment management and investment consultancy	August 17, 2018	deregistration	cessation of business
Argfnt Alliance Technologies Company Limited* (深圳雅駿聯合科技有限公司).	PRC	research and development of information technology	November 21, 2016	deregistration	cessation of business
Ningbo Dinghui Jiayun Equity Investment Partnership (Limited Partnership)* (寧波鼎暉嘉韻股權投資合夥企業(有限合夥)).	PRC	equity investment	June 1, 2015	deregistration	cessation of business
Ningbo Dinghui Jiafu Equity Investment Partnership (Limited Partnership)* (寧波鼎暉嘉孚股權投資合夥企業(有限合夥)).	PRC	equity investment	June 1, 2015	deregistration	cessation of business
Ningbo Dinghui Jiahui Equity Investment Partnership (Limited Partnership)* (寧波鼎暉嘉惠股權投資合夥企業(有限合夥)).	PRC	equity investment	June 1, 2015	deregistration	cessation of business
Ningbo Dinghui Jiayi Equity Investment Partnership (Limited Partnership)* (寧波鼎暉嘉懿股權投資合夥企業(有限合夥)).	PRC	equity investment	June 1, 2015	deregistration	cessation of business

Ms. Xu confirmed that there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on her part in the dissolution of the above enterprises, and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Ms. Xu in her capacity as a director or partner prior to their dissolutions. Ms. Xu confirmed that the above enterprises were solvent at the time of their dissolutions.

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General

Save as disclosed in this section to this document, each of our Directors confirms that:

- (a) he/she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 15, 2025 and understands the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Stock Exchange;
- (b) he/she did 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;
- (c) he/she did not and 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;
- (d) he/she did not have any relationship with any other Directors, senior management, substantial shareholders and controlling shareholders of our Company as of the Latest Practicable Date;
- (e) he/she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules as of the Latest Practicable Date;
- (f) 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; and
- (g) to his/her best knowledge, information and belief, having made all reasonable inquiries, there were no other matter with respect to his/her appointment that needs to be brought to the attention of our Company, the Stock Exchange and the Shareholders and there were no information relating to him/her that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

Each of our independent non-executive Directors confirms:

- (a) 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;
- (b) he/she did 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 as of the Latest Practicable Date; and
- (c) there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets out key information of our senior management:

Name	Age	Position(s)	Date of appointment as senior management	Date of joining our Group	Role and responsibilities	Relationship with Directors and other senior management
Mr. LIN Kuo Hsiung (林國雄) . . .	60	Vice Chairman of our Board and executive Director	November 20, 2020	November 20, 2020	In charge of business and operation planning and overseeing day-to-day management and operations of our Group	None
Mr. YU Xiao (于曉)	44	Executive Director and general manager	April 3, 2023	April 3, 2023	In charge of management and operation of our Group	None
Mr. LYU Dong (呂東)	46	Chief financial officer, deputy general manager, head of finance department and head of information technology department	February 1, 2021	February 1, 2021	In charge of our financial management and information technology	None
Mr. LIN Dongmao (林冬茂) . . .	47	Deputy general manager and head of standardized business division	November 20, 2020	November 20, 2020	In charge of overall operation and management of standardized business division	None
Mr. KIM Joonho	56	Deputy general manager and senior director of research and development design department	October 8, 2021	October 8, 2021	In charge of research and development design	None
Mr. KUBO Takashi (久保貴志) . .	54	Senior director of research and development design department	November 20, 2020	November 20, 2020	In charge of research and development and design in Japan	None
Ms. LUO Xia (駱霞)	41	Deputy general manager and head of innovation product project cooperation department	August 30, 2023	April 3, 2023	In charge of preparation, application and tracking for government projects related to innovative products, joint research and development projects and other projects determined by the Company	None
Ms. ZHANG Wenjing (張文婧) . . .	39	Deputy general manager and general manager of information innovation business division	March 8, 2024	March 8, 2024	In charge of overall operation of information innovation business division, including product research and development, supply chain and marketing and sales	None

DIRECTORS AND SENIOR MANAGEMENT

The following sets forth the biographies of our senior management:

For the biographical details of Mr. Lin Kuo Hsiung (林國雄), see “Board of Directors — Executive Directors” in this section for details.

For the biographical details of Mr. Yu Xiao (于曉), see “Board of Directors — Executive Directors” in this section for details.

Mr. LYU Dong (呂東), aged 46, joined our Group in February 2021. He has been deputy general manager of our Company since July 2024, head of information technology department since August 2023, head of finance department since July 2022 and chief financial officer (財務負責人) since February 2021. He is in charge of our financial management and information technology.

Mr. Lyu is holding various positions in our subsidiaries. He has been a director and finance controller of Zentel Beijing since July 2024, manager of Zentel Jinhua since August 2023, an executive director of Zentel Hebi since August 2022, an executive director and manager of Zhejiang Jicun since June 2022 and an executive director and manager of Changzhi Licun since May 2021, being responsible for the day-to-day management of the aforementioned subsidiaries. He has also been serving as a supervisor of Hangzhou Lixin since March 2024, responsible for inspecting its corporate finance and supervising its director and senior management.

Mr. Lyu has over 18 years of experience in financial management, accounting and audits. Prior to joining our Group, from June 2016 to January 2021, he served as manager of audit department I of Zhejiang Herui Certified Public Accountants Co., Ltd.* (浙江合睿會計師事務所有限公司), a company principally engaged in accounting and audits and was responsible for auditing matters. From January 2012 to May 2016, he was the finance manager of Shangyu Jinchang Baoshun Automobile Sales and Service Co., Ltd.* (上虞金昌寶順汽車銷售服務有限公司), a company principally engaged in sales and after-sale services of automobiles and was responsible for day-to-day financial management. From July 2006 to January 2012, he worked as an accountant in finance department of Zhejiang Gongshang University where he was responsible for national treasury centralized payment, payroll and student grant.

Mr. Lyu obtained his bachelor’s degree in management majoring in accounting from Zhejiang Gongshang University in the PRC in July 2006. He was recognized as a senior accountant (高級會計師) by Zhejiang Province Human Resources and Social Security Department in December 2019 and a non-practicing certified public accountant (註冊會計師非執業會員) by the Chinese Institute of Certified Public Accountants in November 2021.

Mr. LIN Dongmao (林冬茂), aged 47, joined our Group in November 2020. He has been head of standardized business division since January 2025 and deputy general manager of our Company since July 2024. He has also been general manager of Zentel Hebi since August 2022. He was director of standardized business division from November 2020 to January 2025. He is in charge of overall operation and management of standardized business division.

Mr. Lin has over 11 years of experience in electronics industry. Prior to joining our Group, from June 2014 to December 2019, he worked for AP Memory Technology Corp. which is a company listed on the Taiwan Stock Exchange (stock code: 6531) and principally engaged in the development, design, licensing, manufacturing, and sales of customized memory chip products and technologies and his last position was senior manager. From March 2008 to June 2014, he served as deputy general manager of department I of product marketing group II of WPG China (SZ) Inc.* (大聯大商貿(深圳)有限公司). From March 2006 to March 2008, he worked for Kaiqi Electronics (Shenzhen) Co., Ltd.* (凱碁電子(深圳)有限公司), a company principally engaged in research and sale of electronic products and components. From October 2005 to February 2006, he worked for Shenzhen branch of Zhuhai Linghui Trading Co., Ltd.* (珠海市領暉貿易有限公司深圳分公司), a company principally engaged in sale of electronic products.

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Mr. Lin graduated from Shenzhen Polytechnic College (深圳職業技術學院) (currently known as Shenzhen Polytechnic University (深圳職業技術大學)) majoring in electronic engineering in June 2002 and South China Normal University (華南師範大學) majoring in computer science and technology (online education) in the PRC in August 2010.

Mr. KIM Joonho, aged 56, joined our Group in October 2021. He has been deputy general manager since July 2024 and senior director of research and development design department since July 2022. From October 2021 to July 2022, Mr. Kim was a vice president of engineering department of our Company and was responsible for its management. He is interested in a 5% equity interest in Hangzhou Lixin, our subsidiary. He is responsible for research and development design.

Mr. Kim has approximately 30 years of experience in semiconductor. Prior to joining our Group, from January 2021 to May 2021, he served as president in HHHtech Corp., Ltd., a company principally engaged in fabless semiconductor, where he was responsible for overall operation and management. From May 2015 to September 2020, he was technology director in Winbond Electronics, a company principally engaged in provision of memory solution backed by the expert capabilities of design, manufacturing and sales services, where he was responsible for technical management and DRAM design. From May 2006 and June 2014, he worked for Jeju Semiconductor, a company principally engaged in fabless semiconductor, where he was responsible for strategy, marketing, sales and DRAM design and his last position was a senior vice president. From October 2001 to April 2006, he was staff engineer in Infineon Technologies, a company principally engaged in semiconductor integrated device manufacturing, where he was responsible for DRAM design. From January 1995 to September 2001, he was an assistant manager of Memory ASM Team in SK Hynix, a company principally engaged in semiconductor integrated device manufacturing, where he was responsible for DRAM design. From March 2009 to June 2009, Mr. Kim was also an adjunct professor of Integrated Circuits Design Lab of Jeju National University.

Mr. Kim obtained his bachelor’s degree in science majoring in electronic engineering from Hongik University in South Korea in February 1992 and master’s degree in science majoring in electronics engineering from Hongik University in South Korea in February 1995.

Mr. KUBO Takashi (久保貴志), aged 54, joined our Group in November 2020. He has been senior director of research and development design department of our Company since July 2022. He has also served as director, deputy general manager and head of Japan research and development center of Zentel Japan since November 2024, September 2024 and November 2020 respectively. He is primarily responsible for research and development and design in Japan.

Mr. Kubo has over 28 years of experience in electrical appliances industry. Prior to our acquisition of Zentel Japan, Mr. Kubo served as a manager of Zentel Japan from August 2005 to March 2019, being responsible for DRAM design, and project management and general manager of Zentel Japan from April 2019 to November 2020. Before that, from April 1996 to July 2005, he worked for Renesas Technology Corporation, a company listed on the Tokyo Stock Exchange (stock code: 67230) and principally engaged in semiconductor development and Mitsubishi Electronic Corporation, a company listed on the Tokyo Stock Exchange (stock code: 65030) and principally engaged in total electronics development.

Mr. Kubo obtained his bachelor’s degree in electrical and electronic engineering and master’s degree in electrical and electronic engineering from Kobe University in Japan in March 1994 and March 1996, respectively.

Ms. LUO Xia (駱霞), aged 41, joined our Group in April 2023. She has been deputy general manager since July 2024 and head of innovation product project cooperation department since August 2023. She was appointed as general manager of Zentel Beijing, our subsidiary, in July 2024. She is in charge of preparation, application and tracking for government projects related to innovative products, joint research and development projects and other projects determined by the Company.

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Ms. Luo has extensive experience in communication and semiconductor design industries. Prior to joining our Group, from November 2022 and March 2023, she was a marketing director of Nanjing Yingqi Intelligent Technology Co., Ltd.* (南京英麒智能科技有限公司), a company principally engaged in artificial intelligence hardware and software, communication technology service and information system integration, where she was responsible for business development. From June 2020 to November 2022, she worked as a deputy general manager of Shenzhen Rihai Feixin Information System Technology Co., Ltd.* (深圳市日海飛信信息系統技術有限公司) (currently known as Shanghai Jingda Xinlian Information Technology Co., Ltd.* (上海京達芯聯信息技術有限公司)), a company principally engaged in communication technology service, where she was responsible for overall management and operation. From April 2011 to November 2018, she successively served as a customer service engineer and 5G program director of Nokia Solutions and Networks System Technology (Beijing) Co., Ltd.* (諾基亞通信系統技術(北京)有限公司), a company principally engaged in research and development of communication and technology of electronics, where she was responsible for centralized procurement projects and coordinating with the research and development department. From January 2009 to April 2011, she was an algorithm engineer of Potevio Information Technology Research Co., Ltd.* (普天信息技術研究院有限公司) (currently known as Potevio Information Technology Co., Ltd.* (普天信息技術有限公司)), a company principally engaged in research, development and production of electronic and communication products, and was responsible for system-level algorithms and simulation work for 3G/4G wireless communication networks.

Ms. Luo obtained her bachelor’s degree in information engineering from Jilin University in the PRC in July 2007 and master’s degree in radio frequency communication systems from the University of Southampton in the United Kingdom in November 2008.

Ms. ZHANG Wenjing (張文婧), aged 39, joined our Group in March 2024. She has been deputy general manager of the Group and general manager of information innovation product business division since January 2025. From March 2024 to January 2025, she was director of information innovation business division. She is responsible for overall operation of information innovation business division, including product research and development, supply chain and marketing and sales.

Ms. Zhang has extensive experience in management and sales and marketing in semiconductor industry. Prior to joining our Group, from October 2023 to December 2023, she was a deputy general manager of sales department in Mclogic, Inc.* (上海博維邏輯半導體技術有限公司), a company principally engaged in development of semiconductor integrated circuit chips, semiconductor memory chips and semiconductor equipment, and was responsible for marketing and sales management of memory chips and artificial intelligence chip products. From April 2010 to October 2023, she was a director of sales department I of Xi’an UnilC, a company principally engaged in research, development, production and sales of integrated circuit hardware and software, where she was responsible for technical support and marketing and sales management of memory products. From May 2010 to March 2015, she served as a business director of marketing department in Shandong SinoChip Semiconductors Co., Ltd.* (山東華芯半導體有限公司), a company principally engaged in research, development, production and sales of integrated circuit and computer hardware and software, where she was responsible for customer development, channel management and product sales for memory products in the region. From July 2008 to March 2010, she was a salesperson for international business of CSPC Zhongnuo PHARMACEUTICAL (Shijiazhuang) Co., Ltd.* (石藥集團中諾藥業(石家莊)有限公司), a company principally engaged in drugs production and retail, and was responsible for international business expansion and product sales.

Ms. Zhang obtained her bachelor’s degree in English from Hebei University of Economics and Business in the PRC in June 2008 and master’s degree in business administration from Shandong University (山東大學) in the PRC in June 2018.

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General

Save as disclosed in this section, each of our senior management members confirms that:

- (a) he/she did 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;
- (b) he/she did not have any relationship with any Directors, other members of senior management, substantial shareholders or controlling shareholders of our Company as of the Latest Practicable Date;
- (c) he/she did 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
- (d) 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. LIU Yandi (劉岩狄), aged 36, joined our Group in February 2025 as secretary of our Board and was appointed as our company secretary on May 23, 2025. Prior to joining our Group, from July 2013 to January 2025, Mr. Liu worked at TMT department of investment bank division of Huatai United Securities Co., Ltd.* (華泰聯合證券有限責任公司), a wholly-owned subsidiary of Huatai Securities Co., Ltd.* (華泰證券股份有限公司) shares of which are listed on the Stock Exchange (stock code: 6886), the Shanghai Stock Exchange (stock code: 601688) and London Stock Exchange (stock code: HTSC), where he was responsible for initial public offerings, re-financing projects, mergers and acquisitions, managing client relationships and leading the team in project development, underwriting and sales.

Mr. Liu obtained his bachelor’s degree in economics from Nanjing Audit University (南京審計大學) in the PRC in June 2010 and master’s degree in financial engineering from New York University in the United States in May 2012.

Ms. Leung Kwan Wai (梁君慧) is a senior manager of company secretarial services of Tricor Services Limited and was appointed as our company secretary on May 23, 2025. Ms. Leung has over 17 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Leung is a chartered secretary, a chartered governance professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Leung obtained her master’s degree of corporate governance from the Hong Kong Metropolitan University.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us on the following circumstances: (a) before the publication of any regulatory announcement, circular or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues, sales or transfers of treasury shares and share repurchases; (c) 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 (d) where the Stock Exchange makes an inquiry of us under Rule 13.10 of the Listing Rules.

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Pursuant to Rule 3A.24 of the Listing Rules, Somerley 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] and such appointment shall be subject to extension by mutual agreement.

BOARD COMMITTEES

We have established the following committees on our Board in accordance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in the Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”): an audit committee, a remuneration committee and a nomination 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 the Corporate Governance Code. The Audit Committee consists of Mr. HO Hung Tim Chester, Mr. Wang Chi-Kuo and Ms. Xu Qian, with Mr. HO Hung Tim Chester being the chairperson of the committee. Mr. HO Hung Tim Chester holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board, which includes amongst other things: (a) proposing to our Board the appointment and replacement of external auditors and monitoring the independence of external auditors and evaluating their performance; (b) examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; (c) liaising between our internal audit department and external auditors; (d) reviewing our financial information and related disclosures; and (e) other duties conferred by our Board.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee consists of Ms. Xu Qian, Mr. Lin Kuo Hsiung and Mr. HO Hung Tim Chester, with Ms. Xu Qian being the chairperson of the committee.

The primary duties of the Remuneration Committee are to develop remuneration 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: (a) making recommendations to our Board on the policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) reviewing and approving the management’s remuneration proposals with reference to our Board’s corporate goals and objectives; (c) making recommendations to our Board on the remuneration packages of individual executive Directors and senior management; (d) making recommendations to our Board on the remuneration of non-executive Directors; (e) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Group; (f) reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (g) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct

DIRECTORS AND SENIOR MANAGEMENT

to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; (h) ensuring that no Director or any of their associates is involved in deciding that Director’s own remuneration; (i) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and (j) other duties conferred by our Board.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with Rule 3.27A and the Corporate Governance Code. The Nomination Committee consists of Mr. Wang Chi-Kuo, Mr. Ying Wei and Ms. Xu Qian, with Mr. Wang Chi-Kuo being the chairperson of the committee.

The primary duties of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things: (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and making recommendations to our Board regarding any proposed changes to complement our corporate strategy; (b) identifying individuals suitably qualified to become our Board members and select or make recommendations to our Board on the selection of individuals nominated for directorships; (c) assessing the independence of independent non-executive Directors; (d) making recommendations to our Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive; and (e) other duties conferred 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.

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code after the [REDACTED].

BOARD DIVERSITY

We seek to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. We [have adopted] a board diversity policy (the “**Board Diversity Policy**”) to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company’s business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, our Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to semiconductor design, legal, private funds management. They obtained degrees in various majors including business administration and law. Furthermore, our Board has a relatively wide range of ages, ranging from 37 years old to 73 years old, and consists of five male members and two female members. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

DIRECTORS AND SENIOR MANAGEMENT

Our Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Company will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level and is committed to enhance gender diversity at the Board level so that our Company will have a pipeline of female senior management and potential successors to our Board. We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPENSATION OF DIRECTORS AND MANAGEMENT

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

The aggregate amounts of remuneration (including salaries, bonuses, allowances and benefits in kind, performance related bonuses, share-based payment expenses and pension scheme contributions) which were paid or payable to our Directors for the three financial years ended December 31, 2023, 2024 and 2025 were RMB118.1 million, RMB10.2 million and RMB6.2 million, respectively.

It is estimated that the aggregate amount of remuneration (including salaries, bonuses, allowances and benefits in kind, performance related bonuses, share-based payment expenses and pension scheme contributions) payable to our Directors for the financial year ending December 31, 2026 would be approximately RMB13.5 million under arrangements currently in force.

For the three financial years ended December 31, 2023, 2024 and 2025, there were two, two and two Directors among the five highest paid individuals, respectively. The aggregate amounts of remuneration (including salaries, bonuses, allowances and benefits in kind, performance related bonuses, share-based payment expenses and pension scheme contributions) which were paid or payable by our Group to our five highest paid individuals (excluding Directors) for the three financial years ended December 31, 2023, 2024 and 2025 were RMB37.7 million, RMB20.4 million and RMB7.7 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors 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 or the five highest paid individuals of our Group during the Track Record Period.

For additional information on Directors’ remuneration during the Track Record Period as well as information on the five highest paid individuals, see notes 8 and 9 to the Accountants’ Report.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares, and assuming the [REDACTED] are not exercised, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company:

Shareholders	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised) ⁽²⁾		
		Number of Unlisted Shares ⁽¹⁾	Approximate percentage of shareholding in total issued share capital of our Company	Number of Shares ⁽¹⁾	Type of Shares	Approximate percentage of shareholding in total issued share capital of our Company
Mr. Ying ⁽³⁾	Interest in controlled corporation	120,438,810	44.6%	[REDACTED]	[H Share]	[REDACTED]
Advance Faith Investing Limited ⁽³⁾	Interest in controlled corporation	110,593,822	41.0%	[REDACTED]	[H Share]	[REDACTED]
Safari Capital Company Limited ⁽³⁾	Interest in controlled corporation	110,593,822	41.0%	[REDACTED]	[H Share]	[REDACTED]
Ningbo Hunting ⁽³⁾	Interest in controlled corporation	110,593,822	41.0%	[REDACTED]	[H Share]	[REDACTED]
Ningbo Yingxi ⁽³⁾	Interest in controlled corporation	110,593,822	41.0%	[REDACTED]	[H Share]	[REDACTED]
Hangzhou Yingxi ⁽³⁾	Interest in controlled corporation	9,917,345	3.7%	[REDACTED]	[H Share]	[REDACTED]
Hangzhou Dingyuan ⁽³⁾	Beneficial owner	61,198,909	22.7%	[REDACTED]	[H Share]	[REDACTED]
Yingxi No. 1 ⁽³⁾	Beneficial owner	1,987,821	0.7%	[REDACTED]	[H Share]	[REDACTED]
Yingxi No. 4 ⁽³⁾	Beneficial owner	8,022,710	3.0%	[REDACTED]	[H Share]	[REDACTED]
Yingxi No. 5 ⁽³⁾	Beneficial owner	1,894,635	0.7%	[REDACTED]	[H Share]	[REDACTED]
Eaglestream Partners ⁽³⁾	Beneficial owner	9,844,988	3.7%	[REDACTED]	[H Share]	[REDACTED]
Tianyuan Liji ⁽³⁾	Beneficial owner	37,489,747	13.9%	[REDACTED]	[H Share]	[REDACTED]
Wang Jin (王進) ⁽⁴⁾	Interest in controlled corporation	29,975,262	11.1%	[REDACTED]	[H Share]	[REDACTED]
Yuanli Zexin ⁽⁴⁾	Interest in controlled corporation	29,975,262	11.1%	[REDACTED]	[H Share]	[REDACTED]
Longxin Shenzhen ⁽⁴⁾	Interest in controlled corporation	29,975,262	11.1%	[REDACTED]	[H Share]	[REDACTED]
Longxin Liji ⁽⁴⁾	Beneficial owner	11,375,400	4.2%	[REDACTED]	[H Share]	[REDACTED]
Longxin Juneng ⁽⁴⁾	Beneficial owner	6,245,085	2.3%	[REDACTED]	[H Share]	[REDACTED]
Longxin Chuangqi ⁽⁴⁾	Beneficial owner	4,163,397	1.5%	[REDACTED]	[H Share]	[REDACTED]
Longxin Chuangxin ⁽⁴⁾	Beneficial owner	3,412,620	1.3%	[REDACTED]	[H Share]	[REDACTED]
Longxin Chuangxi ⁽⁴⁾	Beneficial owner	3,386,526	1.3%	[REDACTED]	[H Share]	[REDACTED]
Longxin Huiyu ⁽⁴⁾	Beneficial owner	1,392,234	0.5%	[REDACTED]	[H Share]	[REDACTED]
Chen Yanbo (陳彥博) ⁽⁵⁾	Interest in controlled corporation	27,346,291	10.1%	[REDACTED]	[H Share]	[REDACTED]
Hangzhou Jiyeuan Technology Co., Ltd. (杭州基元科技有限公司) ⁽⁵⁾	Interest in controlled corporation	27,346,291	10.1%	[REDACTED]	[H Share]	[REDACTED]
PIHC ⁽⁵⁾	Interest in controlled corporation	27,346,291	10.1%	[REDACTED]	[H Share]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Shareholders	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised) ⁽²⁾		
		Number of Unlisted Shares ⁽¹⁾	Approximate percentage of shareholding in total issued share capital of our Company	Number of Shares ⁽¹⁾	Type of Shares	Approximate percentage of shareholding in total issued share capital of our Company
Hangzhou Chuyuan ⁽⁵⁾ . . .	Beneficial owner	27,346,291	10.1%	[REDACTED]	[H Share]	[REDACTED]
Yao Guishi (么貴師) ⁽⁶⁾ .	Interest in controlled corporation	22,819,779	8.5%	[REDACTED]	[H Share]	[REDACTED]
Linzhi Dingfu Chuangye Investment Management Co., Ltd. (林芝鼎孚創業投資管理有限公司) ⁽⁶⁾	Interest in controlled corporation	22,819,779	8.5%	[REDACTED]	[H Share]	[REDACTED]
Hangzhou Chuneng Enterprise Management Partnership (Limited Partnership) (杭州蠡能企業管理合夥企業(有限合伙)) ⁽⁶⁾	Interest in controlled corporation	22,819,779	8.5%	[REDACTED]	[H Share]	[REDACTED]
Tianjin Haoxin ⁽⁶⁾	Beneficial owner	22,819,779	8.5%	[REDACTED]	[H Share]	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on [REDACTED] H Shares to be converted from Unlisted Shares in issue and [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming that the [REDACTED] are not exercised).
- (3) Upon completion of the Conversion of Unlisted Shares into H Shares and the [REDACTED], [REDACTED] H Shares were directly owned by Hangzhou Dingyuan. [REDACTED] H Shares were directly owned by Tianyuan Liji. [REDACTED] H Shares were directly owned by Yingxi No. 1. General partners of each of Hangzhou Dingyuan, Tianyuan Liji and Yingxi No. 1 are all Ningbo Yingxi. Ningbo Yingxi is indirectly wholly owned by Mr. Ying via Advance Faith Investing Limited, Safari Capital Company Limited and Ningbo Hunting. [REDACTED] H Shares were directly owned by Yingxi No. 4. [REDACTED] H Shares were directly owned by Yingxi No. 5. General partner of each of Yingxi No. 4 and Yingxi No. 5 is Hangzhou Yingxi, which is wholly owned by Ningbo Yingxi. [REDACTED] H Shares were directly owned by Eaglestream Partners which is in turn owned as to 54.6% by Mr. Ying. As such, by virtue of the SFO, Mr. Ying was deemed to be interested in the Shares of our Company held by Hangzhou Dingyuan, Tianyuan Liji, Yingxi No. 1, Yingxi No. 4, Yingxi No. 5 and Eaglestream Partners.
- (4) Upon completion of the Conversion of Unlisted Shares into H Shares and the [REDACTED], Longxin Liji, Longxin Juneng, Longxin Chuangqi, Longxin Chuangxin, Longxin Chuangxi and Longxin Huiyu, in aggregate directly owned [REDACTED] H Shares. General partners of each of the above-mentioned six limited partnerships are Longxin Shenzhen, which is directly owned as to 69.7% by Yuanli Zexin, which is in turn controlled by Mr. Wang Jin as general partner and holding 99.0% interest. As such, by virtue of the SFO, each of Mr. Wang Jin, Yuanli Zexin and Longxin Shenzhen was deemed to be interested in the Shares of our Company held by Longxin Liji, Longxin Juneng, Longxin Chuangqi, Longxin Chuangxin, Longxin Chuangxi and Longxin Huiyu.
- (5) Upon completion of the Conversion of Unlisted Shares into H Shares and the [REDACTED], [REDACTED] H Shares were directly owned by Hangzhou Chuyuan, of which general partner is Hangzhou Jiyuan Technology Co., Ltd, which in turn is directly wholly owned by Mr. Chen Yanbo. The only limited partner of Hangzhou Chuyuan is PIHC holding 99.97% interest. As such, by virtue of the SFO, each of Mr. Chen Yanbo and PIHC was deemed to be interested in the Shares of our Company held by Hangzhou Chuyuan.
- (6) Upon completion of the Conversion of Unlisted Shares into H Shares and the [REDACTED], [REDACTED] H Shares were directly owned by Tianjin Haoxin, of which general partner is Hangzhou Chuneng Enterprise Management Partnership (Limited Partnership), which also holds 51.3% interest in Tianjin Haoxin and is in

SUBSTANTIAL SHAREHOLDERS

turn directly owned as to 90.0% by its general partner, Linzhi Dingfu Chuangye Investment Management Co., Ltd.. Linzhi Dingfu Chuangye Investment Management Co., Ltd. is directly owned as to 96.8% by Mr. Yao Guishi. None of limited partners of Tianjin Haoxin holds more than one third interest therein. As such, by virtue of the SFO, each of Mr. Yao Guishi, Linzhi Dingfu Chuangye Investment Management Co., Ltd. and Hangzhou Chuneng was deemed to be interested in the Shares of our Company held by Tianjian Haoxin.

Saved as disclosed herein and in “Appendix V — Statutory and General Information” of this document, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] are not exercised) and the Conversion of Unlisted Shares into H Shares, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered capital and issued share capital of our Company was RMB270,000,000, comprising 270,000,000 Unlisted Shares of nominal value RMB1 each.

UPON COMPLETION OF THE [REDACTED] AND THE CONVERSION OF UNLISTED SHARES INTO H SHARES

Immediately following completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares, assuming the [REDACTED] are not exercised, the registered and issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to the enlarged issued share capital upon [REDACTED] (%)
H Shares converted from Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be issued under the [REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Immediately following completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares, assuming the [REDACTED] is fully exercised, the registered and issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to the enlarged issued share capital upon [REDACTED] (%)
H Shares converted from Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be issued under the [REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>

OUR SHARES

The H Shares in issue upon completion of the [REDACTED] and the Unlisted Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

Our H Shares may only be subscribed for and traded in Hong Kong dollars. Our Unlisted Shares, on the other hand, may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing Shareholders the Unlisted Shares held by whom will be converted in to H shares according to the approval of the CSRC), H

SHARE CAPITAL

Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Our Unlisted Shares, on the other hand, can be purchased or transferred between legal or natural persons of the PRC, qualified foreign institutional investors and qualified foreign strategic investors.

Unlisted Shares and H Shares shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, the Unlisted Shares may be converted into overseas-[REDACTED] Shares. Such converted Shares could be [REDACTED] or traded on an overseas stock exchange, provided that prior to the conversion and [REDACTED] of such converted Shares, any requisite internal approval process has been duly completed, all the filing procedures with relevant PRC regulatory authorities, including the CSRC are followed. In addition, such conversion and [REDACTED] shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Unlisted Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, such conversion, [REDACTED] and [REDACTED] will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

Register with the CSRC and Full Circulation Application

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies which apply for the conversion of Unlisted Shares into H shares for [REDACTED] and circulation on the Stock Exchange shall register with the CSRC by filing materials on key compliance issues. An unlisted joint stock company may apply for “full circulation” when applying for an overseas listing.

We have filed with the CSRC for, and the CSRC [has registered] the conversion of [REDACTED] Unlisted Shares, representing all of our issued share capital as of [the Latest Practicable Date], into H Shares on a one-for-one basis upon the completion of the [REDACTED] and CSRC issued the filing notice in respect of the [REDACTED] dated [●].

[REDACTED] Approval by the Stock Exchange

We have applied to the [REDACTED] for the granting of the [REDACTED] of, and permission to [REDACTED], (i) our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) and (ii) the H Shares to be converted from our existing Unlisted Shares.

We will perform the following procedures for the conversion of the relevant Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by [REDACTED] for deposit, clearance and settlement in the [REDACTED].

SHARE CAPITAL

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any [REDACTED] of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are [REDACTED] and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the [REDACTED] will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED]. See “History, Development and Corporate Structure — [REDACTED] Investments — Rights of the [REDACTED] Investors”.

For details of the lock-up undertaking given by our Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules, see the section headed “[REDACTED]”.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

For details of circumstances under which our Shareholders’ general meeting is required, see “Appendix IV — Summary of Articles of Association”.

FINANCIAL INFORMATION

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with the IFRSs. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. 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”. For the purposes of this section, unless the context otherwise requires, references to the years of 2023, 2024 and 2025 refer to the years ended December 31 of such years.

OVERVIEW

We are a leading DRAM chip design company in China. Leveraging our technological expertise, industry partnerships and comprehensive product portfolio, we have built a broad customer base and achieved large-scale commercialization of our products and solutions. In 2025, we sold over 100 million memory chips (including chips contained in modules and wafers). According to Frost & Sullivan, in terms of niche DRAM revenue in 2025, we ranked fifth among Chinese companies and fourth among Chinese fabless companies in the global niche DRAM market. We have developed expertise in Wafer-on-Wafer 3D heterogeneous integration and are advancing toward achieving mass production of high bandwidth memory products.

During the Track Record Period, our revenue amounted to RMB580.3 million, RMB646.4 million and RMB1,104.9 million in 2023, 2024 and 2025, respectively.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with all applicable IFRSs which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). The historical financial information has been prepared under the historical cost convention.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATION

The following factors are the principal factors that have affected and will continue to affect our business, financial condition, results of operations and prospects.

Global demand for DRAM

As a DRAM chip design company, we operate in a global landscape that is highly susceptible to macroeconomic fluctuations and the global demand for memory products. The demand for DRAM products is largely driven by the demand for downstream devices and end applications such as robots, smart speakers, Wi-Fi devices, industrial PCs, enterprise servers, and other industrial and consumer electronics. The DRAM market is subject to strong cyclicalities. Fluctuations within the DRAM industry have historically impacted our financial performance. According to Frost & Sullivan, the average price per DRAM DDR3 chip (4Gb), the most widely used DRAM product in the niche market, remained generally stable from 2023 to 2024 and started to enter into an upward cycle in 2025. Consistent with the market trend, our average selling price of DRAM chip per GB remained relatively stable at RMB19.8, RMB18.2 and RMB17.9 in 2023, 2024 and 2025, respectively. For details, please see “Risk Factors — Risk Factors Related to Our Business and Our Industry — The markets in which we compete have historically been cyclical and have experienced downturns with declines in average selling prices that could materially and adversely affect our business, results of operations and financial condition” in this document.

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In addition, the DRAM industry is subject to constant and rapid technological changes, frequent new product introductions, rapid product obsolescence and evolving technical standards. The proliferation of AI, upgrades in consumer electronics and expansion in data centers, smart vehicles, robotics and the IoTs have driven significant data growth, and fueled the global demand for DRAM products. According to Frost & Sullivan, the global DRAM market is expected to grow from RMB984.1 billion in 2025 to RMB2,693.2 billion in 2030, representing a CAGR of 22.3%. We anticipate that in the coming years, the application of AI technology in both industrial and consumer settings will provide new revenue growth opportunities.

Fluctuation in prices of raw materials and relationship with our major suppliers

The prices of raw materials and the efficiency of supply chain management directly affect our cost of sales and gross profit and have historically experienced significant fluctuations. In 2023, 2024 and 2025, raw materials costs accounted for 69.2%, 76.2% and 85.1% of our cost of sales and 66.7%, 69.1% and 71.4% of our revenue, respectively. As a DRAM design and sales company, memory wafers represent our most significant raw material costs. Therefore, changes in the availability and prices of raw materials, particularly memory wafers, could have a significant impact on our results of operations. We procure the majority of memory wafers and other key raw materials from a limited number of suppliers. In 2023, 2024 and 2025, purchase from our five largest suppliers, accounted for 88.6%, 76.2% and 68.7% of our total procurement cost, respectively. See “Risk Factors — Risk Factors Related to Our Business and Our Industry — We rely on a limited number of third party production partners for wafer fabrication and packaging, testing and assembly services for our DRAM products” for more information in this document.

We operate under a fabless business model, which means we focus exclusively on the design, development, and sales of DRAM chips while outsourcing the manufacturing processes to world-class production partners. Our main fabrication partner during the Track Record Period, PSMC, is one of the largest dedicated DRAM foundries globally with which we have established long-term strategic partnership. Please see “Business — Production and Procurement” for details of our relationship with our production partners. Therefore, our ability to maintain long-term stable business relationship with our production partners to provide us with quality and price competitive foundry-manufactured wafers on a timely basis is crucial for our business development and results of operations. Although we have entered into long-term strategic partnership with our major production partners such as PSMC, we cannot assure you that the supply of foundry-manufactured wafers is not interrupted or delayed due to any circumstances and the terms of supply are acceptable to us. It will also take time to establish new or alternative supplier relationships to ensure a steady supply in a timely and cost-efficient manner. In those circumstances, we may not be able to offer products demanded by our customers, or to offer them in sufficient quantities and at acceptable prices. As a result, our business, financial condition and results of operations will be materially and adversely affected.

Our ability to offer cutting-edge and diversified products

The growth of our revenue depends on our ability to make technological advancement and develop products and solutions that meet the evolving needs of our customers. Building on our extensive experience and iterative approach in technology development from SDR to DDR4 products, we possess proprietary R&D capabilities in DRAM products and AI memory-computing solutions. Leveraging our continuous R&D efforts in enhancing the design processes, we can enhance product yield and reduce costs in testing and other critical procedures in the manufacturing process. In particular, we are among a few DRAM suppliers in the PRC which possess Wafer-on-Wafer 3D heterogeneous integration technology.

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Our success also depends on our ability to anticipate industry trends and develop DRAM and AI memory-computing products with high performance that meet the evolving demands of our downstream customers in various application fields. Along with the recent growth of the global and Chinese DRAM and AI computing-related industries, we have seen an overall increase in both the volume of our products sold and revenue generated from such sales. During the Track Record Period, the total storage capacity of our products sold grew from 29.3 million GB in 2023 to 54.3 million GB in 2025, representing a CAGR of 36.1%. Our revenue also increased from RMB580.3 million in 2023 to RMB1,104.9 million in 2025.

We offer a comprehensive range of DRAM products, including DRAM chips, DRAM modules and DRAM KGD wafers, catering to the needs of both consumers and industrial customers. The scale of our business and the growth of our total revenue are largely driven by the expansion, breadth and diversification of our product offerings. Within each product line, we strive to continually expand and upgrade our offerings to provide comprehensive and high-quality solutions for our customers. Additionally, our cost of sales and pricing strategy vary across product lines, resulting in differences in our gross profit margin by product type. During the Track Record Period, fluctuations in our overall revenue and gross margin were partially attributable to the scale of our product offerings and changes in our product mix. For example, we started offering DRAM modules on a large scale in 2023 and the increase in our revenue in 2024 was mainly attributable to the increase in revenue from DRAM modules. By leveraging our diversified product offerings and our fabless business model, equipped with efficient operational capabilities, we are able to offer customers a variety of product combinations, which we expect to create potential business growth opportunities. We anticipate that our results of operations and profitability will continue to be influenced by the growth and mix of our product offerings.

Continuous investment in R&D facilities and talent

Leveraging our robust R&D team and technology platform which has undergone continual iterations and refinement, we consistently dedicated ourselves to the development and design of high-bandwidth, low-power, and high-reliability memory solutions. Through our in-house R&D efforts, we have developed expertise in high-bandwidth memory. To extend our technology leadership in the DRAM industry, we have made, and will continue to make, significant investments in upgrading our design capabilities and R&D infrastructure. In 2023, 2024 and 2025, we incurred R&D expenses of RMB77.2 million, RMB95.8 million and RMB102.1 million, respectively. Going forward, we will continue to invest resources in R&D to support the long-term growth of our business.

The growth of our business depends largely on our R&D talent. We are supported by a robust R&D team comprising semiconductor industry veterans with profound expertise in DRAM technology. Our R&D teams in Hangzhou and Japan maintain a highly collaborative and synergistic working relationship, leveraging their respective expertise to drive innovation in advanced memory technologies. As of December 31, 2025, our R&D team comprised 86 members, representing approximately 53.4% of our total employees. All of our R&D personnel hold a bachelor's degree or higher, with most specializing in electronic engineering. We will continue to invest resources to attract more talented R&D personnel and further improve our chip design capabilities.

Our ability to expand and efficiently manage our sales network

During the Track Record Period, we sold and marketed our DRAM products in the PRC and overseas through our in-house sales team and third-party professional distributors. In 2023, 2024 and 2025, our revenue generated from sales to distributors amounted to RMB402.9 million, RMB421.4 million and RMB642.1 million, respectively, accounting for 69.4%, 65.2% and 58.1%, respectively, of our revenue for the corresponding periods. Meanwhile, our revenue generated from direct sales customers amounted to RMB177.4 million, RMB225.0 million and RMB462.8 million, respectively, accounting for 30.6%, 34.8% and 41.9%, respectively, of our revenue for the corresponding periods. The adoption of direct sales enables us to precisely understand and respond

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to customer requirements, allowing us to offer tailored products and services that meet our customers’ specific needs. At the same time, through our distribution channels, we can efficiently manage payment term risks, reduce cash flow pressures, and gain logistical support, while also enabling us to rapidly establish regional sales networks and enhance market penetration. As a result, we are able to focus on the design aspects of our products and optimize our design capabilities. Therefore, our ability to expand and efficiently manage our sales and distribution network remains critical to our business and financial performance. We plan to optimize and expand our sales and distribution network and to further expand our downstream customer base both in the PRC and overseas markets. In the future, we will continue to deepen our relationship with existing distributors and direct sales customers, and expand sales channels to attract new customers in both existing and new markets.

Our ability to control costs and improve operational efficiency

Our ability to effectively control costs and expenses and improve operational efficiency is crucial to our business, financial conditions and results of operations. Fluctuations in the prices of our raw materials significantly affect our operating costs and profitability. See “Fluctuation in prices of raw materials and relationship with our major suppliers” in this section. Further, we aim to reduce our costs primarily through technological advancements, mature operations and inventory management, establishing comprehensive and sustainable cost advantages. For example, we maintain a safety stock to compensate for any unexpected increase in demand or delay in supply, and track and monitor the flow of goods and inventory levels through our BI system to enhance inventory turnover rates. See “Business — Logistics and Inventory Management” For the three years ended December 31, 2025, our inventory turnover days were 115, 97 days and 89 days, respectively.

During Track Record Period, our selling and marketing expenses and administrative expenses, excluding share-based payment expenses and [REDACTED] expenses, amounted to RMB35.6 million, RMB44.0 million and RMB62.6 million in 2023, 2024 and 2025, respectively, representing 6.1%, 6.8% and 5.7% of our total revenue for the respective periods. We aim to maintain efficient control over our expenses to enhance our results of operation. As our business grows, we stay vigilant in continuously assessing and monitoring the efficiency of our administrative, selling and marketing efficiency to control expenses. We will persist in enhancing our operational efficiency and improving our financial performance by effectively managing our costs and expenses.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 2.3 to the Accountants’ Report in Appendix I to this document sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions, and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See Note 3 to the Accountants’ Report in Appendix I to this document.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income, with line items in absolute amounts and as percentages of our revenue for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Revenue	580,346	100.0	646,401	100.0	1,104,889	100.0
Cost of sales						
Cost of sales of goods and services	(529,458)	(91.2)	(562,092)	(87.0)	(929,944)	(84.2)
(Impairment losses)/reversal of impairment losses on inventories	(29,684)	(5.1)	(24,026)	(3.7)	3,004	0.3
Gross profit	21,204	3.7	60,283	9.3	177,949	16.1
Other income and gains	2,470	0.4	15,286	2.4	8,107	0.7
Selling and marketing expenses	(32,430)	(5.6)	(40,609)	(6.3)	(27,852)	(2.5)
Administrative expenses	(153,196)	(26.4)	(42,548)	(6.6)	(62,374)	(5.6)
Research and development expenses	(77,242)	(13.3)	(95,762)	(14.8)	(102,126)	(9.2)
Other expenses	(1,644)	(0.3)	(84)	(0.0)	(2,924)	(0.3)
(Impairment losses)/reversal of impairment losses on financial assets, net	(356)	(0.1)	(1,199)	(0.2)	701	0.1
Finance costs	(4,030)	(0.7)	(5,205)	(0.8)	(2,594)	(0.2)
Loss before tax	(245,224)	(42.3)	(109,838)	(17.0)	(11,113)	(1.0)
Income tax credit	916	0.2	933	0.1	576	0.1
Loss for the year	(244,308)	(42.1)	(108,905)	(16.8)	(10,537)	(1.0)

NON-IFRS MEASURE

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

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We define adjusted net profit/loss (non-IFRS measure) as loss excluding the effects of share-based payment expenses and [REDACTED] expenses. Share-based payment expenses are non-cash in nature and are employee related expenses arising from grant of shares under our employee incentive scheme. We also exclude [REDACTED] expenses with respect to the [REDACTED]. The adjustments have been consistently made during the Track Record Period. The following table sets forth the reconciliation of net loss to adjusted net profit/loss (non-IFRS measure) for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss for the year	(244,308)	(108,905)	(10,537)
Add:			
Share-based payment expenses	151,145	56,095	17,305
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit/(loss) (non-IFRS measure)	(93,163)	(52,810)	26,090

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Revenue by product or service type

During the Track Record Period, we generated revenue primarily from sales of DRAM chips, modules and KGD wafers, and AI memory-computing solutions and other business. The following table sets forth a breakdown of our revenue by product or service type in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
DRAM chips	484,164	83.5	454,391	70.2	607,824	55.1
DRAM modules	47,283	8.1	137,467	21.3	429,012	38.8
DRAM KGD wafers	47,081	8.1	54,028	8.4	46,642	4.2
AI memory-computing solutions and others ⁽¹⁾	1,818	0.3	515	0.1	21,411	1.9
Total	580,346	100.0	646,401	100.0	1,104,889	100.0

Note:

- (1) During the Track Record Period, our revenue from AI memory-computing solutions and other business comprised (i) design services and (ii) royalty fees, both mainly in relation to our high-bandwidth memory products.

We specialize in the design and sales of high-performance DRAM chips, modules and KGD wafers tailored for a wide range of commercial and industrial applications. We generally recognize revenue when our products have been delivered to our customers. Our AI memory-computing solutions and other business mainly include design services and technology licensing in relation to high-bandwidth memory products. We provided AI memory-computing solutions to AI chips and integrated circuit design companies. The sales of DRAM chips, modules and KGD wafers represent our primary source of revenue. For the three years ended December 31, 2025, our revenue attributable to sales of DRAM chips, modules and KGD wafers amounted to approximately RMB578.5 million, RMB645.9 million and RMB1,083.5 million, respectively, and accounted for approximately 99.7%, 99.9% and 98.1% of our total revenue.

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During the Track Record Period, our revenue from AI memory-computing solutions and other business comprised (i) design services, mainly in relation to high-bandwidth memory products, and (ii) royalty fees. For the three years ended December 31, 2025, our revenue attributable to AI memory-computing solutions and other business amounted to RMB1.8 million, RMB0.5 million and RMB21.4 million, respectively.

The following table presents the sales volume in GB and average selling price per GB of each product line during the Track Record Period.

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(thousand GB)	(RMB per GB)	(thousand GB)	(RMB per GB)	(thousand GB)	(RMB per GB)
DRAM chips	24,426.5	19.8	25,028.2	18.2	33,903.6	17.9
DRAM modules	3,012.6	15.7	7,246.1	19.0	18,455.5	23.2
DRAM KGD wafers	1,893.2	24.9	1,900.3	28.4	1,921.9	24.3

Sales volume of DRAM chips and DRAM KGD wafers increased during the Track Record Period due to the growing customer demand. Sales volume of DRAM modules consistently increased during the Track Record Period due to our decision to expand into and develop IT application innovation business.

The average selling price for DRAM chips and DRAM KGD wafers remained relatively stable from 2023 to 2025, which aligns with the industry-wide fluctuation of the niche DRAM sector. Our average selling price for DRAM chips per GB slightly decreased from RMB18.2 in 2024 to RMB17.9 in 2025 despite the upward cycle in the DRAM industry. According to Frost & Sullivan, the DDR3 products, our main products for DRAM chips business, experienced a large price increase since July 2025. We arrange to produce DRAM chips based on demand of customers and our selling price for DRAM chips generally lags behind the industry average by one quarter due to the production cycle. This is because after receipt of orders from our customers, we make arrangements with our wafer fabrication partner, PSMC, to produce DRAM wafers. The fabrication of wafers typically takes four to five months, after which the wafers are transported to OSAT companies for packaging and testing, which generally requires approximately 10 to 14 days. For details please see “Business — Production and Procurement” in this document. As our selling price is usually determined with reference to the then market price of DRAM chips and our expectation of future market price, and our revenue is only recognized upon delivery of products, our selling price for DRAM chips generally lags behind the industry average by one quarter. The increase in the market price of DDR3 products was reflected in the price of our DRAM chips in the last quarter of 2025. As a result, the upward cycle in the DRAM industry and the increase in the price of DDR3 products were yet to be reflected in our average selling price per GB for DRAM chips in 2025. The average market price of 12-inch wafers per GB amounted to RMB7.8 and RMB7.5 for 2023 and 2024, respectively. Our average selling price for DRAM chips per GB amounted to RMB19.8, RMB18.2 and RMB17.9 for 2023, 2024 and 2025, respectively, which was in line with the price trend of 12-inch wafers, our main raw materials for DRAM chips. Fluctuation of market prices of DRAM chip affects directly our average selling price, and the average selling price for DRAM chips in turn impacted our revenue from DRAM chips from 2023 to 2025. Please see “Industry Overview — Overview of the Global and China Niche DRAM Market — Average Selling Price Trend of DRAM” in this document. For the three years ended December 31, 2025, the average cost of sales per GB of our DRAM KGD wafers amounted to RMB22.9, RMB26.4 and RMB24.5, respectively. Our average selling price of DRAM KGD moved consistently with our procurement cost which amounted to RMB24.9 per GB, RMB28.4 per GB and RMB24.3 per GB, respectively, for the three years ended December 31, 2025. According to Frost & Sullivan, from 2023 to 2024, changes in the overall supply and demand of the market were relatively moderate. As a result, niche DRAM product prices remained relatively stable.

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Revenue by geographical 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 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 China (including Hong Kong and Taiwan) as well as other countries and regions in Asia.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
China (including Hong Kong and Taiwan)	468,724	80.8	499,361	77.3	971,327	87.8
Other countries and regions in Asia ⁽¹⁾	93,975	16.2	106,689	16.5	94,618	8.6
Western Europe	17,545	3.0	39,969	6.1	37,090	3.4
Other countries and regions ⁽²⁾	102	0.0	382	0.1	1,854	0.2
Total	580,346	100.0	646,401	100.0	1,104,889	100.0

(1) Other countries and regions in Asia mainly include Japan and Singapore.

(2) Other countries and regions mainly include the United States and Israel.

Cost of Sales

Our cost of sales of goods and services comprises (i) raw materials, (ii) outsourced services, (iii) freight charges and (iv) production expenses. Raw materials mainly represent memory wafers. Outsourced services mainly represent outsourced packaging, testing and assembly services for DRAM chips and modules. Production expenses mainly represent depreciation expenses. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated both in absolute amount and as a percentage of our total cost of sales, for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Raw materials.	386,812	69.2	446,611	76.2	788,488	85.1
Outsourced services	140,391	25.1	112,875	19.3	137,561	14.8
Freight charges	1,991	0.4	2,032	0.3	2,089	0.2
Production expenses	264	0.0	574	0.1	1,806	0.2
Cost of sales of goods and services	529,458	94.7	562,092	95.9	929,944	100.3
Impairment losses on inventories	29,684	5.3	24,026	4.1	(3,004)	(0.3)
Cost of sales	559,142	100.0	586,118	100.0	926,940	100.0

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The following table sets forth a breakdown of our cost of sales of goods and services by product or service type for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
DRAM chips	444,022	83.9	386,491	68.8	499,199	53.7
DRAM modules	42,030	7.9	125,518	22.3	375,023	40.3
DRAM KGD wafers	43,406	8.2	50,083	8.9	47,051	5.1
AI memory-computing solutions and others	—	—	—	—	8,671	0.9
Total	529,458	100.0	562,092	100.0	929,944	100.0

Gross Profit/Loss and Gross Profit/Loss Margin

The following table sets forth a breakdown of gross profit/loss and gross profit/loss margin by product or service type for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	Gross margin (%)	RMB'000	Gross margin (%)	RMB'000	Gross margin (%)
DRAM chips	40,142	8.3	67,900	14.9	108,625	17.9
DRAM modules	5,253	11.1	11,949	8.7	53,989	12.6
DRAM KGD wafers	3,675	7.8	3,945	7.3	(409)	(0.9)
AI memory-computing solutions and others	1,818	100.0	515	100.0	12,740	59.5
Gross profit before impairment losses on inventories	50,888	8.8	84,309	13.0	174,945	15.8
Gross profit/(loss)	21,204	3.7	60,283	9.3	177,949	16.1

We recorded gross profit of RMB21.2 million, RMB60.3 million and RMB177.9 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 3.7%, 9.3% and 16.1% for 2023, 2024 and 2025, respectively. We recorded gross profit before impairment losses on inventories of RMB50.9 million, RMB84.3 million and RMB174.9 million in 2023, 2024 and 2025, respectively. Our gross profit margin before impairment losses on inventories for 2023, 2024 and 2025 was 8.8%, 13.0% and 15.8%, respectively.

The low gross profit and gross profit margin in 2023 was primarily due to the downturn of the DRAM industry. This period was characterized by an oversupply in the industry, as major manufacturers in the niche DRAM industry scaled up production in 2022, while growth in the demand in the end market fell short of expectations. To speed up inventory clearance, IDMs and other DRAM companies resorted to reduction in price, which collectively leading to a significant decrease in DRAM product market prices and an industry-wide decrease in gross profit margins. In 2023, we utilized inventories purchased before the decrease in DRAM product market prices, exerting pressure on our gross profit margin, resulting in relatively low margin. Our gross profit and gross profit margin improved in 2024 and 2025, primarily as the DRAM industry stabilized and we moved away from the predicament of having to dispose of expensive inventories, our gross profit margin improved.

The changes in the gross profit and gross profit margin of our DRAM chips during the Track Record Period are consistent and largely attributable to fluctuations in the niche DRAM industry. Gross profit margin of DRAM chips recovered in 2024 and 2025 due to the overall recovery of the DRAM industry.

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We began to sell DRAM modules on a large scale in 2023. Gross profit margin of DRAM modules decreased from 11.1% in 2023 to 8.7% in 2024 primarily because our product mix under DRAM modules underwent adjustments in 2024. In response to market demand, we sold more DRAM modules with relatively lower gross profit margin in 2024.

We commenced sales of DRAM modules as a new business segment during the Track Record Period. The revenue contribution from DRAM modules was de minimis before 2023. We began to sell DRAM modules on a large scale in 2023. Scale of business of DRAM modules significantly ramped up which revenue increased from RMB47.3 million in 2023 to RMB137.5 million in 2024, and further to RMB429.0 million in 2025. As DRAM modules underwent significant expansion, more products were brought into the product mix to meet customer demand. As more products with relatively low margins entered into the product mix, the gross profit margin of DRAM modules decreased from 11.1% in 2023 to 8.7% in 2024. The gross profit margin of DRAM modules increased from 8.7% in 2024 to 12.6% in 2025 mainly due to the upward cycle in the DRAM industry in 2025, in particular DDR4 and DDR5 products which were mainly used in our DRAM modules business.

During the Track Record Period, we procured the majority of DRAM chips used in DRAM modules from third party suppliers, mainly because our DRAM modules are used in mainstream markets such as desktop computers, laptops and data centers, while our self-developed DRAM chips are positioned in niche markets. We used a small number of self-developed DRAM chips in our DRAM modules in 2023 which partially contributed to higher margins in the early-stage development of DRAM modules business. We had to use more DRAM chips from third party suppliers as our DRAM modules business expanded. In addition, as our DRAM modules underwent significant growth during the Track Record Period, our gross profit margin was partly affected by the strong negotiation power of large customers which we secured in the expansion of business.

The gross profit margin of our DRAM KGD wafers remained stable in 2023 and 2024. We recorded gross loss margin of 0.9% for our DRAM KGD wafers in 2025, which was primarily because (i) our DRAM KGD wafers underwent product model upgrade in 2025 and the old model product experienced decreasing gross profit margin, and (ii) we incurred higher costs for the new model which was at the tape-out stage.

Our AI memory-computing solutions and other business enjoyed a high gross profit margin during the Track Record Period as we provided design services in relation to high-bandwidth memory products, licensed out our technology and generated royalty fees with low or no additional cost to us.

Other Income and Gains

Other income and gains consist of (i) foreign exchange gain arising from fluctuations in exchange rate, (ii) government grants, which mainly relate to non-recurring grants from local governments in China for our research and development activities and operations, (iii) interest income from bank deposits and (iv) other miscellaneous income and gains, which include compensation for damaged goods and income from wealth management products. The following table sets forth a breakdown of the components of our other income in absolute amounts for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Foreign exchange gain	—	—	7,488	49.0	—	—
Government grants	1,930	78.1	6,214	40.7	6,103	75.3
Interest income	27	1.1	90	0.6	390	4.8
Others	513	20.8	1,494	9.7	1,614	19.9
Total	2,470	100.0	15,286	100.0	8,107	100.0

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Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee benefit expenses including wages and salaries, share-based payment expenses and pension scheme contributions for sales and marketing personnel, (ii) depreciation and amortization expenses, (iii) promotional expenses, (iv) travel and business development expenses, and (v) miscellaneous selling and marketing expenses including fees paid to our sales agents and other office expenses. Our selling and marketing expenses amounted to RMB32.4 million, RMB40.6 million and RMB27.9 million in 2023, 2024 and 2025, respectively.

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee benefit expenses . .	23,066	71.0	33,698	83.0	21,024	75.5
Depreciation and amortization expenses	2,157	6.7	2,338	5.8	1,877	6.7
Promotional expenses	3,425	10.6	1,182	2.9	1,750	6.3
Travel and business development expenses	1,202	3.7	1,838	4.5	1,699	6.1
Miscellaneous selling and marketing expenses	2,580	8.0	1,553	3.8	1,502	5.4
Total	32,340	100.0	40,609	100.0	27,852	100.0

Administrative Expenses

Our administrative expenses consist of (i) employee benefit expenses including wages and salaries, share-based payment expenses and pension scheme contributions for administrative personnel, (ii) [REDACTED] expenses in relation to the proposed [REDACTED], (iii) depreciation and amortization expenses, (iv) consulting and professional service fees mainly in relation to legal fees and technology service fees, (v) travel and business development expenses, (vi) office expenses and (vii) other administrative expenses including surtaxes, stamp duty, bank charges and other miscellaneous administrative expenses. Our administrative expenses amounted to RMB153.2 million, RMB42.5 million and RMB62.4 million in 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of the components of our administrative expenses, in absolute amounts and as percentages of our total administrative expenses, for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee benefit expenses . .	146,516	95.6	33,720	79.2	25,342	40.6
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Depreciation and amortization expenses	1,245	0.8	3,316	7.8	8,032	12.9
Consulting and professional service fees	2,018	1.3	1,539	3.6	2,963	4.8

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	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Travel and business development expenses	1,017	0.7	1,004	2.4	1,390	2.2
Office expenses	561	0.4	665	1.6	1,395	2.2
Others	1,839	1.2	2,304	5.4	3,930	6.3
Total	153,196	100.0	42,548	100.0	62,374	100.0

Research and Development Expenses

Our research and development expenses consist of (i) employee benefit expenses including wages and salaries, share-based payment expenses and pension scheme contributions for R&D personnel, (ii) engineering service fees in relation to testing, (iii) depreciation and amortization expenses, (iv) software licensing fee, (v) material cost and (vi) other research and development expenses, including travel and business development expenses, consulting service fees, lease expenses, and other miscellaneous research and development expenses. Our research and development expenses amounted to RMB77.2 million, RMB95.8 million and RMB102.1 million in 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of the components of our research and development expenses, in absolute amounts and as percentages of our total research and development expenses, for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee benefit expenses . .	29,907	38.8	53,857	56.2	60,264	59.0
Engineering service fees	29,590	38.3	17,812	18.6	16,747	16.4
Depreciation and amortization expenses	8,674	11.2	11,101	11.6	10,166	10.0
Software licensing fee	4,875	6.3	7,566	7.9	8,698	8.5
Material cost	1,815	2.3	2,851	3.0	1,964	1.9
Others	2,381	3.1	2,575	2.7	4,287	4.2
Total	77,242	100.0	95,762	100.0	102,126	100.0

Other Expenses

Our other expenses primarily include exchange loss, loss for damaged goods and compensation for termination of office lease. Our other expenses amounted to RMB1.6 million, RMB84 thousand and RMB2.9 million in 2023, 2024 and 2025, respectively.

Impairment Losses on Financial Assets

Our impairment losses on financial assets primarily relate to bad debt provisions of our trade receivables. We recorded impairment losses on financial assets of RMB0.4 million and RMB1.2 million in 2023 and 2024, respectively, and reversal of impairment losses on financial assets of RMB0.7 million in 2025.

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Finance Costs

Our finance costs comprise (i) interest on interest-bearing bank borrowings and borrowings from related companies and (ii) interests on lease liabilities. Our finance costs amounted to RMB4.0 million, RMB5.2 million and RMB2.6 million in 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of the major components of our financial costs, in absolute amounts and as percentages of our total finance costs, for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Interest on interest-bearing bank and other borrowings and due to related parties . .	3,902	96.8	5,007	96.2	2,417	93.2
Interest on lease liabilities . . .	128	3.2	198	3.8	177	6.8
Total	4,030	100.0	5,205	100.0	2,594	100.0

Income Tax Credit

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 credit of RMB0.9 million, RMB0.9 million and RMB0.6 million in 2023, 2024 and 2025, respectively. As of the Latest Practicable Date, we did not have any disputes with any tax authorities.

China

Our subsidiaries incorporated in China are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for these subject to tax preferential set out below:

Our Company was granted the qualification of High and New Technology Enterprises and was entitled to a preferential corporate income tax rate of 15% during the Track Record Period.

Certain subsidiaries of our Group have implemented the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC's State Administration of Taxation. Pursuant to the policy announced by the PRC's State Administration of Taxation, during the Track Record Period, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which does not exceed RMB1,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%; the portion of annual taxable income amount which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%.

Hong Kong

The subsidiary incorporated in Hong Kong is qualified as an entity under the two-tiered profits tax rates regime. Accordingly, it is subject to Hong Kong profits tax at the rate of 8.3% for taxable income not exceeding HK\$2,000,000, and 16.5% for taxable income exceeding HK\$2,000,000 on any estimated assessable profits arising in Hong Kong during the Track Record Period. No provision for Hong Kong profits tax has been made as our Group had no assessable profits derived from or earned in Hong Kong during the Track Record Period.

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Japan

The subsidiary incorporated in Japan is qualified as an entity under the two-tiered profits tax rates regime. Accordingly, it is subject to Japan profits tax at the rate of 19% for taxable income not exceeding JPY8,000,000, and 23.2% for taxable income exceeding JPY8,000,000 on any estimated assessable profits arising in Japan during the Track Record Period. No provision for Japan profits tax has been made as our Group had no assessable profits derived from or earned in Japan during the Track Record Period.

Loss for the Year

As a result of the foregoing, we recorded loss of RMB244.3 million, RMB108.9 million and RMB10.5 million in 2023, 2024 and 2025, respectively.

Adjusted Net Profit/Loss (Non-IFRS Measure) for the Year

As a result of the foregoing, we recorded adjusted net loss (non-IFRS measure) of RMB93.2 million and RMB52.8 million in 2023 and 2024, respectively, and adjusted net profit (non-IFRS measure) of RMB26.1 million in 2025.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our total revenue increased by 70.9% from RMB646.4 million in 2024 to RMB1,104.9 million in 2025, primarily due to the increase in revenue from DRAM modules and DRAM chips, partially offset by the decrease in revenue from DRAM KGD wafers.

Revenue from our sales of DRAM chips increased by 33.8% from RMB454.4 million in 2024 to RMB607.8 million in 2025, primarily due to the increase in the sales volume from 25.0 million GB in 2024 to 33.9 million GB in 2025 which was attributable to increased demand from customers.

Revenue from our sales of DRAM modules increased by 212.1% from RMB137.5 million in 2024 to RMB429.0 million in 2025, primarily because we scaled up our IT application innovation business resulting in a significant increase of sales volume from 7.2 million GB in 2024 to 18.5 million GB in 2025. We developed major customers including Customer Group D and Customer E for our DRAM modules business.

Revenue from our sales of DRAM KGD wafers decreased by 13.7% from RMB54.0 million in 2024 to RMB46.6 million in 2025, primarily due to the decrease in the average selling price per GB of DRAM KGD wafers in 2025 as our DRAM KGD wafers underwent product model upgrade from 38 nm to 25 nm and some of our 25 nm DRAM KGD wafers products were at tape-out stage and have not commenced mass production. As the 38 nm DRAM KGD wafers were expected to experience decreasing prices, we did not actively promote 38 nm DRAM KGD wafers in 2024 but instead focused on the R&D, in particular techniques for the mass production of 25 nm DRAM KGD wafers. In addition, to the best knowledge of our Directors, some customers who had originally planned to purchase 38 nm DRAM KGD wafers may have postponed their orders in anticipation of our upcoming 25 nm products.

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Revenue from our AI memory-computing solutions and other business increased from RMB0.5 million in 2024 to RMB21.4 million in 2025 primarily due to (i) design services and technology licensing in relation to high-bandwidth memory products provided to a leading semiconductor company specializing in advanced chip design and (ii) sales of our silicon interposer solutions to Enrigin Technology Co., Ltd. (“**Enrigin**”), a leading AI computing chip company, in 2025.

Cost of sales

Our cost of sales increased by 58.1% from RMB586.1 million in 2024 to RMB926.9 million in 2025, primarily due to the increase in the cost of sales of goods and services from RMB562.1 million to RMB929.9 million. The increase in the cost of sales of goods and services was primarily driven by the increase in raw materials from RMB446.6 million to RMB788.5 million in line with our business growth. We recorded impairment losses on inventories of RMB24.0 million in 2024 and reversal of impairment losses of RMB3.0 million in 2025, primarily due to the increase in the net realizable value of inventories.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 195.2% from RMB60.3 million in 2024 to RMB177.9 million in 2025. Our overall gross profit margin increased from 9.3% in 2024 to 16.1% in 2025, mainly due to (i) the increase in gross profit margin of DRAM chips from 14.9% in 2024 to 17.9% in 2025 further attributable to the overall recovery of the DRAM industry as we strategically purchased some DRAM wafers before the increase in market price in anticipation of the market recovery; (ii) the increase in gross profit margin of DRAM modules from 8.7% in 2024 to 12.6% in 2025 further attributable to the upward cycle in the DRAM industry in 2025, in particular DDR4 and DDR5 products which were mainly used in our DRAM modules business.

Other Income and Gains

Our other income and gains decreased from RMB15.3 million in 2024 to RMB8.1 million in 2025, primarily due to the decrease in foreign exchange gain from RMB7.5 million in 2024 to nil in 2025 further due to the fluctuations in the exchange rate between the U.S. dollar and RMB.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 31.4% from RMB40.6 million in 2024 to RMB27.9 million in 2025, primarily due to the decrease in employee benefit expenses from RMB33.7 million in 2024 to RMB21.0 million in 2025, further attributable to the decrease in share-based payment expenses from RMB21.9 million to RMB1.9 million.

Administrative Expenses

Our administrative expenses increased by 46.6% from RMB42.5 million in 2024 to RMB62.4 million in 2025, primarily due to (i) the increase in [REDACTED] expenses from [REDACTED] in 2024 to [REDACTED] in 2025, and (ii) the increase in depreciation and amortization expenses from RMB3.3 million in 2024 to RMB8.0 million in 2025.

Research and Development Expenses

Our research and development expenses increased by 6.6% from RMB95.8 million in 2024 to RMB102.1 million in 2025, primarily due to (i) increase in employee benefit expenses from RMB53.9 million in 2024 to RMB60.3 million in 2025, further attributable to the increase in wages and salaries from RMB32.0 million in 2024 to RMB44.6 million in 2025 further due to the increase in the number of our R&D personnel. Our research and development expenses (excluding share-based payments) increased from RMB78.9 million in 2024 to RMB93.1 million in 2025.

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Other Expenses

Our other expenses increased from RMB84 thousand in 2024 to RMB2.9 million in 2025 mainly due to the increase in foreign exchange loss.

Reversal of impairment losses/impairment losses on financial assets

We recorded impairment losses on financial assets, mainly trade receivables, of RMB1.2 million in 2024 and reversal of impairment losses on financial assets of RMB0.7 million in 2025, due to the decrease in trade receivables aged over three months.

Finance Costs

Our finance costs decreased by 50.2% from RMB5.2 million in 2024 to RMB2.6 million in 2025.

Income Tax Credit

We recorded income tax credit of RMB0.9 million and RMB0.6 million in 2024 and 2025, respectively.

Loss for the Year

As a result of the foregoing, our net loss decreased by 90.0% from RMB108.9 million in 2024 to RMB10.5 million in 2025.

Adjusted Net Profit/Loss (Non-IFRS Measure) for the Year

As a result of the foregoing, we recorded adjusted net loss (non-IFRS measure) of RMB52.8 million in 2024 and adjusted net profit (non-IFRS measure) of RMB26.1 million in 2025.

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

Revenue

Our total revenue increased by 11.4% from RMB580.3 million in 2023 to RMB646.4 million in 2024, primarily due to the increase in revenue from sales of DRAM modules as we shifted our product mix, primarily due to the increase in revenue from DRAM modules, partially offset by the decrease in revenue from DRAM chips.

Revenue from our sales of DRAM chips decreased by 6.1% from RMB484.2 million in 2023 to RMB454.4 million in 2024, primarily due to the decrease in the average selling price per GB of DRAM chips from RMB19.8 in 2023 to RMB18.2 in 2024 which was attributable to a change in our product mix as we sold more DRAM chips of large capacity in 2024. The effect of the decrease in the average selling price is partially offset by the increase in the sales volume from 24.4 million GB in 2023 to 25.0 million GB in 2024, attributable to the market recovery.

Revenue from our sales of DRAM modules increased by 190.7% from RMB47.3 million in 2023 to RMB137.5 million in 2024, primarily because (i) we scaled up our IT application innovation business resulting in an increase of sales volume and (ii) the average selling price of DRAM modules we sold in 2024 also increased.

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Revenue from our sales of DRAM KGD wafers increased by 14.8% from RMB47.1 million in 2023 to RMB54.0 million in 2024, primarily due to (i) the increase in the average selling price per GB of DRAM KGD wafers from RMB24.9 in 2023 to RMB28.4 in 2024, and (ii) the slight increase in the sales volume of DRAM KGD wafers from 1,893 thousand GB in 2023 to 1,900 thousand GB in 2024, reflecting a growing market demand for our products which is consistent with the recovery of DRAM market in general.

Revenue from our AI memory-computing solutions and other business decreased by 71.7% from RMB1.8 million in 2023 to RMB0.5 million in 2024.

Cost of Sales

Our cost of sales increased by 4.8% from RMB559.1 million in 2023 to RMB586.1 million in 2024, primarily due to the increase in the cost of sales of goods and services from RMB529.5 million in 2023 to RMB562.1 million in 2024. The increase in the cost of sales of goods and services was primarily driven by the increase in raw materials from RMB386.8 million in 2023 to RMB446.6 million in 2024 further due to the increase in the price of memory wafers in 2024, partially offset by the decrease in the amount of outsourced services from RMB140.4 million in 2023 to RMB112.9 million in 2024, which was due to the decrease in the number of DRAM chips we sold further attributable to the change in our product mix as we sold more DRAM chips of large capacity in 2024. Impairment losses on inventories decreased by 19.1% from RMB29.7 million in 2023 to RMB24.0 million in 2024 due to the more moderate decline in the market price of niche DRAM products in 2024.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB21.2 million in 2023 to RMB60.3 million in 2024. Our overall gross profit margin increased from 3.7% in 2023 to 9.3% in 2024. The relatively low gross profit and gross profit margin for 2023 was primarily due to decreased gross profit in DRAM products, which were impacted by the downturn in the DRAM industry. Benefitting from the recovery in the DRAM market and our decision to develop DRAM modules, we achieved a significant increase in gross profit from 2023 to 2024. As the market began to recover and we moved away from the predicament of having to dispose of expensive inventories, our gross profit margin improved.

Other Income and Gains

Our other income and gains increased by 518.9% from RMB2.5 million in 2023 to RMB15.3 million in 2024, which was primarily attributable to (i) the increase in foreign exchange gain from nil in 2023 to RMB7.5 million in 2024 further due to the fluctuations in the exchange rate between the U.S. dollar and RMB, and (ii) the increase in government grants from RMB1.9 million in 2023 to RMB6.2 million in 2024 as we received more government grants for our research and development activities in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 25.2% from RMB32.4 million in 2023 to RMB40.6 million in 2024, primarily due to the increase in employee benefit expenses from RMB23.0 million in 2023 to RMB33.7 million in 2024 further attributable to (i) the increase in share-based payment expenses from RMB15.0 million in 2023 to RMB21.9 million in 2024, and (ii) the increase in wages and salaries from RMB6.4 million in 2023 to RMB9.4 million in 2024 further due to the increase in the number of our sales personnel as we expanded our sales efforts.

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Administrative Expenses

Our administrative expenses decreased by 72.2% from RMB153.2 million in 2023 to RMB42.5 million in 2024, primarily due to the decrease in employee benefit expenses from RMB146.5 million in 2023 to RMB33.7 million in 2024 further due to the decrease in share-based payment expenses from RMB135.0 million in 2023 to RMB17.3 million in 2024.

Research and Development Expenses

Our research and development expenses increased by 24.0% from RMB77.2 million in 2023 to RMB95.8 million in 2024, primarily due to the increase in employee benefit expenses from RMB29.9 million in 2023 to RMB53.9 million in 2024 further attributable to (i) the increase in share-based payment expenses from RMB1.2 million in 2023 to RMB16.9 million in 2024, and (ii) the increase in wages and salaries from RMB24.5 million in 2023 to RMB32.0 million in 2024 further due to the increase in the number of our R&D personnel.

Other Expenses

Our other expenses decreased by 94.9% from RMB1.6 million in 2023 to RMB84 thousand in 2024.

Impairment Losses on Financial Assets

Our impairment losses on financial assets, mainly trade receivables, increased by 236.8% from RMB0.4 million in 2023 to RMB1.2 million in 2024, further due to the increase in the balance of trade receivables.

Finance Costs

Our finance costs increased by 29.2% from RMB4.0 million in 2023 to RMB5.2 million in 2024, primarily due to the increase in the interest on interest-bearing bank borrowings and borrowings from related companies from RMB3.9 million in 2023 to RMB5.0 million in 2024 further due to the increase in our borrowings in 2024 compared to 2023.

Income Tax Credit

Our income tax credit remained relatively stable at RMB0.9 million in 2023 and 2024.

Loss for the Year

As a result of the foregoing, our net loss decreased by 55.4% from RMB244.3 million in 2023 to RMB108.9 million in 2024.

Adjusted Net Loss (Non-IFRS Measure) for the Year

As a result of the foregoing, our adjusted net loss (non-IFRS measure) decreased by 43.3% from RMB93.2 million in 2023 to RMB52.8 million in 2024.

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DISCUSSION OF CERTAIN KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

Property, Plant and Equipment

Our property, plant and equipment are comprised of (i) machinery, (ii) office equipment and electronic devices, (iii) vehicles, (iv) leasehold improvements, (v) construction in progress and (vi) buildings.

The following table sets forth the key components of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Machinery	10,142	39,714	44,754
Office equipment and electronic devices. .	3,870	5,468	5,095
Vehicles	67	46	44
Leasehold improvements	872	2,206	2,774
Construction in progress	50,331	—	—
Buildings	—	21,630	22,614
Total	65,282	69,064	75,281

Our property, plant and equipment increased from RMB65.3 million as of December 31, 2023 to RMB69.1 million as of December 31, 2024, and further increased to RMB75.3 million as of December 31, 2025, primarily because we acquired new equipment and machinery in 2024 and 2025. Our construction in progress decreased from RMB50.3 million as of December 31, 2023 to nil as of December 31, 2024 as the construction in progress was transferred to buildings and machinery.

Goodwill

As of December 31, 2023, 2024 and 2025, our goodwill amounted to RMB24.1 million, RMB24.5 million and RMB24.0 million, respectively. Our goodwill arose from our acquisition of Zentel Japan, and the changes as of December 31, 2023, 2024 and 2025 were primarily due to fluctuations in the exchange rate.

We conducted impairment test on our goodwill as of December 31, 2023, 2024 and 2025. The recoverable amount of the Zentel Japan cash-generating unit has been determined based on a value-in-use calculation using cash flow projections. We have used assumptions in the value-in-use calculation of the Zentel Japan cash-generating unit during the Track Record Period. The key assumptions on which we have based our cash flow projections to undertake impairment testing of goodwill are (i) budgeted revenue — amounts of the budgeted sales are based on the historical data and our expectation of the future market; (ii) budgeted gross margins — the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year; and (iii) discount rate — the discount rate used is before tax and reflects specific risks relating to the relevant unit.

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We have performed a sensitivity test by decreasing the budgeted gross margin by 1% or increasing the discount rates by 1%, with all other assumptions held constant. The impacts on the amount by which the Zentel Japan cash-generating unit’s recoverable amount exceeds its carrying amount (headroom) are as follows:

	As of December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Headroom	237,039	559,305	707,388
Impact by decreasing budgeted gross margins	(127,395)	(149,658)	(174,501)
Impact by increasing discount rates	(77,823)	(90,894)	(114,494)

Considering there was still sufficient headroom based on the assessment, we believe that a reasonably possible change in the above key parameters would not cause the carrying amount of the Zentel Japan cash-generating unit to exceed its recoverable amount as of December 31, 2023, 2024 and 2025. For details on the impairment assessment on goodwill, see Note 15 to the Accountants’ Report in Appendix I to this document.

Other Intangible Assets

Our other intangible assets are comprised of (i) software, (ii) patents and licenses and (iii) trademark.

	As of December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Software	57	1,392	1,914
Patents and licenses	18,428	12,285	6,834
Trademark	5,191	3,457	1,803
Total	23,676	17,134	10,551

Our other intangible assets decreased from RMB23.7 million as of December 31, 2023 to RMB17.1 million as of December 31, 2024, further to RMB10.6 million as of December 31, 2025, primarily due to the amortization charges during the relevant periods. Our software increased from RMB57 thousand as of December 31, 2023 to RMB1.4 million as of December 31, 2024 and further to RMB1.9 million as of December 31, 2025 as we acquired new software for office use.

Inventories

Our inventories are comprised of (i) raw materials primarily including memory wafers, (ii) work in progress, which includes items still in production, such as partially assembled or packaged products, or products undergoing testing, and (iii) finished goods, such as DRAM products that are fully manufactured, tested, packaged, and ready for sale. The value of our inventories accounted for 47.7%, 48.3% and 50.2% of our total current assets as of December 31, 2023, 2024 and 2025, respectively. The following table sets forth the key components of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Raw materials	47,360	8,413	1,188
Work in progress	96,732	62,700	111,183
Finished goods	43,892	105,709	191,451
	187,984	176,822	303,822

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	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Less: provision for impairment losses on inventories	(29,681)	(24,009)	(4,467)
Total	<u>158,303</u>	<u>152,813</u>	<u>299,355</u>

Our inventories remained relatively stable at RMB152.8 million as of December 31, 2024 compared to RMB158.3 million as of December 31, 2023. The finished goods increased from RMB43.9 million as of December 31, 2023 to RMB105.7 million as of December 31, 2024 mainly due to the increase in the volume of DRAM module inventories. Our inventories increased to RMB299.4 million as of December 31, 2025 mainly due to the increase in work in progress and finished goods driven by the growth of our DRAM chips and DRAM modules business.

We believe maintaining appropriate levels of inventories dynamically helps us fully address our customers’ demand and achieve customer satisfaction without adversely affecting our liquidity. We have in place a set of policies and procedures to manage our inventories. For details, see “Business — Logistics and Inventory Management.”

As of March 31, 2026, RMB212.2 million, or 69.8% of our inventories before impairment as of December 31, 2025, had been used, consumed or sold subsequent to December 31, 2025.

The following table is an aging analysis of our inventories before impairment during the Track Record Period:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 2 months	127,239	72,652	236,478
2 to 5 months	25,420	40,944	43,254
Over 5 months	35,325	63,226	24,090
Total	<u>187,984</u>	<u>176,822</u>	<u>303,822</u>

The following table sets forth our inventory turnover days for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	115	97	89

Note:

- (1) Calculated based on the average balance of inventory (after allowance) divided by the cost of sales for the relevant year multiplied by 365 days for the year. Average balance of inventory is calculated as the sum of the beginning balance and ending balance for the relevant year divided by two.

Our inventory turnover days decreased from 115 days in 2023 to 97 days in 2024, and further decreased to 89 days in 2025, primarily due to our improved inventory utilization efficiency.

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Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Our Directors believe that our inventory allowance policy is in compliance with the IFRSs and that the inventory allowance recognized during the Track Record Period were adequate.

Trade Receivables

Trade receivables represent outstanding amounts due from our customers for our products and services performed in the ordinary course of business. A trade receivable is recorded when we have an unconditional right to receive consideration.

The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	100,796	115,090	154,551
Less: Impairment of trade receivables . . .	(1,191)	(2,367)	(1,645)
Net carrying amount	99,605	112,723	152,906

Our trade receivables increased from RMB99.6 million as of December 31, 2023 to RMB112.7 million as of December 31, 2024 and further to RMB152.9 million as of December 31, 2025, primarily due to our business growth.

The following table sets forth the turnover days of our trade receivables for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Turnover days of our trade receivables ⁽¹⁾ .	46	60	44

Note:

- (1) Trade receivables turnover days are calculated based on the average of the beginning and ending balances of our trade receivables (after impairment) for that period divided by revenue for that period and multiplied by 365 days.

The turnover days of our trade receivables increased from 46 days in 2023 to 60 days in 2024, primarily due to the increase in our trade receivables further due to our business growth in 2024. In addition, we further scaled up the sale of DRAM modules in 2024. Most of our DRAM module customers are direct sales customers rather than distributors. Distributors generally prepay us or are offered a shorter credit period. The credit period of direct sales customers is usually longer than distributors as direct sales customers typically negotiate for a longer credit period, and hence resulted in increased trade receivables turnover days. We granted credit period of 60 days to new major direct sales customers for DRAM modules in 2024. The turnover days of our trade receivables decreased to 44 days in 2025 compared to 60 days in 2024 mainly due to our collection efforts.

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We normally allow a credit period of one month to our customers and extend up to three months. The following table is an aging analysis of the net carrying amount of our trade receivables during the Track Record Period:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	68,855	42,933	57,101
1 to 2 months	16,553	32,869	59,714
2 to 3 months	12,460	20,443	29,939
Over 3 months	1,737	16,478	6,152
Total	99,605	112,723	152,906

Trade receivables aged over three months increased from RMB1.7 million as of December 31, 2023 to RMB16.5 million as of December 31, 2024 due to delayed payment from a counterparty, ADATA. ADATA is our supplier of DRAM modules. Under the previous business model, we sold DRAM chips to ADATA which would process the DRAM chips into DRAM modules before selling the DRAM modules back to us. Under the new business model, we pay service fees for the DRAM modules processed by another company of the ADATA Group, namely ADVANCED DATA TECHNOLOGY (SUZHOU) CO., LTD. Due to the change of the business model, the processing of the last batch of our DRAM chips was delayed and hence a payment from ADATA was delayed. The delayed payment due from ADATA was settled as of the Latest Practicable Date. Under the new business model, we do not expect material delay in payment from ADATA which was inherent from the previous business model.

We manage the collection of our trade receivables by reviewing our internal policy for trade receivables from time to time and ensuring that our trade receivable collection measures have been implemented. We regularly review our customers' payment history and also review the aging of our trade receivables on a monthly basis. We assign designated personnel to liaise with different customers and proactively follow up with customers if any trade receivables are overdue. We believe our credit control measures are appropriate. We implemented such measures in early 2025 which are effective as demonstrated by a decrease in our trade receivables turnover days of 44 days in 2025 compared to 60 days in 2024, notwithstanding our business growth in 2025.

As of March 31, 2026, RMB147.7 million, or 95.5% of our trade receivables before impairment as of December 31, 2025, had been subsequently settled.

Prepayments, other receivables and other assets

Our prepayments, other receivables and other assets consist of (i) deposits, (ii) other tax recoverable, (iii) prepayments, (iv) prepaid expenses, (v) deferred [REDACTED] expenses and (vi) other receivables. As of December 31, 2023, 2024 and 2025, our prepayments, other receivables and other assets amounted to RMB42.1 million, RMB21.9 million and RMB110.9 million, respectively.

The following table sets forth the key components of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deposits	34,280	1,047	1,825
Other tax recoverable	1,939	9,467	20,915
Prepayments	4,890	9,622	81,440
Prepaid expenses.	1,052	1,765	4,472

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	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
	42,161	21,901	110,922
Impairment allowance	(51)	(44)	(44)
Total	42,110	21,857	110,878

Deposits primarily include land and rental deposits. Deposits decreased from RMB34.3 million as of December 31, 2023 to RMB1.0 million as of December 31, 2024, primarily due to the refund of the land deposits. Deposits remained relatively stable at RMB1.8 million as of December 31, 2025.

Other tax recoverable primarily include deductible input VAT. Other tax recoverable increased from RMB1.9 million as of December 31, 2023 to RMB9.5 million as of December 31, 2024, and further to RMB20.9 million December 31, 2025 primarily due to the increase in the import deductible input VAT in each year.

Prepayments primarily include prepayments for equipment and raw materials such as memory wafers. Prepayments increased from RMB4.9 million as of December 31, 2023 to RMB9.6 million as of December 31, 2024, and further to RMB81.4 million as of December 31, 2025, primarily due to the increase in prepayments for raw materials.

Prepaid expenses primarily include prepayments for software licenses. Prepaid expenses increased from RMB0.9 million as of December 31, 2023 to RMB1.5 million as of December 31, 2024 and further to RMB4.5 million as of December 31, 2025.

Deferred [REDACTED] expenses relates to our proposed [REDACTED] and amounted to [REDACTED], [REDACTED] and [REDACTED] as of December 31, 2023, 2024 and 2025, respectively.

As of March 31, 2026, RMB89.8 million, or 81.0% of our prepayments, other receivables and other assets before impairment outstanding as of December 31, 2025 had been subsequently used or collected.

Trade Payables

Our trade payables mainly represent payables to our suppliers. Trade payables remained relatively stable at RMB94.8 million as of December 31, 2024 compared to RMB98.5 million as of December 31, 2023. Our trade payables increased from RMB94.8 million as of December 31, 2024 to RMB125.0 million as of December 31, 2025 as our business grew.

The credit term we receive from our suppliers is generally seven to 60 days. The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	74,714	72,330	87,650
1 to 2 months	23,816	19,693	37,349
2 to 3 months	—	751	—
Over 3 months	—	2,070	—
Total	98,530	94,844	124,999

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The following table sets forth the turnover days of our trade payables for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	53	60	43

Note:

- (1) Trade payables turnover days are calculated based on the average of the beginning and ending trade payables balances, divided by total cost of sales for that year, multiplied by 365 days.

The turnover days of our trade payables increased from 53 days in 2023 to 60 days in 2024, primarily because we better utilized credit periods granted to us. The turnover days of our trade payables decreased to 43 days in 2025.

As of March 31, 2026, RMB125.0 million, or 100.0% of our trade payables as of December 31, 2025 had been settled.

Other Payables and Accruals

Our other payables and accruals consist of (i) contract liabilities, (ii) payroll and welfare payable, (iii) other tax payables, (iv) deposits, (v) due to a third party, (vi) accrual for [REDACTED] expenses and (vii) other miscellaneous payables and accruals. As of December 31, 2023, 2024 and 2025, our other payables and accruals amounted to RMB9.6 million, RMB47.3 million and RMB33.1 million, respectively.

The following table sets forth the key components of our other payables and accrued expenses as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	5,306	4,281	11,722
Payroll and welfare payable	3,380	7,086	13,968
Other tax payables	654	613	1,324
Deposits	122	—	17
Due to a third party	—	35,038	—
Payable for [REDACTED] expenses . . .	[REDACTED]	[REDACTED]	[REDACTED]
Others	153	289	335
Total	9,615	47,307	33,128

Contract liabilities primarily represent the advances received from customers to deliver our products. Contract liabilities amounted to RMB5.3 million, RMB4.3 million and RMB11.7 million as of December 31, 2023, 2024 and 2025, respectively.

Payroll and welfare payable increased from RMB3.4 million as of December 31, 2023 to RMB7.1 million as of December 31, 2024 primarily due to the increase in the number of our employees in 2024. Payroll and welfare payable decreased from RMB7.1 million as of December 31, 2024 to RMB14.0 million as of December 31, 2025, primarily due to the increase in the number of our employees in 2025 and the increase in bonus payable.

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Other tax payables primarily include individual income tax and stamp duty payables. Other tax payables amounted to RMB0.7 million, RMB0.6 million and RMB1.3 million as of December 31, 2023, 2024 and 2025, respectively.

Deposits primarily include deposits from potential customers. Deposits amounted to RMB0.1 million, nil, RMB17 thousand as of December 31, 2023, 2024 and 2025, respectively.

We recorded due to a third party of RMB35.0 million as of December 31, 2024 because we obtained temporary financing from a third party. The amount due to a third party of RMB35.0 million was repaid in May 2025. The third party is Linzhi Dingfu, which (i) is a limited partner holding approximately 27.47% of Tianjin Dingying, one of our [REDACTED] Investors, and (ii) controls Tianjin Haoxin, one of our Shareholders, together with Mr. Yao Guishi. For further information of Linzhi Dingfu, see “History — [REDACTED] Investments — Background of the [REDACTED] Investors — Tianjin Dingying” in this document. Save as disclosed above, to the best knowledge, information and belief of the Company, there is no other past or present relationship (including, without limitation, family, business, financing, employment or otherwise) between Linzhi Dingfu and the Company or its subsidiaries, their directors, shareholders, senior management, supervisors and their respective associates. We obtained temporary financing from Linzhi Dingfu, an indirect Shareholder, mainly due to our need for operational cash flows for business expansion and the favorable commercial terms offered by Linzhi Dingfu compared with commercial banks at the material time including an interest rate of 3% per annum and no security requirements. Linzhi Dingfu is primarily engaged in venture capital investment and management and private equity fund management. To the best knowledge, information and belief of the Company, the source of funds in respect of the loan provided to us by Linzhi Dingfu is Linzhi Dingfu’s own funds. The repayment term is up to March 31, 2025 and subject to mutual consensus to extend. Linzhi Dingfu provided temporary financing to us as Linzhi Dingfu was aware of our need for short-term operational cash flows and considered it was in line with its own interest as an indirect Shareholder to provide funding to us for our business expansion.

Payable for [REDACTED] expenses relate to our proposed [REDACTED] and amounted to [REDACTED], [REDACTED] and [REDACTED] as of December 31, 2023, 2024 and 2025, respectively.

Other payables primarily include payables for employee reimbursements and other miscellaneous payables. Other payables amounted to RMB0.2 million, RMB0.3 million and RMB0.3 million as of December 31, 2023, 2024 and 2025, respectively.

As of March 31, 2026, RMB27.0 million, or 81.6% of our other payables and accruals outstanding as of December 31, 2025 were settled.

RELATED-PARTY TRANSACTIONS

The following table sets forth the amount advanced to and repaid by us to related parties for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances from related parties			
Eaglestream Technology	7,083	—	—
Beijing Guangtai Huixin Investment Consulting Co., Ltd.* (北京廣泰匯鑫投資顧問有限公司) ⁽¹⁾	—	65,000	—
Total	7,083	65,000	—

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Repayment of advances from related parties and interest			
Eaglestream Technology	—	—	201,418
Beijing Guangtai	10,127	65,813	328
Total	10,127	65,813	201,746

The following table sets forth a breakdown of our outstanding balances with related parties as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to related parties			
Non-trade-related			
Beijing Guangtai ⁽¹⁾	237	328	—
Eaglestream Technology ⁽²⁾	194,855	201,551	—
Total	195,092	201,879	—

Notes:

- (1) Beijing Guangtai is principally engaged in investment, investment consulting and enterprise management and is ultimately wholly owned by Mr. Ying. The revenue of Beijing Guangtai for 2024 was RMB0.8 million. The outstanding balance was repaid in February 2025. To the best knowledge, information and belief of the Company, the source of funds in respect of the loans provided to us by Beijing Guangtai is Mr. Ying.
- (2) Eaglestream Technology is principally engaged in investment and enterprise management and is ultimately wholly owned by Mr. Ying. The revenue of Eaglestream Technology for 2024 was USD0.5 million. The outstanding balance was repaid in May 2025. To the best knowledge, information and belief of the Company, the source of funds in respect of the loans provided to us by Eaglestream Technology is Mr. Ying.

We enter into transactions with our related parties from time to time. Our Directors believe that each of the related-party transactions set out in Note 33 in the Accountants’ Report in Appendix I to this document was conducted in the ordinary course of business on an arm’s-length basis between the relevant parties and was entered into on normal commercial terms. We borrowed from related parties and a third party in the Track Record Period. The commercial terms offered by the related parties and the third party to us were no less favorable than bank borrowings, particularly taking into account the fact that the we did not provide any security for the loans. The commercial terms included (i) annual interest rates which were not materially different from the bank borrowings available at the material time, and (ii) fixed but negotiable repayment term for borrowings from related parties and the third party subject to mutual consensus, and we may repay when we had surplus funds, which was more flexible than bank borrowings. 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 indicative of our future performance.

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INDEBTEDNESS AND CONTINGENT LIABILITIES

The following table sets forth the components of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026 (unaudited)
Current				
Interest-bearing bank and other borrowings	–	28,026	90,000	260,179
Lease liabilities	2,100	2,692	2,296	3,125
Due to related parties	195,092	201,879	–	–
Due to a third party	–	35,038	–	–
Subtotal	197,192	267,635	92,296	263,304
Non-current				
Lease liabilities	–	1,509	3,307	3,159
Total	197,192	269,144	95,603	266,462

Interest-Bearing Bank Borrowings

Our interest-bearing bank borrowings represent unsecured bank loans which are primarily used for our day-to-day operations and to manage our cashflow. We recorded interest-bearing bank borrowings of nil, RMB28.0 million, RMB90.0 million and RMB260.2 million as of December 31, 2023, 2024 and 2025, and March 31, 2026, respectively. We had no impediments or difficulties in obtaining borrowings from commercial banks during the Track Record Period and up to the Latest Practicable Date. For interest rate profile of our borrowings during the Track Record Period, see Note 26 to the Accountants’ Report in Appendix I to this document.

As of the Latest Practicable Date, we had unutilized banking facilities of RMB100 million. Except for incurring additional bank borrowings from time to time in the ordinary course of business, we currently have no material external debt financing plan before or shortly after the [REDACTED].

Lease Liabilities

Our lease liabilities represent the payment obligations on our leases in relation to our leased properties that are used mainly as our offices. Our lease liabilities increased from RMB2.1 million as of December 31, 2023 to RMB4.2 million as of December 31, 2024, further to RMB5.6 million as of December 31, 2025, and further increased to RMB6.3 million as of March 31, 2026, primarily because we entered into new lease agreements during the period.

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026 (unaudited)
Current	2,100	2,692	2,296	3,125
Non-current	–	1,509	3,307	3,159
Total	2,100	4,201	5,603	6,283

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Except as disclosed above and apart from normal trade and other payables, and due to related companies, as of March 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or contingent liabilities.

Since March 31, 2026 and up to the date of this document, there has not been any material change in our indebtedness and contingent liabilities, and our Directors confirm that we did not have any external financing plans as of the Latest Practicable Date. Our Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise.

Contingent Liabilities

As of the Latest Practicable Date, we did not have any material contingent liabilities.

Net Current Assets/Liabilities

The following table sets forth selected information from our current assets and liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
CURRENT ASSETS				
Inventories	158,303	152,813	299,355	614,885
Trade receivables	99,605	112,723	152,906	190,653
Prepayments, other receivables and other assets	41,582	16,158	101,371	259,461
Cash and cash equivalents	32,688	34,674	43,003	56,293
Financial assets at fair value through profit or loss	—	—	—	5,000
Total current assets	332,178	316,368	596,635	1,126,292
CURRENT LIABILITIES				
Trade payables	98,530	94,844	124,999	293,261
Other payables and accruals . .	9,615	47,307	33,128	19,642
Due to related companies	195,092	201,879	—	—
Interest-bearing bank borrowings	—	28,026	90,000	260,179
Lease liabilities	2,100	2,692	2,296	3,125
Deferred income	—	589	589	589
Tax payable	262	239	239	322
Total current liabilities	305,599	375,576	251,251	577,118
Net current assets/(liabilities)	26,579	(59,208)	345,384	549,174

We had net current assets of RMB26.6 million, RMB345.4 million and RMB549.2 million as of December 31, 2023, and 2025 and March 31, 2026, respectively, net current liabilities of RMB59.2 million as of December 31, 2024.

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We recorded net current assets of RMB26.6 million as of December 31, 2023 and net current liabilities of RMB59.2 million as of December 31, 2024, primarily due to (i) an increase of RMB37.7 million in other payables and accruals, (ii) an increase of RMB28.0 million in interest-bearing bank borrowings; (iii) a decrease of RMB25.4 million in prepayments, other receivables and other assets, partially offset by an increase of RMB13.1 million in trade receivables. The change from net current assets to net current liabilities position was mainly due to the loss of RMB108.9 million in 2024. See “Period-to-Period Comparison of Results of Operations” in this section for detailed reasons of the loss. In addition, we did not obtain long-term loan or equity financing in 2024.

We recorded net current liabilities of RMB59.2 million as of December 31, 2024 and net current assets of RMB345.4 million as of December 31, 2025, primarily due to (i) a decrease of RMB201.9 million in due to related companies further due to cash received from our [REDACTED] investment, (ii) an increase of RMB146.5 million in inventories, (iii) an increase of RMB85.2 million in prepayments, other receivables and other assets, and (iv) an increase of RMB40.2 million in trade receivables, partially offset by an increase in interest-bearing bank borrowings of RMB62.0 million.

Our net current assets increased from RMB345.4 million as of December 31, 2025 to RMB549.2 million as of March 31, 2026, primarily due to (i) an increase of RMB315.5 million in inventories, and (ii) an increase of RMB158.1 million in prepayments, other receivables and other assets, partially offset by (i) an increase in interest-bearing bank borrowings of RMB170.2 million, and (ii) an increase in trade payables of RMB168.3 million.

LIQUIDITY AND CAPITAL RESOURCES

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

We had cash and cash equivalents of RMB32.7 million, RMB34.7 million and RMB43.0 million as of December 31, 2023, 2024 and 2025, respectively.

Consolidated Statements of Cash Flows

The table below sets forth the selected cash flow data from the consolidated statements of cash flows for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash used in operations.	(55,560)	(18,054)	(191,906)
Interest received	27	90	390
Income tax paid	(7,350)	(269)	(603)
Net cash flows used in operating activities	(62,883)	(18,233)	(192,119)
Net cash flows from/(used in) investing activities	28,318	(10,857)	(21,617)
Net cash flows from financing activities. .	<u>19,274</u>	<u>31,746</u>	<u>222,225</u>

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net (decrease)/increase in cash and cash equivalents	(15,291)	2,656	8,489
Cash and cash equivalents at the beginning of the year	47,913	32,688	34,674
Effect of foreign exchange differences, net	66	(670)	(160)
Cash and cash equivalents at the end of the year	<u>32,688</u>	<u>34,674</u>	<u>43,003</u>

Net Cash Flows Used In Operating Activities

We derive our cash inflows from operations principally from the receipts in respect of the sales of our products and services. Our cash outflows from operations are principally payments for cost of sales, including raw materials and outsourced services, selling and marketing expenses, administrative expenses and research and development costs.

Cash used in operations reflects our loss before income tax, adjusted for (i) non-cash and non-operating items, such as depreciation and amortization and impairment allowances and (ii) the effects of changes in our working capital, such as changes in inventories, trade receivables and deposits, prepayments, other receivables and other assets, and (iii) other cash items, such as interest received and income tax paid.

For the year ended December 31, 2025, our net cash flows used in operating activities amounted to RMB192.1 million. During this year, our operating cash inflow before working capital changes but after adjustments for non-cash income and expenses were RMB27.4 million. Our cash flow was negatively affected by working capital adjustments primarily including (i) an increase in inventories of RMB143.5 million driven by the growth of our DRAM chips and DRAM modules business, (ii) an increase in prepayments, other receivables and other assets of RMB85.6 million primarily due to the increase in prepayments for raw materials, and (iii) an increase in trade receivables of RMB40.8 million due to our business expansion, in particular the growth of our DRAM modules business, whose customers are mostly direct sales customers with a longer credit period, which were partially offset by an increase in trade payables of RMB29.4 million.

For the year ended December 31, 2024, our net cash used in operating activities amounted to RMB18.2 million. During this year, our operating cash outflow before working capital changes but after adjustments for non-cash income and expenses were RMB13.9 million. Our cash flow was further negatively affected by working capital adjustments primarily including (i) an increase in inventories of RMB18.5 million, (ii) an increase of trade receivables of RMB13.4 million, which were partially offset by a decrease in prepayments, other receivables and other assets of RMB19.6 million.

For the year ended December 31, 2023, our net cash used in operating activities amounted to RMB62.9 million. During this year, our operating cash outflow before working capital changes but after adjustments for non-cash income and expenses were RMB46.3 million. Our cash flow was further negatively affected by working capital adjustments primarily including an increase in trade receivables of RMB55.3 million, which was partially offset by an increase in trade payables of RMB33.3 million.

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We recorded net cash outflows from operating activities in 2023, 2024 and 2025 mainly due to our loss before tax amounting to RMB245.2 million, RMB109.8 million and RMB10.5 million in the respective years. See “Period-to-Period Comparison of Results of Operations” in this section for detailed reasons of the loss before tax. In view of our net cash outflows from operating activities in 2023, 2024 and 2025, we plan to improve our net operating cash outflows position by (i) enhancing inventory management, and (ii) optimizing our receivables and payables. For detailed strategies and measures we plan to take to improve our net operating cash outflows position and achieve profitability, see “Business — Business Sustainability and Path to Profitability.”

Net Cash Flows From/(Used In) in Investing Activities

Our cash used in investing activities consists of (i) purchases of items of property, plant, equipment and equipment, (ii) payment relating to land use right, (iii) purchase of other intangible assets and (iv) purchases of financial assets at fair value through profit or loss. Our cash generated from investing activities consists primarily of proceeds from (i) refund of prepayment relating to land use right and (ii) maturity of financial assets at fair value through profit or loss.

For the year ended December 31, 2025, our net cash flows used in investing activities were RMB21.6 million, primarily attributable to purchases of items of property, plant, equipment of RMB19.8 million.

For the year ended December 31, 2024, our net cash flows used in investing activities were RMB10.9 million, primarily attributable to (i) purchases of items of property, plant, equipment and equipment of RMB9.4 million and (ii) purchase of other intangible assets of RMB1.4 million.

For the year ended December 31, 2023, our net cash flows from investing activities were RMB28.3 million, primarily attributable to refund of prepayment relating to land use right of RMB48.2 million. This was partially offset by purchases of items of property, plant, equipment and equipment of RMB19.8 million.

Net Cash Flows From Financing Activities

Our cash from financing activities consists of (i) capital injection from our Shareholders, (ii) proceeds from interest-bearing bank borrowings, (iii) advances from a third party and (iv) advances from related companies. Our cash used in financing activities consists of (i) acquisition of non-controlling interests, (ii) capital deduction from our Shareholders, (iii) lease payments, (iv) repayment of interest-bearing bank borrowings, (v) repayment of advance from related companies and (vi) interest paid.

For the year ended December 31, 2025, our net cash flows from financing activities were RMB222.2 million, primarily attributable to (i) capital injection from the Company’s shareholders of RMB403.5 million, and (ii) new interest-bearing bank borrowings of RMB90.0 million. This was partially offset by (i) repayment of advances from related companies of RMB185.1 million and (ii) repayment of advance from a third party of RMB65.0 million.

For the year ended December 31, 2024, our net cash flows from financing activities were RMB31.7 million, primarily attributable to (i) advances from related companies of RMB65.0 million, (ii) advances from a third party of RMB35.0 million, (iii) receipt of new interest-bearing bank borrowings of RMB28.0 million and (iv) capital injection from our Shareholders of RMB24.0 million. This was partially offset by (i) repayment of advance from related companies of RMB65.0 million and (ii) acquisition of non-controlling interests of RMB51.2 million.

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For the year ended December 31, 2023, our net cash flows from financing activities were RMB19.3 million, primarily attributable to (i) capital injection from our Shareholders of RMB78.0 million, (ii) and advances from a related companies of RMB7.1 million. This was partially offset by (i) capital deduction from our Shareholders of RMB53.2 million, (ii) repayment of advance from related companies of RMB10.0 million and (iii) lease payments of RMB2.4 million.

KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios for the periods indicated.

	For the year ended December 31 or as of December 31,		
	2023	2024	2025
Gross margin ⁽¹⁾	3.7%	9.3%	16.1%
Current ratio ⁽²⁾	1.1	0.8	2.4
Quick ratio ⁽³⁾	0.6	0.4	1.2
Gearing ratio ⁽⁴⁾	2.4	7.4	0.6
Cash conversion cycle ⁽⁵⁾	108	97	90

Notes:

- (1) Gross margin = gross profit/(loss) ÷ revenue × 100%
- (2) Current ratio = total current assets ÷ total current liabilities
- (3) Quick ratio = (total current assets – inventories) ÷ total current liabilities
- (4) Gearing ratio = total liabilities ÷ total equity
- (5) Cash conversion cycle is calculated using the inventory turnover days in each period plus the trade receivables turnover days in the respective period minus the trade payables turnover days in the respective period.

Our current ratio increased from 0.8 as of December 31, 2024 to 2.4 as of December 31, 2025 and our quick ratio increased from 0.4 as of December 31, 2024 to 1.2 as of December 31, 2025, primarily because we recorded net current assets of RMB345.0 million as of December 31, 2025, compared to net current liabilities of RMB59.2 million as of December 31, 2024. Our gearing ratio decreased from 7.4 as of December 31, 2024 to 0.6 as of December 31, 2025, partially attributable to our repayment of advances from related companies and interest of RMB201.7 million in 2025.

Our cash conversion cycle remained relatively stable at 108 days, 97 days and 90 days in 2023, 2024 and 2025, respectively. We plan to improve our cash conversion cycle by actively managing our level of trade receivables and inventory. For details, see “Discussion of Certain Key Consolidated Statements of Financial Position Items — Inventories” and “Discussion of Certain Key Consolidated Statements of Financial Position Items — Trade Receivables” in this section and “Business — Logistics and Inventory Management.”

CAPITAL EXPENDITURES

Our capital expenditures consist of expenditures for (i) machinery, (ii) office equipment and electronic devices, (iii) vehicles, (iv) leasehold improvements and (v) construction in progress. Our capital expenditures for 2023, 2024 and 2025 was RMB19.8 million, RMB9.4 million and RMB16.0 million, respectively.

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The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Machinery	8,848	1,121	6,021
Office equipment and electronic devices. .	3,056	2,808	1,235
Vehicles	—	—	21
Leasehold improvements	615	1,071	1,601
Construction in progress	7,259	4,434	7,112
Total	19,778	9,434	15,990

During the Track Record Period, we funded our capital expenditure mainly from cash generated from our operating activities and bank borrowings. We estimate that our capital expenditures for the year ending December 31, 2026 will be approximately RMB76 million, which we will use primarily for purchases of machinery and equipment. We expect to fund these capital expenditures through a combination of cash generated from our operations, the net [REDACTED] received from the [REDACTED], and other equity or debt financings.

CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENTS

Capital Commitments

Our capital commitments during the Track Record Period primarily related to capital expenditure in respect of the acquisition of property, plant and equipment and other intangible assets contracted for. As of December 31, 2023, 2024 and 2025, the total amount of our capital expenditure contracted for but not yet provided was RMB83 thousand, RMB0.5 million and RMB4.3 million, respectively.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

FINANCIAL RISKS DISCLOSURE

Our activities expose us to a variety of financial risks, mainly including credit risk, liquidity risk, interest rate risk and foreign currency risk. Our overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our financial performance.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without specific verification procedures. For further details of our credit risk, see Note 36 to the Accountants’ Report in Appendix I to this document.

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Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations of cash flows. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities. For further details of our liquidity risk, see Note 36 to the Accountants’ Report in Appendix I to this document.

Interest Rate Risk

Our exposure to risk for changes in market interest rates relates primarily to our bank borrowings set out in Note 26 in the Accountants’ Report in Appendix I to this document. We do not use derivative financial instruments to hedge interest rate risk. We manage our interest cost using a fixed rate.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies. Approximately 97%, 89% and 63% of our sales were denominated in currencies other than the functional currencies of the operating units making the sale for the years ended 2023, 2024 and 2025, whilst approximately 97%, 88% and 72% of costs were denominated in the units’ functional currencies for 2023, 2024 and 2025, respectively. For further details of our foreign currency risk, see Note 36 to the Accountants’ Report in Appendix I to this document.

DIVIDEND

We may distribute dividends by way of cash or by other means that we consider appropriate. No dividends have been paid or declared by our Company during the Track Record Period. Currently, we do not have a formal dividend policy or a pre-determined dividend distribution ratio. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account of factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. As advised by our PRC Legal Advisor, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. 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 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. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, if we or any of our subsidiaries incur debt on our or its own behalf in the future, the instruments governing the debt may restrict our ability to pay dividends.

WORKING CAPITAL CONFIRMATION

Taking into account our cash and cash equivalents, operating cash flows, bank borrowings, the available bank facilities, and the estimated net [REDACTED] available to us from the [REDACTED], our Directors believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document. Even without taking into account the estimated net [REDACTED] available to us from the [REDACTED], we expect to remain financially viable for at least 12 months from the date of this document, subject to the following assumptions: (a) the use of [REDACTED] from the [REDACTED] is not taken

FINANCIAL INFORMATION

into account, (b) the underwriting commission is not taken into account, and (c) the scale of our bank borrowings remains consistent with the level as of March 31, 2026. Taking into account the above, and based on the written confirmation from the Company in respect of working capital sufficiency, review of the accountants’ report, the financial due diligence conducted on the historical financial information of the Group during the Track Record Period and the discussion with the Directors, nothing material has come to the attention of the Sole Sponsor that would cast doubt on the Company’s conclusion that the Company has sufficient working capital for its present requirements and for at least the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED] EXPENSES

The total [REDACTED] expenses borne or to be borne by us are estimated to be approximately RMB[REDACTED] (equivalent to approximately HK\$[REDACTED]) (comprising (i) underwriting commission of approximately RMB[REDACTED], and (ii) non-underwriting related expenses of approximately RMB[REDACTED], which consist of fees and expenses of legal advisors and reporting accountants of approximately RMB[REDACTED] and other fees and expenses of approximately RMB[REDACTED]), accounting for approximately [REDACTED]% of the gross [REDACTED] of the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, which is the [REDACTED] of the indicative [REDACTED] range stated in this document and assuming that the [REDACTED] is not exercised. We expect that approximately RMB[REDACTED] (equivalent to approximately HK\$[REDACTED]) will be charged to our statements of profit or loss as [REDACTED] expenses, and approximately RMB[REDACTED] (equivalent to approximately HK\$[REDACTED]) will be accounted for as a deduction from equity upon the [REDACTED]. During the Track Record Period, [REDACTED] expenses of RMB[REDACTED] were recognized in our consolidated statements of profit or loss. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such [REDACTED] expenses to have a material adverse impact on our results of operation for the year ending December 31, 2026.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For details of our unaudited [REDACTED] adjusted consolidated net tangible assets, see Appendix II to this document.

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 our latest audited financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report set out 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 are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED], after deducting the estimated underwriting commissions and other estimated offering expenses payable by us in connection with the [REDACTED], assuming that an [REDACTED] of HK\$[REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] range stated in this document) and assuming that the [REDACTED] is not exercised.

We intend to use the net [REDACTED] as follows:

- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for enhancing our R&D and innovation capabilities, including:
 - i. Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to expand our R&D team for high-bandwidth memory products and DRAM products. This strategic expansion of our R&D team will (i) enhance our ability to develop cutting-edge high-bandwidth memory solutions, catering to the growing demands of data-intensive applications such as AI, machine learning, and high-performance computing, thus rendering us a key player in the high-performance memory market; and (ii) further enhance our innovation capabilities and accelerate the product iteration and development process, ensuring we remain competitive in delivering cutting-edge DRAM solutions tailored to the specific needs of our customers and markets.
 - ii. Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for procurement of tape-out service, software and other R&D materials for our R&D team, ensuring the timely execution of our development projects and meeting the company’s R&D resource requirements. These investments will enable us to maintain our competitive edge in DRAM design, accelerate product innovation, and ensure the successful execution of our R&D roadmap, ultimately driving the growth and diversification of our product portfolio.
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for upgrading our production and testing equipment and capacity, including (i) procurement of testing equipment for high-bandwidth memory products; (ii) construction of proprietary test line for DRAM chips and production line and test line for DRAM modules; and (iii) enhancement of our laboratory analytical capabilities. These investments are aimed at (a) accelerating the development and validation of high-bandwidth memory products; (b) achieving one-stop testing capabilities of our DRAM chip products and reducing reliance on external testing facilities; (c) establishing a fully integrated, end-to-end production process for our DRAM module products and enhancing quality control; (d) enhancing our capability to conduct more precise and comprehensive testing and analysis and enhancing the reliability and performance of our products. The procurement of testing equipment and construction of our proprietary test lines and production line is expected to have a multi-faceted impact on our cost structure and future profitability. In the short term, capital expenditures related to equipment procurement and facility setup will increase. However, this investment is strategically targeted at areas where we have already built internal expertise, particularly in module testing, and is expected to generate long-term cost savings and operational benefits. By internalizing certain production and testing processes, we anticipate reducing our reliance on OSAT companies, thereby lowering outsourcing costs. This is particularly

FUTURE PLANS AND USE OF [REDACTED]

relevant for DRAM module assembling, where in-house testing and assembly can significantly improve cost efficiency and reduce lead times. By building our own test capabilities, we can better respond to customer needs and execute certain customized testing procedures. Moreover, enhanced quality control through self-managed processes is expected to reduce defect rates and strengthen customer satisfaction, all of which may contribute positively to our gross margins over time. Our preliminary internal estimates suggest that the shift could result in a cost reduction of approximately 3.0% to 4.0% per unit for DRAM modules, subject to production volume and utilization rate of our facility. Upon completion of the expansion plan in 2027, our proprietary DRAM chip testing line is expected to test up to 100,000 chips per day, our DRAM module production line and testing line will be designed to handle up to 5,800 modules per day. The testing equipment for high-bandwidth memory products is not anticipated to be made broadly available for external use. Our Directors believe that this capacity will be aligned with our projected demand growth and will provide sufficient buffer to support new product launches. Since we have already completed certain DRAM module testing processes internally at our own facility and many members of our R&D team have extensive prior experience in semiconductor production and quality assurance, our Directors believe that we have the relevant expertise to carry out the expansion plan successfully.

- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for enhancing our global sales and marketing capability, including (i) recruiting additional sales and marketing personnel for our new overseas and domestic teams. The overseas teams will focus on the European market and Japanese market, and will be staffed with roles including sales directors, sales managers, technical marketing personnel, business support staff and field application engineer (“FAE”). The domestic expansion is intended to broaden our coverage across priority industries and deepen customer engagement at the regional level. Additional positions will be created across key functions such as sales management, technical marketing, and business support, with clearly defined headcount increases and salary budgets. Each role is assigned a dedicated annual salary budget, with new hires planned progressively over the next four years; (ii) leasing properties for new sales center. We plan to establish two new sales centres overseas, with the first centre located in Munich, Germany, and serving as our European sales and customer support hub, and the second centre located in Singapore, serving as our Southeast Asia and India hub, supporting business expansion in high-growth markets such as Indonesia, Malaysia, Vietnam, Thailand, and India; and (iii) conducting marketing activities to maintain customer relationships and acquire new customers. For the domestic market, we will conduct a wide range of marketing activities, including industry exhibitions, trade fairs, promotional roadshows, and brand-building campaigns. For overseas markets, our initiatives will include participation in major international exhibitions and conferences, overseas advertising and media partnerships, as well as year-round financial communications services abroad. We believe these investments will (a) enhance the recognition of our products and solutions among downstream customers and promote a better understanding of our business model in the existing and new markets; (b) maintain and strengthen our relationship with our existing customers, production partners and downstream customers and explore new market opportunities; (c) enhance our ability to identify and partner with potential distributors in existing and new markets; and (d) enable us to have in-depth understanding of the latest market information and industry trends, better understand customers’ needs and improve our overall competitiveness.

FUTURE PLANS AND USE OF [REDACTED]

The following table sets forth a breakdown of our implementation plan for enhancing our global sales and marketing capability from 2026 to 2029, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time:

For the year ending December 31,				
	2026	2027	2028	2029
	<i>(HKD in thousand)</i>			
Recruiting additional sales and marketing personnel	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Leasing properties for new sales center	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
conducting marketing activities.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for strategic investments and/or acquisition to achieve our long-term growth strategies. We seek potential investment and acquisition opportunities in the semiconductor industry chain in China, preferably in the field of memory-computing solutions. We aim to select potential targets that will (i) enhance our existing high-bandwidth memory product portfolio by integrating advanced memory-computing technologies, (ii) grant us access to leading research and development resources, including specialized R&D talents with deep expertise in memory-computing solutions and related technologies to bolster our internal capabilities.

In particular, we seek to invest in companies that are technologically advanced on a global scale and have achieved commercial deployment in specific sub-markets. We will prioritize targets with proven experience in mass production and with clearly defined downstream application scenarios, particularly in sub-markets such as smartphones and wearable devices. We prefer targets that have already established partnerships with leading global smartphone brands and whose products have been adopted in end-user applications with clearly defined integration plans.

According to Frost & Sullivan, sufficient acquisition targets are available in the market considering the following factors: (i) there is a broad base of companies developing advanced memory technologies with proven capabilities in commercialization; (ii) an increasing number of players have scalable mass production capacity and clearly defined downstream applications; and (iii) many enterprises have already established partnerships with leading global brands, demonstrating both market readiness and integration potential. Our Directors are also of the view that there are sufficient number of targets available for us to acquire. As of the Latest Practicable Date, we had not identified or pursued any acquisition target, nor had we entered into any definitive investment or acquisition agreement. If necessary, we will seek for additional equity and/or debt funding to facilitate the acquisition.

- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for working capital and general corporate purposes.

The above allocation of the net [REDACTED] from 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 [REDACTED] of the estimated [REDACTED] range.

FUTURE PLANS AND USE OF [REDACTED]

If the [REDACTED] is fully exercised, the net [REDACTED] that we will receive will be approximately HK\$[REDACTED], assuming the [REDACTED] of HK\$[REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] range). In the event that the [REDACTED] is exercised, we intend to apply the additional net [REDACTED] to the above purposes on a pro rata basis.

To the extent that our [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

If the net [REDACTED] of the [REDACTED] are not immediately applied to the above purposes, we will only deposit those net [REDACTED] into short-term interest-bearing accounts at (i) licensed commercial banks in Hong Kong or the PRC, and/or (ii) other authorized financial institutions (as defined under the SFO) in Hong Kong.

We will issue an appropriate announcement if there is any change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from our Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHEJIANG ZENTEL MEMORY TECHNOLOGY CO., LTD. AND CITIC SECURITIES (HONG KONG) LTD.

Introduction

We report on the historical financial information of Zhejiang Zentel Memory Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Prospectus”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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ACCOUNTANTS’ REPORT

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]

Certified Public Accountants

Hong Kong

[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE.	5	580,346	646,401	1,104,889
Cost of sales				
Cost of sales of goods and services		(529,458)	(562,092)	(929,944)
(Impairment losses)/reversal of impairment losses on inventories		(29,684)	(24,026)	3,004
Gross profit		21,204	60,283	177,949
Other income and gains	5	2,470	15,286	8,107
Selling and marketing expenses.		(32,430)	(40,609)	(27,852)
Administrative expenses		(153,196)	(42,548)	(62,374)
Research and development expenses		(77,242)	(95,762)	(102,126)
Other expenses.		(1,644)	(84)	(2,924)
(Impairment losses)/reversal of impairment losses on financial assets, net		(356)	(1,199)	701
Finance costs	7	(4,030)	(5,205)	(2,594)
LOSS BEFORE TAX	6	(245,224)	(109,838)	(11,113)
Income tax credit	10	916	933	576
LOSS FOR THE YEAR		<u>(244,308)</u>	<u>(108,905)</u>	<u>(10,537)</u>
Loss attributable to:				
Owners of the parent.		(233,333)	(106,790)	(10,537)
Non-controlling interests		(10,975)	(2,115)	–
		<u>(244,308)</u>	<u>(108,905)</u>	<u>(10,537)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	12	<u>(1.20)</u>	<u>(0.46)</u>	<u>(0.04)</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
LOSS FOR THE YEAR	<u>(244,308)</u>	<u>(108,905)</u>	<u>(10,537)</u>
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations	<u>(3,461)</u>	<u>(1,057)</u>	<u>(1,016)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET			
OF TAX	<u>(3,461)</u>	<u>(1,057)</u>	<u>(1,016)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(247,769)</u>	<u>(109,962)</u>	<u>(11,553)</u>
Attributable to:			
Owners of the parent	(236,397)	(107,918)	(11,553)
Non-controlling interests	<u>(11,372)</u>	<u>(2,044)</u>	<u>–</u>
	<u>(247,769)</u>	<u>(109,962)</u>	<u>(11,553)</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Prepayments, other receivables and other assets	22	528	5,699	9,507
Property, plant and equipment	13	65,282	69,064	75,281
Right-of-use assets	14	2,123	3,725	5,481
Goodwill	15	24,141	24,501	23,957
Other intangible assets	17	23,676	17,134	10,551
Total non-current assets		115,750	120,123	124,777
CURRENT ASSETS				
Inventories	20	158,303	152,813	299,355
Trade receivables	21	99,605	112,723	152,906
Prepayments, other receivables and other assets	22	41,582	16,158	101,371
Cash and cash equivalents	23	32,688	34,674	43,003
Total current assets		332,178	316,368	596,635
CURRENT LIABILITIES				
Trade payables	24	98,530	94,844	124,999
Other payables and accruals	25	9,615	47,307	33,128
Due to related companies	33	195,092	201,879	–
Interest-bearing bank borrowings	26	–	28,026	90,000
Lease liabilities	14	2,100	2,692	2,296
Deferred income	16	–	589	589
Tax payable		262	239	239
Total current liabilities		305,599	375,576	251,251
NET CURRENT				
ASSETS/(LIABILITIES)		26,579	(59,208)	345,384
TOTAL ASSETS LESS CURRENT				
LIABILITIES		142,329	60,915	470,161
NON-CURRENT LIABILITIES				
Lease liabilities	14	–	1,509	3,307
Deferred income	16	5,722	5,133	4,544
Deferred tax liabilities	19	3,536	2,357	1,179
Total non-current liabilities		9,258	8,999	9,030
Net assets		133,071	51,916	461,131
EQUITY				
Equity attributable to owners				
of the parent				
Paid-in capital/Share capital	27	19,652	21,167	270,000
Reserves	29	108,467	30,749	191,131
		128,119	51,916	461,131
Non-controlling interests		4,952	–	–
Total equity		133,071	51,916	461,131

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve*	Merge reserve and other reserve*	Share-based payment reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total
	RMB'000 Note 27	RMB'000 Note 29	RMB'000 Note 29	RMB'000 Note 28	RMB'000 Note 29	RMB'000 Note 29	RMB'000	RMB'000
As at 1 January 2023	13,274	361,824	(81,868)	4,781	508	(17,684)	(92,219)	188,616
Loss for the year	–	–	–	–	–	–	(233,333)	204,940
Other comprehensive loss for the year:								
Exchange differences related to foreign operations	–	–	–	–	–	(3,064)	–	(3,461)
Total comprehensive loss for the year	–	–	–	–	–	(3,064)	(233,333)	(11,372)
Capital injection	2,151	75,849	–	–	–	–	–	78,000
Capital reduction	(244)	(53,001)	–	–	–	–	–	(53,245)
Share-based payments (note 28) . .	–	–	–	151,145	–	–	–	151,145
Transfer of capital reserve to paid-in capital	4,471	(4,471)	–	–	–	–	–	–
As at 31 December 2023	19,652	380,201	(81,868)	155,926	508	(20,748)	(325,552)	128,119
								4,952
								133,071

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APPENDIX I

ACCOUNTANTS’ REPORT

Year ended 31 December 2025

	Attributable to owners of the parent							
	Paid-in capital/ share capital	Capital reserve/ share premium*	Merge reserve and other reserve*	Share- based payment reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total
	RMB'000 Note 27	RMB'000 Note 29	RMB'000 Note 29	RMB'000 Note 28	RMB'000 Note 29	RMB'000 Note 29	RMB'000	RMB'000
As at 1 January 2025	21,167	402,635	(130,197)	212,021	508	(21,876)	(432,342)	51,916
Loss for the year	–	–	–	–	–	–	(10,537)	–
Other comprehensive loss for the year:								
Exchange differences related to foreign operations.	–	–	–	–	–	(1,016)	–	–
Total comprehensive loss for the year	–	–	–	–	–	(1,016)	(10,537)	–
Conversion into a joint stock company	–	(389,674)	–	–	(508)	–	390,182	–
Capital injection	3,449	400,014	–	–	–	–	–	403,463
Capitalisation Issue	245,384	(245,384)	–	–	–	–	–	–
Share-based payments (note 28)	–	–	–	17,305	–	–	–	17,305
As at 31 December 2025	270,000	167,591	(130,197)	229,326	–	(22,892)	(52,697)	461,131

* These reserve accounts represent the total consolidated reserves of RMB108,467,000, RMB30,749,000 and RMB191,131,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(245,224)	(109,838)	(11,113)
Adjustments for:				
Depreciation of property, plant and equipment . .	6, 13	2,378	5,566	9,770
Depreciation of right-of-use assets	6, 14	1,764	3,525	2,712
Amortisation of other intangible assets	6, 17	7,953	7,962	8,469
Share-based payment expenses	28	151,145	56,095	17,305
Impairment losses/(reversal of impairment losses) on financial assets, net		356	1,199	(701)
Foreign exchange difference, net	6	1,644	(7,488)	2,868
Write-down of inventories to net realisable value	6, 20	29,684	24,026	(3,004)
Finance costs	7	4,030	5,205	2,594
Gains on disposal of a subsidiary	5	—	—	(908)
Interest income	5	(27)	(90)	(390)
Losses on disposal of items of property, plant and equipment	6	—	9	4
Gains on disposal of right-of-use assets	6	—	(69)	(135)
Investment income	5	—	—	(67)
		(46,297)	(13,898)	27,404
Decrease/(increase) in inventories		5,561	(18,536)	(143,538)
Increase in trade receivables		(55,264)	(13,414)	(40,806)
Increase/(decrease) in deferred income		5,722	—	(589)
(Increase)/decrease in prepayments, other receivables and other assets		(2,621)	19,643	(85,576)
Increase in other payables and accruals		4,085	2,654	21,755
Increase in trade payables		33,254	5,497	29,444
Cash used in operations		(55,560)	(18,054)	(191,906)
Interest received		27	90	390
Income tax paid		(7,350)	(269)	(603)
Net cash flows used in operating activities		(62,883)	(18,233)	(192,119)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant, and equipment		(19,778)	(9,434)	(19,798)
Refund of prepayment relating to land use right		48,202	—	—
Purchase of other intangible assets		(106)	(1,423)	(1,886)
Withdraw of financial investments at fair value through profit or loss		—	—	(65,000)
Purchases of financial assets at fair value through profit or loss		—	—	65,000
Investment income received		—	—	67
Net cash flows from/(used in) investing activities		28,318	(10,857)	(21,617)

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		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Acquisition of non-controlling interests		–	(51,237)	–
Capital injection from the Company's shareholders . .		78,000	23,949	403,463
Capital deduction from the Company's shareholders .		(53,245)	–	–
Share issue expenses		–	–	(2,270)
Lease payments	14(b)	(2,437)	(2,927)	(3,109)
New interest-bearing bank borrowings		–	28,000	90,000
Repayment of interest-bearing bank borrowings		–	–	(28,000)
Advances from a third party		–	35,000	30,000
Advances from related companies		7,083	65,000	–
Repayment of advances from a third party		–	–	(65,000)
Repayment of advances from related companies		(10,000)	(65,000)	(185,144)
Interest paid		(127)	(1,039)	(17,715)
Net cash flows from financing activities		19,274	31,746	222,225
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS				
		(15,291)	2,656	8,489
Cash and cash equivalents at beginning of year		47,913	32,688	34,674
Effect of foreign exchange rate changes, net		66	(670)	(160)
Cash and cash equivalents at end of year		32,688	34,674	43,003
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	23	32,688	34,674	43,003
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position .		32,688	34,674	43,003

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Investments in subsidiaries	18	—	3,100	167,278
Prepayments, other receivables and other assets	22	528	5,699	9,507
Property, plant and equipment	13	65,198	68,663	74,950
Right-of-use assets	14	2,043	3,354	4,945
Other intangible assets	17	93	1,415	2,691
Total non-current assets		67,862	82,231	259,371
CURRENT ASSETS				
Inventories	20	152,070	150,447	297,881
Trade receivables	21	68,277	77,452	88,052
Prepayments, other receivables and other assets	22	7,122	15,376	99,736
Due from subsidiaries		65,329	37,756	110,555
Cash and cash equivalents	23	21,976	19,711	33,498
Total current assets		314,774	300,742	629,722
CURRENT LIABILITIES				
Trade payables	24	96,103	94,728	104,932
Other payables and accruals	25	9,159	44,453	26,043
Due to subsidiaries		14,348	1,902	25,971
Due to related companies		237	328	—
Interest-bearing bank borrowings	26	—	28,026	90,000
Lease liabilities	14	2,016	2,417	2,028
Deferred income	16	—	589	589
Tax payable		3	—	—
Total current liabilities		121,866	172,443	249,563
NET CURRENT ASSETS		192,908	128,299	380,159
TOTAL ASSETS LESS CURRENT LIABILITIES		260,770	210,530	639,530
NON-CURRENT LIABILITIES				
Lease liabilities	14	—	1,407	3,046
Deferred income	16	5,722	5,133	4,544
Total non-current liabilities		5,722	6,540	7,590
Net assets		255,048	203,990	631,940
EQUITY				
Paid-in capital/Share capital	27	19,652	21,167	270,000
Reserves	29	235,396	182,823	361,940
Total equity		255,048	203,990	631,940

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the People’s Republic of China (“PRC”) with limited liability on 23 March 2020. The registered office of the Company is located at Room 1608, 16th Floor, Building 5 (3-1#), Heyu Innovation Center, 433 Tiancheng East Road, Xiasha Subdistrict, Qiantang District, Hangzhou, Zhejiang, PRC. On 25 April 2025, the Company was converted into a joint stock company with limited liability.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “Group”) were involved in the following principal activities:

- research and development (“R&D”) and sale of Dynamic Random Access Memory (“DRAM”) chips, modules and wafers
- provision of design services for DRAM chips, modules and wafers

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
				%	%	
Eaglestream Technology Holdings (Hong Kong) Limited	(1), (3)	Hong Kong/ 14 February 2018	HK\$76	100	–	Investment Holding
Zentel Japan Co., Ltd.	(1), (3)	Japan/ 26 September 2003	JPY90,000,000	–	100	R&D, design and sale of DRAM chips, modules and wafers
Hangzhou Lixin Storage Technology Co., Ltd. 杭州力芯存儲科技有限公司	(1), (2)	PRC/Chinese mainland/5 March 2024	RMB10,000,000	90	–	Sale of DRAM chips, modules and wafers
Hebi Zentel Memory Technology Co., Ltd. 鶴壁力積存儲科技有限公司	(1)	PRC/Chinese mainland/ 18 August 2022	RMB1,000,000	100	–	Sale of DRAM chips, modules and wafers
Chengdu Zentel Memory Technology Co., Ltd. 成都力積存儲科技有限公司	(1)	PRC/Chinese mainland/24 May 2024	RMB100,000	100	–	R&D and design of DRAM chips and modules
Zhejiang Jicun Technology Co., Ltd. 浙江積存技術有限公司	(1)	PRC/Chinese mainland/10 June 2022	RMB10,000,000	100	–	Not yet operational
Beijing Zentel Memory Technology Co., Ltd. 北京力積存儲科技有限公司	(1)	PRC/Chinese mainland/26 July 2024	RMB1,000,000	100	–	Not yet operational
Changzhi Zentel Technology Co., Ltd. 長治力存科技有限公司	(1)	PRC/Chinese mainland/10 May 2021	RMB1,000,000	100	–	Not yet operational
Zentel Memory (Jinhua) Limited 金華力存科技有限公司	(1)	PRC/Chinese mainland/ 3 February 2021	RMB1,000,000	100	–	Not yet operational
Shenzhen Zentel Memory Technology Co., Ltd. 深圳力積存儲科技有限公司	(1)	PRC/Chinese mainland/19 June 2025	USD7,000,000	100	–	Not yet operational

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

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The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- (1) No audited financial statements have been prepared for these entities since their dates of incorporation.
- (2) This company is a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company having control over them.
- (3) On 27 November 2023, the Group acquired 100% of the equity interests in Eaglestream Technology Holdings (Hong Kong) Limited and its subsidiary, Zentel Japan Co., Ltd. from the Company’s controlling shareholder in a business combination under common control, for a total cash consideration of HK\$76.

This transaction has been accounted for using the book value method. For the purpose of the consolidated financial statements, the Group is deemed to have had control over the acquired entities throughout the Relevant Periods, and the financial information of these entities has been presented as if the combination had occurred at the beginning of the earliest period presented.

Japanese Yen is hereafter referred to as “JPY”.

Hong Kong Dollars are hereafter referred to as “HK\$”.

United States Dollars are hereafter referred to as “USD”.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual/reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the consolidated statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the consolidated statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRSs Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group’s results of operations and financial position but has impact on the presentation and disclosure of the Group’s financial statements.

The Group has already commenced an assessment of the impact of other new and amended IFRS Accounting Standards, which are relevant to the Group’s operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when these new and amended IFRS Accounting Standards become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

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Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

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

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Buildings	5% to 10%
Machinery	10% to 33%
Office equipment and electronic devices	20% to 33%
Vehicles	20% to 25%

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 7 years.

Trademarks

Trademarks are stated at cost less any impairment loss and are amortised on the straight-line basis over their estimated useful lives of 7 years.

Software

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful lives of 3 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leased office buildings	1.4 to 4 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as interest-bearing bank borrowings, trade payables, or other payables and accruals.

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

The Group’s financial liabilities include trade and other payables, amounts due to related parties and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings and other loans are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Provisions

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

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

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

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of DRAM chips, modules and wafers

The Group manufactures and sells DRAM chips and modules to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer.

(b) Provision of design services

The Group recognises revenue from design services at a point in time when the relevant services are rendered and acknowledged by the customers. Contract costs include contract fulfilment costs. Costs incurred for the provision of design services are recognised as contract fulfilment costs, which are recognised as the cost of sales when recognising revenue. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as an asset impairment loss.

(c) Licensing revenue

The licenses granted by the Group are right to use Group’s intellectual property. Revenue from license arrangements is recognised at a point in time, when the license is transferred to the licensee and the licensee is reasonably able to use and benefit from the licensee.

Other income

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

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 28 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension schemes

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

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

Borrowing costs

All borrowing costs are expensed in the periods in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

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

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 19 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Share-based payments

The Group operates employee incentive schemes for the purpose of providing incentives to the Company’s directors and the Group’s employees. The grant date fair value of the shares of the employee incentive schemes was determined based on investors’ recent capital injection price. Further details are contained in note 28 to the Historical Financial Information.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 15 to the Historical Financial Information.

Provision for impairment losses on inventories

The Group periodically assesses the net realisable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realisable value. When estimating the net realisable value of inventories, management considers the purpose for which the inventories are held, as well as future use or sales as the basis for estimation. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group’s chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

Management monitors the results of the Group’s operating segment separately for the purpose of making decisions about resource allocation and performance assessment. It focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

(a) *Revenue from external customers*

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
China (including Hong Kong and Taiwan)	468,724	499,361	971,327
Other countries and regions	111,622	147,040	133,562
Total revenue	580,346	646,401	1,104,889

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

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(b) Non-current assets

Almost all the non-current assets of the Group are physically located in Chinese mainland.

Information about major customers

External customers that contributed over 10% of the total revenue of the Group for the years ended 31 December 2023, 2024 and 2025, including sales to a group of entities which are known to be under common control with those customers, were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
CHONG WAI (HONGKONG) ELECTRONICS LIMITED	174,016	77,409	170,293
Customer Group A	101,790	68,644	*
BLUE OCEAN Group**	*	87,513	*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

** BLUE OCEAN Group consists of BLUE OCEAN (HONG KONG) ELECTRONIC TECHNOLOGY CO., LIMITED (香港藍海晨曦電子科技有限公司) and SHENZHEN LANHAI CHENXI ELECTRONIC TECHNOLOGY CO., LIMITED (深圳嵐海晨曦電子科技有限公司).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	580,346	646,401	1,104,889

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods or services			
Sale of DRAM chips, modules and wafers	578,528	645,886	1,083,478
Design services	—	—	6,372
Licensing revenue	—	—	7,659
Others	1,818	515	7,380
Total	580,346	646,401	1,104,889
Geographical markets			
China (including Hong Kong and Taiwan).	468,724	499,361	971,327
Other countries/regions.	111,622	147,040	133,562
Total	580,346	646,401	1,104,889
Timing of revenue recognition			
Goods transferred or services provided at a point in time	578,528	645,886	1,104,406
Services transferred over time.	1,818	515	483
Total	580,346	646,401	1,104,889

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The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of the relevant periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period.	–	5,306	4,281
	–	–	–

(b) Performance obligations

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

Sale of DRAM chips, modules and wafers

The performance obligation is satisfied upon delivery of chips, modules and wafers to the customer and payment is generally due within 10 to 90 days, except for certain new customers, where payment in advance is normally required.

Provision of design services

For designing services, revenue is recognised at a point in time upon completion of the provision of services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	5,306	4,281	11,722
	–	–	–

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income and gains			
Government grants	1,930	6,214	6,103
Interest income	27	90	390
Foreign exchange gains, net	–	7,488	–
Gain on disposal of a subsidiary	–	–	908
Gain on disposal of right-of-use assets.	–	69	135
Investment income	–	–	67
Others	513	1,425	504
Total	2,470	15,286	8,107
	–	–	–

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6. LOSS BEFORE TAX

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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of goods sold*		529,439	561,794	928,014
Cost of design services provided*		–	–	1,930
Depreciation of property, plant and equipment	13	2,378	5,566	9,770
Depreciation of right-of-use assets	14	1,764	3,525	2,712
Amortisation of other intangible assets	17	7,953	7,962	8,469
Research and development costs		38,198	30,332	30,641
Lease payments not included in the measurement of lease liabilities	14(c)	464	472	1,770
Foreign exchange differences, net		1,644	(7,488)	2,868
Impairment losses on financial assets, net				
Impairment of trade receivables	21	341	1,206	(701)
Impairment of financial assets included in prepayments, other receivables and other assets		15	(7)	–
Write-down of inventories to net realisable value	20	29,684	24,026	(3,004)
Losses on disposal of items of property, plant and equipment		–	9	4
Gains on disposal of right-of-use assets		–	(69)	(135)
[REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Investment income		–	–	(67)
Employee benefit expense (including directors’ and supervisors’ remuneration (note 8)):				
Wages and salaries		39,961	54,554	75,027
Equity-settled share-based payment expense	28	151,145	56,095	17,305
Pension scheme contributions (defined contribution scheme)**		8,383	10,626	14,298
Total		199,489	121,275	106,630

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing for the Relevant Periods are included in “Depreciation of property, plant and equipment”, “Depreciation of right-of-use assets” and “Amortisation of other intangible assets”, respectively.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest on interest-bearing bank and other borrowings and due to related parties	3,902	5,007	2,417
Interest on lease liabilities	128	198	177
Total	4,030	5,205	2,594

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8. DIRECTORS’ AND SUPERVISORS’ REMUNERATION

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

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	—	—	—
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind . . .	3,399	3,684	3,818
Performance related bonuses*	537	608	828
Share-based payment expenses	114,129	5,809	1,278
Pension scheme contributions	157	228	228
Subtotal	118,222	10,329	6,152
Total	118,222	10,329	6,152

* Certain directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods, certain directors were granted restricted shares, in respect of their services to the Group, under the employee incentive schemes of the Company, further details of which are set out in note 28 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” recognised in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods are included in the above directors’ and supervisors’ remuneration disclosures.

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

(a) Independent non-executive directors

There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods. Mr. HO Hung Tim Chester and Mr. XU Qian were appointed as independent non-executive directors of the Company on 23 May 2025, Mr. WANG Chi-Kuo was appointed as an independent non-executive director with effect from the [REDACTED].

(b) Directors and supervisors

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023					
Director and chairman of the Board:					
Mr. Ying Wei (i)	—	—	85,957	—	85,957
Directors:					
Mr. Wang Na Xin (ii)	—	—	—	—	—
Ms. Li Yu Jun (iii)	—	—	—	—	—
Ms. Mei Wei (iv)	—	—	—	—	—
Mr. Yu Xiao (v)	1,080	480	26,699	79	28,338
Mr. LIN Kuo Hsiung (vi)	2,240	50	1,473	57	3,820
Subtotal	3,320	530	28,172	136	32,158
Supervisor:					
Ms. Zhuang Yan Hua (vii)	79	7	—	21	107
Total	3,399	537	114,129	157	118,222

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	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Director and chairman of the Board:					
Mr. Ying Wei (i)	—	—	—	—	—
Directors:					
Mr. Wang Na Xin (ii)	—	—	—	—	—
Ms. Li Yu Jun (iii)	—	—	—	—	—
Ms. Mei Wei (iv)	—	—	—	—	—
Mr. Yu Xiao (v)	1,440	540	3,518	114	5,612
Mr. LIN Kuo Hsiung (vi)	2,138	50	2,291	74	4,553
Subtotal	3,578	590	5,809	188	10,165
Supervisor:					
Ms. Zhuang Yan Hua (vii)	106	18	—	40	164
Total	3,684	608	5,809	228	10,329

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
Director and chairman of the Board:					
Mr. Ying Wei (i)	—	—	—	—	—
Directors:					
Mr. Wang Na Xin (ii)	—	—	—	—	—
Ms. Li Yu Jun (iii)	—	—	—	—	—
Ms. Mei Wei (iv)	—	—	—	—	—
Mr. Yu Xiao (v)	1,440	660	688	125	2,913
Mr. LIN Kuo Hsiung (vi)	2,301	150	590	75	3,116
Subtotal	3,741	810	1,278	200	6,029
Supervisor:					
Ms. Zhuang Yan Hua (vii)	77	18	—	28	123
Total	3,818	828	1,278	228	6,152

Notes:

- (i) Mr. Ying Wei was appointed as a director and chairman of the Board in November 2020, and he was re-designated as chairman of the Board and a non-executive director on 23 May 2025.
- (ii) Mr. Wang Na Xin was appointed as a director of the Company in November 2020 and resigned as the director in April 2025.
- (iii) Ms. Li Yu Jun was appointed as a director of the Company in January 2022 and resigned as the director in December 2023.
- (iv) Ms. Mei Wei was appointed as a director of the Company in August 2022 and was re-designated as a non-executive director on 23 May 2025.
- (v) Mr. Yu Xiao joined the Group in April 2023 as general manager of the Company and was appointed as a director of the Company since December 2023. He was re-designated as an executive director on 23 May 2025.
- (vi) Mr. LIN Kuo Hsiung joined the Group in November 2020 and was appointed as a director of the Company since December 2023. He was re-designated as vice chairman of the Board and an executive director on 23 May 2025. He was also the general manager of the Company from November 2020 to April 2023.
- (vii) Ms. Zhuang Yan Hua was appointed as a supervisor of the Company in January 2022 and resigned as the supervisor in April 2025.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 included two, two and two directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended 31 December 2023, 2024 and 2025 of the remaining three, three and three highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,695	2,613	2,880
Performance related bonuses	141	570	1,417
Equity-settled share option expense	35,532	16,873	3,052
Pension scheme contributions	361	350	394
Total	<u>37,729</u>	<u>20,406</u>	<u>7,743</u>

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees		
	Year ended 31 December		
	2023	2024	2025
HK\$1,000,001 to HK\$1,500,000	—	—	1
HK\$1,500,001 to HK\$2,000,000	—	—	1
HK\$2,000,001 to HK\$2,500,000	—	1	—
HK\$2,500,001 to HK\$3,000,000	1	1	1
HK\$3,000,001 to HK\$3,500,000	1	1	—
HK\$3,500,001 to HK\$4,000,000	1	—	—
Total	<u>3</u>	<u>3</u>	<u>3</u>

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

The subsidiaries incorporated in Chinese mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for those subject to preferential tax rates set out below:

The Company was granted the qualification of High and New Technology Enterprises (“HNTE”) and was entitled to a preferential corporate income tax rate of 15% during the Relevant Periods.

Certain subsidiaries of the Group were entitled to a preferential income tax rate of 20% for small and micro enterprises during the relevant periods with the first RMB1,000,000 of annual taxable income eligible for a 75% reduction. The provision for Chinese mainland current income tax is based on the statutory rate of 25% of the assessable profits of the subsidiaries in Chinese mainland as determined in accordance with the Corporate Income Tax Law.

Hong Kong

The subsidiary incorporated in Hong Kong is qualified as an entity under the two-tiered profits tax rates regime. Accordingly, it is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HK\$2,000,000, and 16.5% for taxable income exceeding HK\$2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

Japan

The subsidiary incorporated in Japan is qualified as an entity under the two-tiered profits tax rates regime. Accordingly, it is subject to Japan profits tax at the rate of 19% for taxable income not exceeding JPY8,000,000, and 23.2% for taxable income exceeding JPY8,000,000 on any estimated assessable profits arising in Japan during the Relevant Periods. No provision for Japan profits tax has been made as the Group had no assessable profits derived from or earned in Japan during the Relevant Periods.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	262	246	603
Deferred tax credit	(1,178)	(1,179)	(1,179)
Total tax credit for the year	<u>(916)</u>	<u>(933)</u>	<u>(576)</u>

A reconciliation of the tax credit applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the credit at the effective tax rates are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(245,224)	(109,838)	(11,113)
Tax at the statutory tax rates	(61,306)	(27,460)	(2,778)
Different tax rates enacted by local authorities	21,344	10,012	1,366
Tax effect of withholding tax	—	—	354
Expenses not deductible for tax (a)	22,720	8,273	2,676
Super deduction on research and development expenses (b)	(5,708)	(5,010)	(7,617)
Tax losses not recognised	22,034	13,252	5,423
Tax credit at the Group’s effective tax rates	<u>(916)</u>	<u>(933)</u>	<u>(576)</u>

Notes:

- (a) Expenses not deductible for tax mainly include the tax effect of share-based payments and non-deductible business entertainment expenses.
- (b) Based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for an additional 100% deduction of eligible R&D expenses from 1 January 2023. The Group’s certain subsidiaries have claimed such additional super deduction during the Relevant Periods.

11. DIVIDENDS

No dividends were paid or declared by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 194,908,000, 230,927,000, and 259,027,000 outstanding during the Relevant Periods, as adjusted to reflect the rights issue during the Relevant Periods.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss			
Loss attributable to ordinary equity holders of the parent	<u>(233,333)</u>	<u>(106,790)</u>	<u>(10,537)</u>
Shares			
Weighted average number ('000) of ordinary shares during the year	<u>194,908</u>	<u>230,927</u>	<u>259,027</u>
Loss per share			
Basic and diluted (RMB)	<u>(1.20)</u>	<u>(0.46)</u>	<u>(0.04)</u>

On 25 December 2023, the Shareholders resolved to convert RMB4,471,000 from the capital reserve into share capital. After the completion of this conversion, the registered capital of the Company increased to RMB19,652,000. On 22 May 2025, the shareholders resolved to capitalise the capital reserve of the Company (“Capitalisation Issue”). After the completion of the Capitalisation Issue, the registered share capital of the Company increase from RMB24,616,000 to RMB270,000,000. The calculation of basic and diluted loss per share for all periods presented was retrospectively adjusted.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

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13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023						
At 1 January 2023:						
Cost	4,195	2,492	92	1,507	43,072	51,358
Accumulated depreciation and impairment	(1,500)	(1,172)	(3)	(746)	–	(3,421)
Exchange realignment	(43)	–	–	(8)	–	(51)
Net carrying amount	<u>2,652</u>	<u>1,320</u>	<u>89</u>	<u>753</u>	<u>43,072</u>	<u>47,886</u>
At 1 January 2023, net of accumulated depreciation and impairment	2,652	1,320	89	753	43,072	47,886
Additions	8,848	3,056	–	615	7,259	19,778
Depreciation provided during the year	(1,355)	(506)	(22)	(495)	–	(2,378)
Exchange realignment	(3)	–	–	(1)	–	(4)
At 31 December 2023, net of accumulated depreciation and impairment	<u>10,142</u>	<u>3,870</u>	<u>67</u>	<u>872</u>	<u>50,331</u>	<u>65,282</u>
At 31 December 2023:						
Cost	13,043	5,548	92	2,122	50,331	71,136
Accumulated depreciation and impairment	(2,855)	(1,678)	(25)	(1,241)	–	(5,799)
Exchange realignment	(46)	–	–	(9)	–	(55)
Net carrying amount	<u>10,142</u>	<u>3,870</u>	<u>67</u>	<u>872</u>	<u>50,331</u>	<u>65,282</u>

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost	–	13,043	5,548	92	2,122	50,331	71,136
Accumulated depreciation and impairment	–	(2,855)	(1,678)	(25)	(1,241)	–	(5,799)
Exchange realignment	–	(46)	–	–	(9)	–	(55)
Net carrying amount	<u>–</u>	<u>10,142</u>	<u>3,870</u>	<u>67</u>	<u>872</u>	<u>50,331</u>	<u>65,282</u>
At 1 January 2024, net of accumulated depreciation and impairment	–	10,142	3,870	67	872	50,331	65,282
Additions	–	1,121	2,808	–	1,071	4,434	9,434
Transfers	21,630	32,050	99	1	985	(54,765)	–
Disposals	–	–	(78)	–	–	–	(78)
Depreciation provided during the year	–	(3,593)	(1,231)	(22)	(720)	–	(5,566)
Exchange realignment	–	(6)	–	–	(2)	–	(8)
At 31 December 2024, net of accumulated depreciation and impairment	<u>21,630</u>	<u>39,714</u>	<u>5,468</u>	<u>46</u>	<u>2,206</u>	<u>–</u>	<u>69,064</u>
At 31 December 2024:							
Cost	21,630	46,214	8,377	93	4,178	–	80,492
Accumulated depreciation and impairment	–	(6,448)	(2,909)	(47)	(1,961)	–	(11,365)
Exchange realignment	–	(52)	–	–	(11)	–	(63)
Net carrying amount	<u>21,630</u>	<u>39,714</u>	<u>5,468</u>	<u>46</u>	<u>2,206</u>	<u>–</u>	<u>69,064</u>

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	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025							
At 1 January 2025:							
Cost	21,630	46,214	8,377	93	4,178	–	80,492
Accumulated depreciation and impairment	–	(6,448)	(2,909)	(47)	(1,961)	–	(11,365)
Exchange realignment	–	(52)	–	–	(11)	–	(63)
Net carrying amount.	<u>21,630</u>	<u>39,714</u>	<u>5,468</u>	<u>46</u>	<u>2,206</u>	<u>–</u>	<u>69,064</u>
At 1 January 2025, net of accumulated depreciation and impairment.	21,630	39,714	5,468	46	2,206	–	69,064
Additions	–	6,021	1,235	21	1,601	7,112	15,990
Transfers.	2,161	4,863	–	–	88	(7,112)	–
Disposals	–	–	(4)	–	–	–	(4)
Depreciation provided during the year	(1,177)	(5,846)	(1,604)	(23)	(1,120)	–	(9,770)
Exchange realignment	–	2	–	–	(1)	–	1
At 31 December 2025, net of accumulated depreciation and impairment.	<u>22,614</u>	<u>44,754</u>	<u>5,095</u>	<u>44</u>	<u>2,774</u>	<u>–</u>	<u>75,281</u>
At 31 December 2025:							
Cost	23,791	57,098	9,526	114	5,867	–	96,396
Accumulated depreciation and impairment	(1,177)	(12,294)	(4,431)	(70)	(3,081)	–	(21,053)
Exchange realignment	–	(50)	–	–	(12)	–	(62)
Net carrying amount.	<u>22,614</u>	<u>44,754</u>	<u>5,095</u>	<u>44</u>	<u>2,774</u>	<u>–</u>	<u>75,281</u>

The Company

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023						
At 1 January 2023:						
Cost	2,985	1,873	92	1,358	43,072	49,380
Accumulated depreciation and impairment	(425)	(553)	(3)	(647)	–	(1,628)
Net carrying amount.	<u>2,560</u>	<u>1,320</u>	<u>89</u>	<u>711</u>	<u>43,072</u>	<u>47,752</u>
At 1 January 2023, net of accumulated depreciation and impairment.	2,560	1,320	89	711	43,072	47,752
Additions	8,848	3,056	–	615	7,259	19,778
Depreciation provided during the year	(1,313)	(506)	(22)	(491)	–	(2,332)
At 31 December 2023, net of accumulated depreciation and impairment.	<u>10,095</u>	<u>3,870</u>	<u>67</u>	<u>835</u>	<u>50,331</u>	<u>65,198</u>
At 31 December 2023:						
Cost	11,833	4,929	92	1,973	50,331	69,158
Accumulated depreciation and impairment	(1,738)	(1,059)	(25)	(1,138)	–	(3,960)
Net carrying amount.	<u>10,095</u>	<u>3,870</u>	<u>67</u>	<u>835</u>	<u>50,331</u>	<u>65,198</u>

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025							
At 1 January 2025:							
Cost	21,630	44,610	7,698	93	4,026	–	78,057
Accumulated depreciation and impairment	–	(5,202)	(2,290)	(47)	(1,855)	–	(9,394)
Net carrying amount. . .	<u>21,630</u>	<u>39,408</u>	<u>5,408</u>	<u>46</u>	<u>2,171</u>	<u>–</u>	<u>68,663</u>
At 1 January 2025, net of accumulated depreciation and impairment	21,630	39,408	5,408	46	2,171	–	68,663
Additions	–	6,021	1,162	21	1,601	7,112	15,917
Transfers	2,161	4,863	–	–	88	(7,112)	–
Disposals	–	–	(4)	–	–	–	(4)
Depreciation provided during the year	<u>(1,177)</u>	<u>(5,737)</u>	<u>(1,577)</u>	<u>(23)</u>	<u>(1,112)</u>	<u>–</u>	<u>(9,626)</u>
At 31 December 2025, net of accumulated depreciation and impairment	<u>22,614</u>	<u>44,555</u>	<u>4,989</u>	<u>44</u>	<u>2,748</u>	<u>–</u>	<u>74,950</u>
At 31 December 2025:							
Cost	23,791	55,494	8,774	114	5,715	–	93,888
Accumulated depreciation and impairment	<u>(1,177)</u>	<u>(10,939)</u>	<u>(3,785)</u>	<u>(70)</u>	<u>(2,967)</u>	<u>–</u>	<u>(18,938)</u>
Net carrying amount. . .	<u>22,614</u>	<u>44,555</u>	<u>4,989</u>	<u>44</u>	<u>2,748</u>	<u>–</u>	<u>74,950</u>

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The recoverable amounts of the cash-generating units including such long-lived assets at the balance sheet days had been determined based on value in use calculations, using cash flow projections covering the corresponding operating periods. The discount rates applied to the cash flow projections were in a range from 12.24% to 13.21%. The discount rates used are before tax and reflect specific risks relating to the relevant units. In the opinion of the Company’s directors, any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause each cash-generating unit’s carrying amount to exceed its recoverable amount.

Based on the result of the assessments, the directors of the Group concluded that the recoverable amounts of the cash-generating units were higher than their carrying amounts and no impairment was recognised during the Relevant Periods.

The Company have paid the purchase price of the building amounting to RMB19,391,000 in full and have been occupying the building. As at 31 December 2025, the seller, Zhejiang Jinyi Zhiyuan Industrial Co., Ltd. (“Jinyi Zhiyuan”) had not complete transferring the real property ownership registration to the Company because it is still coordinating with the relevant regulatory authorities to satisfy the preconditions required for transferring the real property ownership registration.

The Company have obtained a written confirmation from Jinyi Zhiyuan in May 2025 (the “Confirmation”), confirming, among others, that: (1) as of the date of the Confirmation. The building is free from any mortgage, or other encumbrances, and is not subject to any disputes over debts and claims, or any property preservation measures in litigation, and that there are no defects or other inherent faults that would affect the use of the building; (2) The Company have full rights to use the building; (3) Transferring real property ownership registration of the building to the Company is not subject to any material legal impediments; and (4) The Company and Jinyi Zhiyuan have no existing or potential disputes, controversies, or claims with respect to the building. In addition, Jinyi Zhiyuan undertakes to complete the real property ownership registration transfer as soon as possible. Jinyi Zhiyuan had obtained the real property ownership certificate of the building. As advised by the Company’s PRC legal advisor, the purchase agreement is legally binding on Jinyi Zhiyuan and the Company. Accordingly, they are entitled to require Jinyi Zhiyuan to complete the transfer of real property ownership registration to the Company.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of office buildings used in its operations. Leases of office buildings generally have lease terms between 17 months and 4 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leased office buildings
	<i>RMB’000</i>
As at 1 January 2023.	3,904
Depreciation charge	(1,764)
Exchange realignment	(17)
As at 31 December 2023 and 1 January 2024.	2,123
Additions	5,268
Depreciation charge	(3,525)
Disposals.	(363)
Exchange realignment	222
As at 31 December 2024 and 1 January 2025.	3,725
Additions	5,005
Depreciation charge	(2,712)
Disposals.	(537)
As at 31 December 2025.	<u>5,481</u>

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The Company

	Leased office Buildings
	RMB'000
As at 1 January 2023	3,485
Depreciation charge	(1,442)
As at 31 December 2023 and 1 January 2024	2,043
Additions	4,898
Depreciation charge	(3,224)
Disposals	(363)
As at 31 December 2024 and 1 January 2025	3,354
Additions	4,352
Depreciation charge	(2,224)
Disposals	(537)
As at 31 December 2025	4,945

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	4,426	2,100	4,201
New leases	–	5,268	5,005
Disposal	–	(432)	(672)
Accretion of interest recognised during the year	128	198	177
Payments	(2,437)	(2,927)	(3,109)
Exchange realignment	(17)	(6)	1
Carrying amount at the end of the year	2,100	4,201	5,603
Analysed into:			
Current portion	2,100	2,692	2,296
Non-current portion	–	1,509	3,307

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	4,000	2,016	3,824
New leases	–	4,898	4,352
Disposal	–	(432)	(672)
Accretion of interest recognised during the year	116	180	143
Payments	(2,100)	(2,838)	(2,573)
Carrying amount at the end of the year	2,016	3,824	5,074
Analysed into:			
Current portion	2,016	2,417	2,028
Non-current portion	–	1,407	3,046

The maturity analysis of lease liabilities is disclosed in note 36 to the Historical Financial Information.

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- (c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	128	198	177
Depreciation charge of right-of-use assets	1,764	3,525	2,712
Expenses relating to short-term leases	464	472	1,770
Total amount recognised in profit or loss	<u>2,356</u>	<u>4,195</u>	<u>4,659</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	116	180	143
Depreciation charge of right-of-use assets	1,442	3,224	2,224
Expenses relating to short-term leases	–	38	877
Total amount recognised in profit or loss	<u>1,558</u>	<u>3,442</u>	<u>3,244</u>

Management of the Group assessed and identified there were indicators of impairment for long-lived assets, which mainly included property, plant and equipment, other intangible assets and right-of-use assets, with a consideration of net loss during the Relevant Periods. Further details are given in note 13 to the Historical Financial Information.

15. GOODWILL

RMB'000

At 1 January 2023:	
Cost	23,738
Accumulated impairment	–
Net carrying amount	<u>23,738</u>
Cost at 1 January 2023, net of accumulated impairment.	23,738
Impairment during the year	–
Exchange realignment	403
Cost and net carrying amount at 31 December 2023	<u>24,141</u>
At 31 December 2023:	
Cost	24,141
Accumulated impairment	–
Net carrying amount	<u>24,141</u>
Cost at 1 January 2024, net of accumulated impairment.	24,141
Impairment during the year	–
Exchange realignment	360
Cost and net carrying amount at 31 December 2024	<u>24,501</u>
At 31 December 2024:	
Cost	24,501
Accumulated impairment	–
Net carrying amount	<u>24,501</u>
Cost at 1 January 2025, net of accumulated impairment.	24,501
Impairment during the year	–
Exchange realignment	(544)
Cost and net carrying amount at 31 December 2025	<u>23,957</u>
At 31 December 2025:	
Cost	23,957
Accumulated impairment	–
Net carrying amount	<u>23,957</u>

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Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing:

Zentel cash-generating unit

The recoverable amount of the Zentel cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a 5-year period approved by management. The discount rates applied to the cash flow projections were 12.89%, 13.21% and 12.24% for the years ended 31 December 2023, 2024 and 2025, respectively.

The management of the Group believes that any reasonably possible change in the key assumptions used in the value-in-use calculation would not cause the carrying amount to exceed the recoverable amount of the Zentel cash-generating unit.

The carrying amount of goodwill allocated to the cash-generating unit is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Zentel	24,141	24,501	23,957

Assumptions were used in the value-in-use calculation of the Zentel cash-generating unit during the Relevant Periods. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue – Amounts of the budgeted sales are based on the historical data and management’s expectation of the future market.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on the annual revenue growth rates of Zentel and discount rate are consistent with external information sources.

Sensitivity to changes in key assumptions:

The management of the Company has performed a sensitivity test by decreasing the budgeted gross margin by 1% or increasing the discount rates by 1%, with all other assumptions held constant. The impacts on the amount by which the Zentel cash-generating unit’s recoverable amount exceeds its carrying amount (headroom) are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Headroom	237,039	559,305	707,388
Impact by decreasing budgeted gross margins	(127,395)	(149,658)	(174,501)
Impact by increasing discount rates	(77,823)	(90,894)	(114,494)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the Zentel cash-generating unit to exceed its recoverable amount as at 31 December 2023, 2024 and 2025.

The goodwill had been tested for impairment as at 31 December 2023, 2024 and 2025. The directors of the Company concluded that there were no significant changes in the key assumptions adopted compared with those used when completing the impairment assessment of the goodwill as at 31 December 2023, 2024 and 2025 and they were of the opinion that there was no impairment provision as at 31 December 2023, 2024 and 2025.

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16. DEFERRED INCOME

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	5,722	5,722	5,133
Analysed into:			
Current portion	–	589	589
Non-current portion	5,722	5,133	4,544

Government grants are recorded as a liability upon receipt and recognised as other operating income over the useful life of research and development equipments. In 2023, the Group received government grants of RMB5,722,000.

17. OTHER INTANGIBLE ASSETS

The Group

	Software	Trademark	Patents and licences	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	96	6,857	24,571	31,524
Additions	33	73	–	106
Amortisation provided during the year .	(71)	(1,739)	(6,143)	(7,953)
Exchange realignment	(1)	–	–	(1)
At 31 December 2023	57	5,191	18,428	23,676
At 31 December 2023 and at 1 January 2024:				
Cost	216	12,073	43,000	55,289
Accumulated amortisation	(159)	(6,882)	(24,572)	(31,613)
Net carrying amount	57	5,191	18,428	23,676
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	57	5,191	18,428	23,676
Additions	1,418	5	–	1,423
Amortisation provided during the year .	(80)	(1,739)	(6,143)	(7,962)
Exchange realignment	(3)	–	–	(3)
At 31 December 2024	1,392	3,457	12,285	17,134
At 31 December 2024 and at 1 January 2025:				
Cost	1,634	12,078	43,000	56,712
Accumulated amortisation	(242)	(8,621)	(30,715)	(39,578)
Net carrying amount	1,392	3,457	12,285	17,134
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	1,392	3,457	12,285	17,134
Additions	1,037	94	755	1,886
Amortisation provided during the year .	(515)	(1,748)	(6,206)	(8,469)
At 31 December 2025	1,914	1,803	6,834	10,551
At 31 December 2025				
Cost	2,671	12,172	43,755	58,598
Accumulated amortisation	(757)	(10,369)	(36,921)	(48,047)
Net carrying amount	1,914	1,803	6,834	10,551

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The Company

	Software	Trademark	Patents and licences	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	86	–	–	86
Additions	–	73	–	73
Amortisation provided during the year	(42)	(24)	–	(66)
At 31 December 2023	<u>44</u>	<u>49</u>	<u>–</u>	<u>93</u>
At 31 December 2023 and at 1 January 2024:				
Cost	125	73	–	198
Accumulated amortisation	(81)	(24)	–	(105)
Net carrying amount	<u>44</u>	<u>49</u>	<u>–</u>	<u>93</u>
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	44	49	–	93
Additions	1,418	–	–	1,418
Amortisation provided during the year	(72)	(24)	–	(96)
At 31 December 2024	<u>1,390</u>	<u>25</u>	<u>–</u>	<u>1,415</u>
At 31 December 2024 and at 1 January 2025:				
Cost	1,543	73	–	1,616
Accumulated amortisation	(153)	(48)	–	(201)
Net carrying amount	<u>1,390</u>	<u>25</u>	<u>–</u>	<u>1,415</u>
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	1,390	25	–	1,415
Additions	1,037	94	755	1,886
Amortisation provided during the year	(515)	(32)	(63)	(610)
At 31 December 2025	<u>1,912</u>	<u>87</u>	<u>692</u>	<u>2,691</u>
At 31 December 2025				
Cost	2,580	167	755	3,502
Accumulated amortisation	(668)	(80)	(63)	(811)
Net carrying amount	<u>1,912</u>	<u>87</u>	<u>692</u>	<u>2,691</u>

Management of the Group assessed and identified there were indicators of impairment for long-lived assets mainly included property plant and equipment, other intangible assets and right-of-use assets, with a consideration of net loss during the Relevant Periods. Details please refer to note 13 to the Historical Financial Information.

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments, at cost.	–	54,175	218,353
Impairment loss on investment in a subsidiary	–	(51,075)	(51,075)
Investments in subsidiaries	–	3,100	167,278
	<u>–</u>	<u>3,100</u>	<u>167,278</u>

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19 DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Lease liabilities
	RMB'000
At 1 January 2023	545
Deferred tax charged to profit or loss during the year	(223)
Deferred tax assets at 31 December 2023	322
Deferred tax credited to profit or loss during the year	190
Deferred tax assets at 31 December 2024	512
Deferred tax credited to profit or loss during the year	233
Deferred tax assets at 31 December 2025	745

Deferred tax liabilities

	Fair value adjustment from business combination	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023	4,714	545	5,259
Deferred tax credited to profit or loss during the year	(1,178)	(223)	(1,401)
Deferred tax liabilities at 31 December 2023	3,536	322	3,858
Deferred tax (credited)/charged to profit or loss during the year	(1,179)	190	(989)
Deferred tax liabilities at 31 December 2024	2,357	512	2,869
Deferred tax (credited)/charged to profit or loss during the year	(1,178)	233	(945)
Deferred tax liabilities at 31 December 2025	1,179	745	1,924

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	–	–	–
Net deferred tax liabilities recognised in the consolidated statements of financial position	3,536	2,357	1,179

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	266,877	346,738	406,387
Deductible temporary differences	33,152	32,805	11,641
Total	300,029	379,543	418,028

The Group has tax losses arising in Chinese mainland of RMB210,664,000, RMB268,829,000 and RMB321,140,000 as at 31 December 2023, 2024 and 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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20. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	47,360	8,413	1,188
Work in progress	96,732	62,700	111,183
Finished goods	43,892	105,709	191,451
	<u>187,984</u>	<u>176,822</u>	<u>303,822</u>
Less: Provision for impairment losses on inventories	29,681	24,009	4,467
Total	<u>158,303</u>	<u>152,813</u>	<u>299,355</u>

As at 31 December 2023, 2024 and 2025, inventories are stated at the lower of cost and net realisable value.

The movements in provision

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	80,546	29,681	24,009
Impairment losses recognised/(reversed)	29,684	24,026	(3,004)
Amounts written off	(80,546)	(29,681)	(16,574)
Exchange realignment	(3)	(17)	36
At end of year	<u>29,681</u>	<u>24,009</u>	<u>4,467</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	47,343	8,320	1,097
Work in progress	85,684	59,775	109,791
Finished goods	44,736	105,420	191,460
	<u>177,763</u>	<u>173,515</u>	<u>302,348</u>
Less: Provision for impairment losses on inventories	25,693	23,068	4,467
Total	<u>152,070</u>	<u>150,447</u>	<u>297,881</u>

As at 31 December 2023, 2024 and 2025, inventories are stated at the lower of cost and net realisable value.

The movements in provision

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	70,254	25,693	23,068
Impairment losses recognised/(reversed)	25,693	23,068	(3,004)
Amounts written off	(70,254)	(25,693)	(15,597)
At end of year	<u>25,693</u>	<u>23,068</u>	<u>4,467</u>

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21. TRADE RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	100,796	115,090	154,551
Impairment	(1,191)	(2,367)	(1,645)
Net carrying amount	<u>99,605</u>	<u>112,723</u>	<u>152,906</u>

The Group’s trading terms with its customers are mainly on credit. The credit terms granted generally range from 10 to 90 days, depending on the specific payment terms in each contract. Each customer has a maximum credit limit, except for some customers without credit limits, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group’s trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the Group’s trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	68,855	42,933	57,101
1 to 2 months	16,553	32,869	59,714
2 to 3 months	12,460	20,443	29,939
Over 3 months	<u>1,737</u>	<u>16,478</u>	<u>6,152</u>
Total	<u>99,605</u>	<u>112,723</u>	<u>152,906</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	884	1,191	2,367
Impairment losses/(reversal of impairment losses) . .	341	1,206	(701)
Exchange realignment	<u>(34)</u>	<u>(30)</u>	<u>(21)</u>
At end of year	<u>1,191</u>	<u>2,367</u>	<u>1,645</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on invoice date for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity.

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Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

As at 31 December 2023

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate . . .	0.62%	1.36%	2.92%	8.19%	1.18%
Gross carrying amount (RMB’000)	69,288	16,781	12,835	1,892	100,796
Expected credit losses (RMB’000)	433	228	375	155	1,191

As at 31 December 2024

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate . . .	0.62%	1.39%	2.18%	6.69%	2.06%
Gross carrying amount (RMB’000)	43,200	33,332	20,899	17,659	115,090
Expected credit losses (RMB’000)	267	463	456	1,181	2,367

As at 31 December 2025

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate . . .	0.47%	0.82%	1.47%	6.56%	1.06%
Gross carrying amount (RMB’000)	57,372	60,208	30,387	6,584	154,551
Expected credit losses (RMB’000)	271	494	448	432	1,645

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables	69,122	79,314	89,137
Impairment	(845)	(1,862)	(1,085)
Net carrying amount	<u>68,277</u>	<u>77,452</u>	<u>88,052</u>

An ageing analysis of the Company’s trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 month	45,986	22,606	27,744
1 to 2 months	10,068	26,212	37,383
2 to 3 months	11,390	14,184	19,507
Over 3 months	833	14,450	3,418
Total	<u>68,277</u>	<u>77,452</u>	<u>88,052</u>

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The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of year	22	845	1,862
Impairment losses/(reversal of impairment losses) . .	823	1,017	(777)
At the end of year	845	1,862	1,085

Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

As at 31 December 2023

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate . . .	0.62%	1.36%	2.92%	8.16%	1.22%
Gross carrying amount (RMB'000)	46,275	10,207	11,733	907	69,122
Expected credit losses (RMB'000)	289	139	343	74	845

As at 31 December 2024

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate . . .	0.62%	1.39%	2.18%	6.68%	2.35%
Gross carrying amount (RMB'000)	22,747	26,582	14,500	15,485	79,314
Expected credit losses (RMB'000)	141	370	316	1,035	1,862

As at 31 December 2025

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate . . .	0.47%	0.82%	1.48%	9.36%	1.22%
Gross carrying amount (RMB'000)	27,874	37,692	19,800	3,771	89,137
Expected credit losses (RMB'000)	130	309	293	353	1,085

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deposits	34,280	1,047	1,825
Other tax recoverable	1,939	9,467	20,915
Prepayments	4,890	9,622	81,440
Prepaid expenses	1,052	1,765	4,472
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
	42,161	21,901	110,922
Impairment allowance	(51)	(44)	(44)
Total	42,110	21,857	110,878
Analysed into:			
Current portion	41,582	16,158	101,371
Non-current portion	528	5,699	9,507

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deposits	180	708	845
Other tax recoverable	1,579	9,068	20,393
Prepayments	4,890	9,622	81,440
Prepaid expenses	1,052	1,721	4,339
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
	7,701	21,119	109,287
Impairment allowance	(51)	(44)	(44)
Total	7,650	21,075	109,243
Analysed into:			
Current portion	7,122	15,376	99,736
Non-current portion	528	5,699	9,507

An impairment analysis was performed at the end of each of the Relevant Periods.

23. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	32,688	34,674	43,003

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Denominated in USD	6,440	22,116	9,073
Denominated in HK\$.	40	33	4
Denominated in RMB	22,904	9,775	31,908
Denominated in JPY	3,304	2,750	2,018
Total	32,688	34,674	43,003

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	21,976	19,711	33,498

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Denominated in USD	177	12,501	3,580
Denominated in RMB	21,799	7,210	29,918
Total	21,976	19,711	33,498

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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As at 31 December 2023, 2024 and 2025, the Group and the Company assessed the credit risk of cash and cash equivalents to be minimal as they were placed in reputable financial institutions.

24. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	74,714	72,330	87,650
1 to 2 months	23,816	19,693	37,349
2 to 3 months	–	751	–
Over 3 months	–	2,070	–
Total	<u>98,530</u>	<u>94,844</u>	<u>124,999</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	72,770	72,214	87,650
1 to 2 months	23,333	19,693	17,282
2 to 3 months	–	751	–
Over 3 months	–	2,070	–
Total	<u>96,103</u>	<u>94,728</u>	<u>104,932</u>

The trade payables are non-interest-bearing and are normally settled within 7 to 60 days upon receipt of the invoices and billings.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities (a)	5,306	4,281	11,722
Payroll and welfare payable	3,380	7,086	13,968
Other tax payables	654	612	1,324
Deposits	122	–	17
Due to a third party	–	35,038	–
Payable for [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	153	290	335
Total	<u>9,615</u>	<u>47,307</u>	<u>33,128</u>

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Except for the amount due to a third party and deposits, the remaining payables are non-interest-bearing, unsecured and repayable on demand.

Note:

(a) Details of contract liabilities are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Short-term advances received from customers			
Sale of DRAM chips, modules and wafers . .	5,306	4,281	10,819
Design services	–	–	903
Total	<u>5,306</u>	<u>4,281</u>	<u>11,722</u>

Contract liabilities include short-term advances received from customers for the sale of DRAM chips, modules and wafers and design services, which will be recognised as revenue as the performance obligation is satisfied within one year.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities (a)	5,246	3,657	9,570
Payroll and welfare payable	3,113	5,123	9,831
Other tax payables	541	420	609
Deposits	122	–	17
Due to a third party	–	35,038	–
Payable for [REDACTED] expenses.	[REDACTED]	[REDACTED]	[REDACTED]
Others	137	215	254
Total	<u>9,159</u>	<u>44,453</u>	<u>26,043</u>

Note:

(a) Details of contract liabilities are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Short-term advances received from customers			
Sale of DRAM chips, modules and wafers . .	<u>5,246</u>	<u>3,657</u>	<u>9,570</u>

26. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	As at 31 December 2024			As at 31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured	3.5-3.6	2025	28,026	2.2-2.3	2026	90,000
Total			<u>28,026</u>			<u>90,000</u>

The Group’s bank loans are unsecured, bear interest at rates ranging from 2.2% to 3.6% per annum, and are denominated in RMB.

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27. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
Paid-in capital/share capital	19,652	21,167	270,000

A summary of movements in the Company’s paid-in capital/share capital is as follows:

		Numbers of shares	Paid-in capital/ share capital
		'000	RMB'000
As at 1 January 2023.		N/A	13,274
Capital injection	(i)	N/A	2,151
Capital reduction	(i)	N/A	(244)
Transfer of share premium to share capital	(i)	N/A	4,471
As at 1 January 2024.		N/A	19,652
Capital injection	(i)	N/A	1,515
As at 1 January 2025.		N/A	21,167
Capital injection	(ii)	N/A	789
Issue of ordinary shares upon conversion into a joint company.	(iii)	21,956	N/A
Capital injection	(iv)	2,660	2,660
Capitalisation Issue.	(v)	245,384	245,384
As at 31 December 2025.		270,000	270,000

Notes:

- (i) On 25 December 2023, the Company entered into an investment agreement with three [REDACTED] investors, pursuant to which (a) these three [REDACTED] investors agreed to subscribe for registered capital of RMB3,479,000 in the Company at a consideration of RMB55,000,000. The consideration of RMB28,000,000, RMB23,950,000 and RMB3,050,000 was settled, and subscribed for registered capital of RMB1,771,000, RMB1,515,000 and RMB193,000 during the years ended 31 December 2023, 2024 and 2025, respectively, (b) the Company agreed to decrease registered capital of RMB244,000 at a consideration of RMB53,245,000, which was settled in 2023, and (c) the registered capital of the Company was increased by RMB4,471,000 through capitalisation of the capital reserve as approved by the shareholders’ resolution of the Company.

On 27 December 2023, One [REDACTED] investor entered into a capital increase agreement with the Company to subscribe for registered capital of RMB380,000 in the Company at a consideration of RMB50,000,000, which was settled in 2023.

- (ii) In 2025, the Company subscribed for registered capital of RMB19,000, RMB577,000 and RMB193,000 at the consideration of RMB2,130,000, RMB10,533,000 and RMB3,050,000, respectively, which were approved by the shareholders’ resolution of the Company on 10 December 2021, 29 August 2022 and 25 December 2023. The consideration was settled in 2025.
- (iii) On 25 April 2025, the Company was converted from a limited liability company into a joint stock limited company. Upon completion of such conversion, the registered capital of the Company became RMB21,956,000 divided into 21,956,000 Shares with a nominal value of RMB1 each, which were subscribed by all the then Shareholders.
- (iv) On 27 April 2025, the Company entered into an investment agreement with six [REDACTED] investors, pursuant to which these six [REDACTED] investors agreed to subscribe for registered capital of RMB1,087,000 in the Company at a consideration of RMB158,500,000. The consideration was settled in April and May 2025, respectively.

From 28 April 2025 to 16 May 2025, the Company entered into six [REDACTED] investors, pursuant to which (i) five [REDACTED] investors agreed to subscribe for registered capital of RMB1,324,000 in the Company at a consideration of RMB193,000,000, and one [REDACTED] investor agreed to subscribe for registered capital of RMB249,000 in the Company at a consideration of USD5,000,000. The consideration was settled in May 2025.

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- (v) On 22 May 2025, the Shareholders resolved to capitalise the capital reserve of the Company by issuing 9,968,257 new Shares for each existing Share to all the then Shareholders. The Shareholders’ respective shareholding percentages remain unchanged immediately before and after the Capitalisation Issue. Upon completion of the Capitalisation Issue, the registered share capital of the Company increased from RMB24,616,000 to RMB270,000,000 and was divided into 270,000,000 Shares with a nominal value of RMB1 per Share.

28. SHARE-BASED PAYMENTS

To provide incentives and rewards to eligible participants who contribute to the Group’s operations, one of the controlling shareholders of the Company, Mr. Ying Wei, designed and established several employee shareholding platforms for the Company to operate a series of Employee Incentive Schemes (the “Schemes”). Eligible participants of the Schemes, including members of senior management, mid-level managers and other employees of the Group, were determined by the actual controller and approved by the Company through board resolutions. The actual controller of the Company acted as the general partner of these platforms, and had the right to determine the eligible participants and vesting criteria, and was obliged to repurchase the shares of the resigned eligible participants at subscription prices and then reallocate these shares to other eligible participants.

On 10 December 2021, 4 May 2023, 30 November 2023, 25 December 2023, 10 September 2024, 28 December 2024 and 15 May 2025, 116,498 shares, 28,000 shares, 576,976 shares, 731,448 shares, 17,565 shares, 285,804 shares and 219,560 shares of the Company were granted to eligible participants through the employee shareholding platforms of the Schemes at subscription prices of RMB1.00 per share, RMB1.00 per share, RMB24.77 per share, RMB15.80 per share, RMB0.64 per share, RMB14.47 and RMB15.92 per share, respectively. The fair values of the shares of the Schemes on the grant date were RMB125.07 per share, RMB204.92 per share, RMB204.92 per share, RMB131.72 per share, RMB131.72 per share, RMB145.75 per share and RMB145.75 per share, respectively, which were determined based on investors’ recent capital injection price. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” recognised in profit or loss.

The shares held by the employee shareholding platforms of the Schemes will be vested based on service condition (i.e. successful [REDACTED], 5 years’ service period) or vested immediately. Therefore, service conditions are included in assumptions about the number of equity instruments that are expected to vest. The vesting period will be reviewed and determined by management and the related expense is recognised over the vesting period, which is from the date of grant to the expected [REDACTED].

Movements in the number of equity interest shares granted were as follows:

	Year ended 31 December		
	2023	2024	2025
At 1 January	77,534	367,819	436,757
Granted during the year	1,336,424	303,369	219,560
Vested during the year	(1,100,033)	(97,361)	–
Transfer of share premium to share capital/Capitalisation Issue	56,947	–	6,542,337
Forfeited/cancellation during the year	(3,053)	(137,070)	–
At 31 December	<u>367,819</u>	<u>436,757</u>	<u>7,198,654</u>

Share-based payment expenses relating to employees recognised for the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Administrative expenses	134,960	17,319	6,431
Research and development expenses	1,168	16,906	8,985
Selling and marketing expenses	15,017	21,870	1,889
	<u>151,145</u>	<u>56,095</u>	<u>17,305</u>

29. RESERVES

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity within the Historical Financial Information.

(i) Share premium

The share premium of the Group mainly represents the premium in issuing shares.

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(ii) Merger reserve and other reserve

The merger reserve and other reserve of the Group represent the differences arising from transactions with non-controlling interests without changes in control. Specifically, these reserves mainly represent the difference between the consideration paid and the carrying amount of the non-controlling interests acquired at the date of the transaction. The transaction is accounted for as an equity transaction with the resulting differences recognised directly in equity.

(iii) Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted into share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group’s presentation currency.

(v) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 28 to the Historical Financial Information.

The Company

	Capital reserve/ share premium	Share-based payment reserve	Statutory surplus reserve	Accumulated losses	Total
	RMB’000 Note 27	RMB’000 Note 28	RMB’000	RMB’000	RMB’000
As at 1 January 2023	361,824	4,781	508	(103,243)	263,870
Total comprehensive loss for the year	–	–	–	(197,996)	(197,996)
Capital injection	75,849	–	–	–	75,849
Capital rejection	(53,001)	–	–	–	(53,001)
Share-based payments (note 28)	–	151,145	–	–	151,145
Transfer of share premium to share capital	(4,471)	–	–	–	(4,471)
As at 31 December 2023 and 1 January 2024	380,201	155,926	508	(301,239)	235,396
Total comprehensive loss for the year	–	–	–	(131,102)	(131,102)
Capital injection	22,434	–	–	–	22,434
Share-based payments (note 28)	–	56,095	–	–	56,095
As at 31 December 2024 and 1 January 2025	402,635	212,021	508	(432,341)	182,823
Total comprehensive income for the year	–	–	–	7,182	7,182
Conversion into a joint stock company	(389,674)	–	(508)	390,182	–
Capital injection	400,014	–	–	–	400,014
Capitalisation Issue	(245,384)	–	–	–	(245,384)
Share-based payments (note 28)	–	17,305	–	–	17,305
As at 31 December 2025	167,591	229,326	–	(34,977)	361,940

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of nil, RMB5,268,000 and RMB5,005,000, respectively, in respect of lease arrangements for office buildings.

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(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Due to related companies	Due to a third party	Payable for [REDACTED] expenses
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	–	4,426	191,185	–	[REDACTED]
Changes from financing cash flows	–	(2,437)	(3,044)	–	[REDACTED]
Interest expense	–	128	3,902	–	[REDACTED]
Exchange realignment	–	(17)	3,049	–	[REDACTED]
At 31 December 2023	–	2,100	195,092	–	[REDACTED]
Changes from financing cash flows	27,774	(2,927)	(813)	35,000	[REDACTED]
New leases	–	5,268	–	–	[REDACTED]
Disposal	–	(432)	–	–	[REDACTED]
Interest expense	252	198	4,717	38	[REDACTED]
Exchange realignment	–	(6)	2,883	–	[REDACTED]
At 31 December 2024	28,026	4,201	201,879	35,038	[REDACTED]
Changes from financing cash flows	61,331	(3,109)	(201,746)	(35,444)	[REDACTED]
Changes from non-financing cash flows	–	–	–	–	[REDACTED]
New leases	–	5,005	–	–	[REDACTED]
Disposal	–	(672)	–	–	[REDACTED]
Interest expense	643	177	1,368	406	[REDACTED]
Increase in deferred [REDACTED] expenses	–	–	–	–	[REDACTED]
[REDACTED] expenses	–	–	–	–	[REDACTED]
Exchange realignment	–	1	(1,501)	–	[REDACTED]
At 31 December 2025	90,000	5,603	–	–	[REDACTED]

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	464	472	1,770
Within financing activities	2,437	2,927	3,109
Total	2,901	3,399	4,879

31. CONTINGENT LIABILITIES

As at 31 December 2023, 2024 and 2025, neither the Group nor the Company had any material contingent liabilities.

32. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Property, plant and equipment	–	–	1,587
Other intangible assets	83	500	91
Right-of-use assets	–	–	2,597
Total	83	500	4,275

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33. RELATED PARTY TRANSACTIONS

(a) Name of related parties and relationship with the Group

Name of related parties	Relationship with the Group
Beijing Guangtai Huixin Investment Consulting Co., Ltd. (“Beijing Guangtai”).	Company controlled by the controlling shareholders
Eaglestream Technology Holdings Limited (“Eaglestream Technology”).	Company controlled by the controlling shareholders

(b) Transactions with related parties:

The Group had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest expense			
Eaglestream Technology.	3,665	3,822	1,368
Beijing Guangtai	237	896	—
Total	<u>3,902</u>	<u>4,718</u>	<u>1,368</u>
Advances from related parties			
Eaglestream Technology.	7,083	—	—
Beijing Guangtai	—	65,000	—
Total	<u>7,083</u>	<u>65,000</u>	<u>—</u>
Repayment of advances from related parties and interest			
Eaglestream Technology.	—	—	201,418
Beijing Guangtai	10,127	65,813	328
Total	<u>10,127</u>	<u>65,813</u>	<u>201,746</u>

(c) Outstanding balances with related parties:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Due to related parties			
Non-trade-related			
Beijing Guangtai.	237	328	—
Eaglestream Technology	194,855	201,551	—
Total	<u>195,092</u>	<u>201,879</u>	<u>—</u>

The amount due to related parties are unsecured, bear interest at 2% to 6% per annum, and repayable on demand.

(d) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, bonuses, allowances and benefits in kind.	7,101	8,435	8,995
Performance related bonuses	783	1,652	2,455
Share-based payments	150,031	22,938	4,350
Pension scheme contributions	663	970	1,003
Total compensation paid to key management personnel	<u>158,578</u>	<u>33,995</u>	<u>16,803</u>

Further details of directors’, the chief executive’s and supervisors’ emoluments are included in note 8 to the Historical Financial Information.

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34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2023

Financial assets

	Financial assets at amortised cost
	<i>RMB'000</i>
Trade receivables	99,605
Financial assets included in prepayments, other receivables and other assets	34,229
Cash and cash equivalents	32,688
Total	<u>166,522</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	98,530
Financial liabilities included in other payables and accruals	275
Due to related companies	195,092
Total	<u>293,897</u>

As at 31 December 2024

Financial assets

	Financial assets at amortised cost
	<i>RMB'000</i>
Trade receivables	112,723
Financial assets included in prepayments, other receivables and other assets	1,003
Cash and cash equivalents	34,674
Total	<u>148,400</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	94,844
Financial liabilities included in other payables and accruals	35,328
Due to related companies	201,879
Interest-bearing bank borrowings	28,026
Total	<u>360,077</u>

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As at 31 December 2025

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables	152,906
Financial assets included in prepayments, other receivables and other assets	1,825
Cash and cash equivalents	43,003
Total	197,734

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	124,999
Financial liabilities included in other payables and accruals	6,114
Interest-bearing bank borrowings	90,000
Total	221,113

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, current portion of interest-bearing bank borrowings and financial liabilities included in other payables and accruals, lease liabilities and short-term interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group’s finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

There were no financial assets at fair value through profit or loss at the end of each of the Relevant Periods.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments mainly include interest-bearing borrowings, the amounts due to related companies and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has other financial assets and liabilities such as trade receivables, trade payables, financial assets included in prepayments and other receivables, and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s bank borrowings set out in note 26 to the Historical Financial Information. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using a fixed rate.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies. Approximately 97%, 89% and 63% of the Group’s sales were denominated in currencies other than the functional currencies of the operating units making the sales for the years ended 31 December 2023, 2024 and 2025, respectively, whilst approximately 97%, 88% and 72% of costs were denominated in the units’ functional currencies for the years ended 31 December 2023, 2024 and 2025, respectively.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD and JPY, with all other variables held constant, of the Group’s profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group’s equity (due to changes in the fair value of forward currency contracts).

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	Increase/(decrease) in USD/JPY rate	Increase/(decrease) in profit before tax	(Decrease)/increase in equity
	%	RMB'000	RMB'000
31 December 2023			
If the RMB weakens against the USD	5	(7,919)	(5,940)
If the RMB strengthens against the USD	(5)	7,919	5,940
If the RMB weakens against the JPY	5	119	89
If the RMB strengthens against the JPY	(5)	(119)	(89)
	<u>—</u>	<u>—</u>	<u>—</u>
	Increase/(decrease) in USD/JPY rate	Increase/(decrease) in profit before tax	(Decrease)/increase in equity
	%	RMB'000	RMB'000
31 December 2024			
If the RMB weakens against the USD	5	(8,622)	(6,467)
If the RMB strengthens against the USD	(5)	8,622	6,467
If the RMB weakens against the JPY	5	138	103
If the RMB strengthens against the JPY	(5)	(138)	(103)
	<u>—</u>	<u>—</u>	<u>—</u>
	Increase/(decrease) in USD/JPY rate	Increase/(decrease) in profit before tax	(Decrease)/increase in equity
	%	RMB'000	RMB'000
31 December 2025			
If the RMB weakens against the USD	5	755	755
If the RMB strengthens against the USD	(5)	(755)	(755)
If the RMB weakens against the JPY	5	141	141
If the RMB strengthens against the JPY	(5)	(141)	(141)
	<u>—</u>	<u>—</u>	<u>—</u>

* Excluding retained profits

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on invoice date information unless other information is available without undue cost or effort, and year-end staging classification.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	100,796	100,796
Financial assets included in prepayments, other receivables and other assets					
– Normal**	34,280	—	—	—	34,280
Cash and cash equivalents					
– Not yet past due	32,688	—	—	—	32,688
Total	<u>66,968</u>	<u>—</u>	<u>—</u>	<u>100,796</u>	<u>167,764</u>

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	115,090	115,090
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,047	–	–	–	1,047
Cash and cash equivalents . .					
– Not yet past due	34,674	–	–	–	34,674
Total	<u>35,721</u>	<u>–</u>	<u>–</u>	<u>115,090</u>	<u>150,811</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	154,551	154,551
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,825	–	–	–	1,825
Cash and cash equivalents . .					
– Not yet past due	43,003	–	–	–	43,003
Total	<u>44,828</u>	<u>–</u>	<u>–</u>	<u>154,551</u>	<u>199,379</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	98,530	–	–	98,530
Financial liabilities included in other payables and accruals	275	–	–	275
Lease liabilities	659	1,541	–	2,200
Due to related parties	195,092	–	–	195,092
Total	<u>294,556</u>	<u>1,541</u>	<u>–</u>	<u>296,097</u>

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ACCOUNTANTS’ REPORT

As at 31 December 2024

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	94,844	—	—	94,844
Financial liabilities included in other payables and accruals	35,328	—	—	35,328
Interest-bearing bank borrowings	—	28,399	—	28,399
Lease liabilities	1,691	1,136	1,581	4,408
Due to related parties	201,879	—	—	201,879
Total	<u>333,742</u>	<u>29,535</u>	<u>1,581</u>	<u>364,858</u>

As at 31 December 2025

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	124,999	—	—	124,999
Financial liabilities included in other payables and accruals	6,114	—	—	6,114
Interest-bearing bank borrowings	703	91,299	—	92,002
Lease liabilities	1,069	1,410	3,379	5,858
Total	<u>132,885</u>	<u>92,709</u>	<u>3,379</u>	<u>228,973</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank borrowings, trade payables, other payables and accruals and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	98,530	94,844	124,999
Other payables and accruals	9,615	47,307	33,128
Due to related companies	195,092	201,879	—
Interest-bearing bank borrowings	—	28,026	90,000
Lease liabilities	2,100	4,201	5,603
Less: Cash and cash equivalents	<u>32,688</u>	<u>34,674</u>	<u>43,003</u>
Net debt	<u>272,649</u>	<u>341,583</u>	<u>210,727</u>
Equity attributable to owners of the parent	<u>128,119</u>	<u>51,916</u>	<u>461,131</u>
Capital and net debt	<u>400,768</u>	<u>393,499</u>	<u>671,858</u>
Gearing ratio	<u>68%</u>	<u>87%</u>	<u>31%</u>

37. EVENTS AFTER THE RELEVANT PERIODS

Except above and otherwise disclosed in the Historical Financial Information, there were no other significant events that required additional disclosure or adjustments occurred after the end of the Relevant Periods.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

Regulations on Foreign Exchange

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, effective on April 1, 1996 and last amended on August 5, 2008, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the People’s Bank of China on June 20, 1996 and effective on July 1, 1996, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments after the relevant financial institutions have reasonably examined the authenticity of the transactions and their consistency with foreign exchange receipts and payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, a domestic company shall, within 15 working days after the completion of its overseas listing, go through the registration of overseas listing with the foreign exchange bureau at its place of registration. A domestic issuer may transfer the capital raised through overseas listing to its local bank account or deposit at its overseas account. The use of proceeds shall be consistent with the purposes disclosed in this document or other public documents.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) announced by SAFE and effective on June 9, 2016, and the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《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》) announced and effective on December 4, 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. SAFE may adjust the above proportion in due time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic institution. Domestic institutions’ foreign exchange receipts under the capital account and the Renminbi funds obtained from the settlement thereof shall not, directly or indirectly, be used for expenditure beyond the enterprise’s business scope or expenditure prohibited by laws and regulations of the state. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments or wealth management other than banks’ principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

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According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business by the State Administration of Foreign Exchange (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using receipts under capital accounts, such as their capital funds, foreign credits and the income from overseas listing, with no need to provide the evidentiary materials concerning authenticity on a transaction-by-transaction basis to banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of receipts under capital accounts. Local foreign exchange authorities shall strengthen monitoring analysis and interim and post regulation.

Regulations on 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》) (the “EIT Law”) which was promulgated on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose “defacto management bodies” are located in China are considered “resident enterprises” and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Enterprises that are recognized as high and new technology enterprises in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science, the Ministry of Finance (the “MOF”) and the SAT are entitled to enjoy a preferential enterprise income tax rate of 15%, under which the validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

Value-added Tax

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》) were issued by the State Council on December 13, 1993, implemented on January 1, 1994, and most recently revised and implemented on November 19, 2017. 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》) were issued by the Ministry of Finance on December 25, 1993, and most recently revised on October 28, 2011, and came into force on November 1, 2011. The Circular on Adjusting Value-Added Tax Rates (《關於調整增值稅稅率的通知》) was issued and implemented by the Ministry of Finance and the SAT on April 4, 2018, and implemented on May 1, 2018. The Announcement on Policies Related to Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) was issued by the Ministry of Finance, the SAT, and the General Administration of Customs on March 20, 2019, and implemented on April 1, 2019. According to these regulations, rules, circulars and announcements, all enterprises and individuals engaging in the sale of goods or providing processing, repair and replacement services, sales services, intangible assets, real estate and import of goods in China are subject to VAT; from April 1, 2019, the generally applicable VAT rates are 13%, 9%, 6% and 0%, with a VAT rate of 3% applicable to small-scale taxpayers.

On December 25, 2024, the SCNPC promulgated the VAT Law of the PRC (《中華人民共和國增值稅法》), which will come into effective on January 1, 2026, and replace the Provisional Regulations on Value-added Tax of the PRC.

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Tax on Dividends

For Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), or the Individual Income Tax Law, amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法實施條例》) amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷稅漏稅的安排》第五議定書), or the Fifth Protocol, issued by The State Administration of Taxation and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

For Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation Rules of the EIT Law, last amended by the State Council on 6 December 2024 and effective on January 20, 2025, a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

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Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation and effective on 6 November 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) promulgated by the State Administration of Taxation and effective 24 July 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《所得稅避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

Tax related to equity transfer income

For Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and The State Administration of Taxation and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

For Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned

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income tax payable by non- PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

Stamp Duty

According to the Stamp Duty Law of the People’s Republic of China (《中華人民共和國印花稅法》), which was promulgated on 10 June 2021 and came into effect on 1 July 2022, the disposal of H Shares by non-mainland China investors outside of the mainland China is not subject to the requirements of the Stamp Duty Law of the People’s Republic of China.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

A summary of the principal provision of the Articles of Association of the Company (the “Articles of Association”) is set out below to provide an overview for investors. As this is only a summary, it does not contain all of the information that may be important to potential investors.

SHARES

Issue of Shares

The Shares of the Company take the form of registered stocks. Shares of the Company shall be issued in an open, fair and equitable manner. Each share of the same class shall be entitled to the same rights. For shares issued at the same time and within the same class, the conditions and price per share must be the same; for the shares subscribed by any entity or any individual, the price per share paid must be the same.

The shares issued by the Company shall be denominated in RMB, with the nominal value of RMB1.00 per share.

After the fulfillment of the mandatory procedures stipulated in the Trial Administrative Measures and other laws, regulations and regulatory documents, the Company may issue shares to domestic investors and overseas investors. For the purpose of the preceding paragraph, the term “overseas investors” shall refer to investors from foreign countries and Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company. The term “domestic investors” shall refer to investors inside the PRC, excluding the above-mentioned regions that subscribe for shares issued by the Company.

The shares issued by the Company to domestic investors for subscription in RMB shall be referred to as domestic shares. The shares issued by the Company to overseas investors for subscription in foreign currencies shall be referred to as foreign shares. The foreign shares listed overseas shall be referred to as overseas-listed foreign shares. Shareholders of domestic shares, shareholders of unlisted foreign shares and shareholders of overseas-listed foreign shares shall enjoy equal rights in the distribution of dividends or distribution in any other forms. For the purpose of the preceding paragraph, the term “foreign currencies” shall refer to any legal currency of any country or region that can be converted freely, excluding RMB.

After the fulfillment of the mandatory procedures stipulated in the Trial Administrative Measures and other applicable laws, regulations and regulatory documents, shareholders of domestic shares of the Company may transfer all or part of unlisted shares (as defined below in this paragraph) held by them to overseas investors, and list such shares on overseas stock exchanges for trading, or convert all or part of unlisted shares into overseas-listed foreign shares, and list them on overseas stock exchanges for trading. Where the above-mentioned unlisted shares are converted into overseas listed shares, and listed for trading on overseas stock exchanges, general meetings are not required to be convened for voting. The listing and trading of the above-mentioned shares on any overseas stock exchanges shall comply with the regulatory procedures, regulations and requirements of the overseas stock markets.

Increase and Reduction of Shares

In accordance with the laws and regulations, the Company may increase the capital by the following ways upon approval by resolutions of the general meeting according to the operation and development needs of the Company:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) offering of bonus shares to existing shareholders;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (IV) capitalization of reserve fund into share capital;
- (V) other forms specified in laws, administrative regulations and regulatory documents or approved by the securities regulatory authority of the place where the shares of the Company are listed and the Hong Kong Stock Exchange.

The Company may reduce its registered capital. The reduction in the registered capital shall be made in accordance with the Company Law and other relevant provisions and the procedures set out in Articles of Association.

Repurchase of Shares

The Company may acquire its shares in compliance with laws, regulations as well as the Hong Kong Listing Rules and the requirements of the Articles of Association, in one of the following circumstances:

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies holding the shares of the Company;
- (III) to use the shares as an employee stock ownership plan or equity incentive plan;
- (IV) to purchase its shares from shareholders who have voted against the resolutions on the merger or division of the Company at the general meeting upon their request;
- (V) to convert the shares into convertible corporate bonds issued by the Company;
- (VI) necessary for the Company to maintain its value and protect the interests of the shareholders; and
- (VII) other circumstances stipulated by laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and other relevant requirements.

The Company may repurchase its shares through open centralized trading or other ways recognized by laws, administrative regulations and regulatory documents, and securities regulatory authorities of the place where the shares of the Company are listed.

If the Company repurchases its shares under any of the circumstances stipulated in paragraphs (III), (V) and (VI) above, it shall do so by way of open centralized trading.

Where the Company repurchases its shares under the circumstances stipulated in paragraphs (I) and (II) above, an approval shall be obtained from the general meeting; where the Company repurchases its shares under the circumstances stipulated in paragraphs (III), (V) and (VI) above, a resolution of the Board meeting shall be passed by a two-third majority of directors attending the meeting in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

Upon the repurchase of shares in accordance with the law, the Company shall, within the period prescribed by laws, administrative regulations and the Hong Kong Listing Rules, cancel such shares and apply to the original company registration authority for registration of the change in registered capital.

After the Company acquires the H shares of the Company in accordance with the provisions of paragraph (1) above, the Company may, at its option, cancel or hold such shares as treasury shares in accordance with the Hong Kong Listing Rules. If the directors have not specified that the relevant shares shall be held as treasury shares, such shares shall be cancelled. The Company shall

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deposit the treasury shares in a separate account within Hong Kong Securities Clearing Company Limited that can be clearly identified as treasury shares. The Company shall not exercise any rights in respect of the treasury shares, nor declare or distribute any dividends in respect of the treasury shares. Subject to the Articles of Association and the Hong Kong Listing Rules, the Company may dispose of the treasury shares on terms and conditions determined by the directors.

Where the laws, administrative regulations, departmental rules, regulatory documents and the Hong Kong Listing Rules stipulate other provisions on the relevant matters involved in the foregoing share repurchase, those provisions shall prevail.

Transfer of Shares

Shares of the Company may be transferred to other shareholders or persons other than shareholders. Unless otherwise specified by laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory authorities of the place where the shares of the Company are listed and the Hong Kong Stock Exchange, the fully paid shares of the Company are not subject to any restrictions in transfer, and may be freely transferred without any lien attached. The transfer of overseas-listed foreign shares listed in Hong Kong shall be registered in the share registrar in Hong Kong entrusted by the Company.

All fully paid overseas-listed foreign shares listed in Hong Kong may be transferred freely according to the Articles of Association. However, unless the following conditions are met, the Board may refuse to recognize any documents for the transfer without stating any reasons:

- (I) transfer documents and other documents relating to or affecting the ownership of any shares shall be registered, and a fee shall be paid to the Company for such registration at the rate of fee prescribed in the Hong Kong Listing Rules, which shall not exceed the maximum fee prescribed from time to time in the Hong Kong Listing Rules;
- (II) transfer documents are only in relation to H Shares [REDACTED] in Hong Kong;
- (III) The stamp duty payable under the laws of Hong Kong in respect of the transfer document has been paid;
- (IV) relevant share certificate(s) and any other evidence which the Board may reasonably request to show that the transferor has the right to transfer the shares have been provided;
- (V) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) the relevant shares do not have any lien attached; and
- (VII) no transfer of shares shall be made to any minors or any person of unsound mind or under other legal disability.

If the Company refuses to register the transfer of shares, the Company shall, within two months from the date of the formal application for transfer, give one copy of the notice of refusal to register the transfer to the transferor and transferee. All transfer documents shall be kept at the legal address of the Company or such address as may be designated by the Board from time to time.

All H Shares shall be transferred by a transfer document in writing in any usual or common form or any other form which the Board accepts (including the prescribed form or transfer form as required by the Hong Kong Stock Exchange from time to time). The written transfer documents may only be executed by hand or (if the transferor or the transferee is a company) affixed with the company's seal. If the transferor or transferee is a recognized clearing house as defined by the laws

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of Hong Kong in effect from time to time or the agent thereof, the written transfer documents may be executed by hand or by machine imprinted signatures. All transfer documents shall be kept at the legal address of the Company, the address of the share transfer agency, or any other place specified by the Board from time to time.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company shall set up a register of shareholders based on the certificates provided by the securities registration agency. The register of shareholders shall be sufficient evidence proving the holding of the shares of the Company by a shareholder. A shareholder shall enjoy rights and assume obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

When the Company convenes general meetings, distributes dividends, commences liquidation or engages in other conducts that require the identification of shareholders, the Board or the convener of the general meeting shall determine the date of registration of shares. Shareholders registered in the register of shareholders after the closing on the date of registration of shares shall be the shareholders enjoying the relevant rights.

The Shareholders of ordinary shares of the Company shall be entitled to the following rights:

- (I) to receive dividends and other forms of distributions in proportion to the shares they hold;
- (II) to lawfully request, convene, preside over and attend the general meetings either in person or by proxy and exercise their corresponding rights to speak and voting rights (unless individual shareholders are required to abstain from voting on certain matters under the Hong Kong Listing Rules);
- (III) to supervise, raise suggestions on or make inquiries about the operations of the Company;
- (IV) to transfer, donate or pledge their shares in accordance with laws, administrative regulations, the relevant regulations of the securities regulatory authority in the place where the shares of the Company are listed and the Articles of Association;
- (V) to obtain relevant information in accordance with the Articles of Association, including:
 - 1. receiving a copy of the Articles of Association after payment of cost;
 - 2. being entitled to inspect free of charge and copy after payment of reasonable fee:
 - (1) all parts of the register of shareholders;
 - (2) personal data of directors, manager and other senior management of the Company, including:
 - (a) present and former name and alias; (b) principal address (domicile); (c) nationality; (d) primary and all other part-time occupations and duties; (e) identification documents and the number thereof.
 - (3) report of the status of the issued share capital of the Company;

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- (4) report of the total nominal value, quantity, the highest and lowest price of share of each class repurchased by the Company from the last fiscal year, and the total amount paid by the Company for this purpose;
- (5) special resolutions of the general meetings of the Company;
- (6) the latest audited financial statements of the Company, and the reports of the Board, auditors and the Audit Committee of the Board;
- (7) a copy of the latest annual report filed with the State Administration for Industry & Commerce of China or other competent authorities;
- (8) counterfoils of corporate bonds, resolutions of meetings of the Board, resolutions of meetings of the Audit Committee of the Board; and
- (9) minutes of the general meetings.

The Company shall, in accordance with the requirements of the Hong Kong Listing Rules, publish the documents specified in paragraphs (3) to (7) of the aforementioned point 2 and other applicable documents on the websites of the Hong Kong Stock Exchange and the Company. The Company shall keep paragraphs (1) to (9) of the aforementioned point 2 at the designated address in Hong Kong for free inspection by the public and shareholders (the minutes of the general meetings are only available for shareholders to inspect and copy after paying a reasonable fee).

The Hong Kong branch register of shareholders must be available for inspection by shareholders. However, the Company may be allowed to suspend the registration of shareholders on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). In other words, the Company may, by notice, close its register of shareholders or that part of the register relating to shareholders holding any class of shares for one or more than one periods, provided that, the accumulative period of closure shall not exceed 30 days within any one year.

Subject to compliance with applicable laws, administrative regulations and securities regulatory rules in the place where the shares of the Company are listed, the Company may reject the requests if the content to be inspected and copied involves the business secrets and inside information of the Company or the personal privacy of relevant personnel.

- (VI) to participate in the distribution of the residual assets of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;
- (VII) to request the Company to purchase their shares for the shareholders who object to the resolution on merger or division made by the general meetings;
- (VIII) other rights stipulated by laws, administrative regulations, regulatory documents, the Hong Kong Listing Rules and the Articles of Association.

Shareholders of the Company shall assume the following obligations:

- (I) to abide by the laws, administrative regulations and the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;

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- (III) not to withdraw the shares after the approval and registration of the Company unless required by laws and regulations;
- (IV) not to abuse shareholders' rights to damage the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to damage the interests of any creditors of the Company;
- (V) other obligations as stipulated by the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

When any shareholder of the Company abuses the shareholders' rights and incurs losses to the Company or other shareholders, such shareholder shall be liable for compensation in accordance with the law. Where shareholders of the Company abuse the status of the Company as an independent legal person and the limited liability of shareholders for the purposes of evading debts, thereby materially damaging the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts of the Company.

Where any shareholder holding more than 5% of the voting shares of the Company pledges the shares held by him/her, the shareholder shall submit a written report to the Company on the day on which the pledge occurs.

The controlling shareholders and actual controllers of the Company shall not use their connected relations to damage the interests of the Company. Any losses caused to the Company as a result of such violation shall be compensated.

The controlling shareholders and actual controllers of the Company shall have fiduciary duties towards the Company and the public shareholders of the Company. The controlling shareholders shall exercise their rights as capital contributors in strict compliance with the law. The controlling shareholders, actual controllers and their connected parties shall not damage the lawful rights and interests of the Company by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee, etc., nor make use of their controlling position to damage the interests of the Company and its public shareholders.

General Provisions for General Meetings

The general meeting is the organ of authority of the Company and shall exercise the following functions and powers according to the law:

- (I) to elect and replace directors and to determine matters relating to the remuneration of the directors;
- (II) to consider and approve the reports of the Board;
- (III) to consider and approve the profit distribution plans and plans for recovery of losses of the Company;
- (IV) to make resolutions on increase or reduction of the registered capital of the Company;
- (V) to make resolutions on the issuance of corporate bonds;
- (VI) to make resolutions on the merger, demerger, dissolution, liquidation or change of corporate form of the Company;
- (VII) to amend the Articles of Association;

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- (VIII) to make resolutions on the matter of the appointment and dismissal of accounting firms;
- (IX) to consider and approve the matters of guarantee subject to the consideration of the general meeting as prescribed in the Articles of Association;
- (X) to consider the matters that the acquisition or disposal of significant assets by the Company within one year if the asset value exceeds 30% of the latest audited total assets of the Company;
- (XI) to consider and approve matters relating to the change of the purpose of raised funds;
- (XII) to consider the share incentive plans and employee shareholding schemes;
- (XIII) to consider other matters that shall be decided by the general meetings as provided by laws, administrative regulations, departmental rules and regulations or the Articles of Association;
- (XIV) other matters required by the Hong Kong Listing Rules.

The functions and powers of the general meetings described above shall not be delegated to the Board or any other organizations or individuals through authorization.

The general meetings may, under necessary, reasonable and legal circumstances, authorize or delegate the Board to take charge of the matters he or she is authorized or delegated, including but not limited to the following matters in the general meetings:

Subject to the applicable laws, regulations and listing rules, general mandate is granted to the Board to issue, allot and deal with additional overseas listed shares, the quantity of which shall be no more than 20% of the issued overseas listed shares (or any other proportion regulated by applicable laws, administrative regulations and listing rules in the place where the securities of the Company are listed);

The Board is authorized to decide the specific clauses and relevant matters about the issuance of debt financing instruments like domestic short-term financing bonds, medium-term notes, corporate bonds and overseas US dollars bonds within the scope of the limit for bond issuance according to the needs of production operation and capital expenditure and market conditions, including (but not limited to) determining the actual amount, interest rate, term, targets of issuance, use of proceeds of bonds to be issued within the aforesaid scope and preparing, signing and disclosing all necessary documents.

The following external guarantees of the Company shall be reviewed and passed at the general meetings:

- (I) any guarantee provided after the total amount of external guarantees of the Company and its holding subsidiaries has exceeded 50% of the latest audited net assets;
- (II) any guarantee provided after the total amount of external guarantees of the Company has exceeded 30% of the latest audited total assets;
- (III) any guarantee provided by the Company within one year with the total amount of guarantees exceeding 30% of the latest audited total assets;
- (IV) any guarantee provided for any guaranteed party with a gearing ratio of over 70%;
- (V) any single guarantee with the amount of guarantee exceeding 10% of the latest audited net assets;

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- (VI) any guarantee provided to the shareholders, actual controllers and connected parties thereof.

General meetings are divided into annual general meetings and extraordinary general meetings.

The annual general meetings shall be convened once a year and be held within six months from the end of the previous fiscal year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (I) when the number of directors is less than the statutory number specified in the Company Law or two-thirds of the number specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one-third of the total paid-in share capital of the Company;
- (III) upon request in writing by a shareholder alone or shareholders together holding more than 10% of the Company's shares (excluding treasury shares);
- (IV) when the Board considers it necessary;
- (V) when it is proposed by the Audit Committee;
- (VI) when it is proposed by the independent non-executive directors;
- (VII) any other circumstances stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

The Company shall convene a general meeting at its domicile or other places as indicated in the notice of the general meeting.

The general meeting shall arrange a meeting venue and be convened through on-site meetings. The Company may use electronic communications (including but not limited to online voting, video communications or other methods) and other means to facilitate shareholders attending the general meeting, as appropriate. Shareholders participating in general meetings in the aforesaid manner shall be deemed to have attended the meeting. Each shareholder has the rights to speak and vote at general meetings save for individual shareholders who are required by the Hong Kong Listing Rules to abstain from voting on particular matters.

The time and venue of on-site meetings shall be selected for the convenient participation of shareholders. After the issuance of the notice of the general meeting, the venue for an on-site meeting shall not be changed without any proper reasons. In case of any necessary change of the venue, the convener shall notify shareholders and state the reasons at least two working days prior to the date of the on-site meeting.

Convening of General Meetings

Independent non-executive directors shall have the right to propose to the Board to convene extraordinary general meetings. When an independent non-executive director proposes to convene an extraordinary general meeting, the Board shall issue written feedback on consent or non-consent to the convening of the extraordinary general meeting within 10 days from the receipt of the proposal according to the laws, administrative regulations and the Articles of Association. If the

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Board gives consent to convene an extraordinary general meeting, it shall, within five days from the passing of the board resolution, issue a notice on convening the general meetings. If the Board does not give consent to convene an extraordinary general meeting, the Board shall state the reason and issue an announcement.

On the basis of one share for one vote, shareholders holding more than 10% of the shares of the Company (excluding treasury shares) individually or jointly shall have the right to request the Board to convene an extraordinary general meeting, have such right to include resolutions in the agenda and submit such request in writing to the Board. The Board shall issue written feedback on consent or non-consent to the convening of the extraordinary general meeting within 10 days from the receipt of the request according to the laws, administrative regulations and the Articles of Association.

If the Board gives consent to convene an extraordinary general meeting it shall, within five days from the passing of the board resolution, issue a notice on convening the general meetings. Any changes to the original request in the notice shall obtain the consent of proposing shareholders.

If the Board does not give consent to convene an extraordinary general meeting or does not issue feedback within ten days from the receipt of the request, shareholders holding more than 10% of the shares of the Company (excluding treasury shares) individually or jointly may convene and chair the general meeting on their own.

Prior to the announcement of resolutions passed by the general meeting, the shareholding percentage of the convening shareholders shall be no less than 10% (excluding treasury shares).

For the general meetings convened by shareholders, the Board and the secretary of the Board shall cooperate. The Board shall provide the register of shareholders as at the date of record. The register of shareholders obtained by the convener shall not be used for any purpose other than convening a general meeting.

The necessary expenses for a general meeting convened by shareholders shall be borne by the Company.

Proposals and Notices of General Meetings

The contents of the proposal shall fall within the scope of the functions and powers of the general meetings and shall have specified subjects and specific resolutions, in further compliance with the laws, administrative regulations and the Articles of Association. The proposals of the general meetings shall be in writing.

When the Company convenes the general meeting, the Board and shareholders individually or jointly holding more than 1% of the shares of the Company shall have the right to make proposals.

Shareholders individually or jointly holding more than 1% of the shares of the Company may make provisional proposals and submit them to the convener in writing 10 days before a general meeting and within the time limit stipulated in the Hong Kong Listing Rules. The convener shall, in accordance with the provisions of the Company Law and the Hong Kong Listing Rules, within two days upon receipt of the proposal, issue a supplementary notice of the general meeting announcing the contents of such provisional proposals, which exclude those violating the requirements of the laws, administrative regulations or the Articles of Association, or falling out of the scope of the authority of the general meeting.

Except for the situations described above, the convener shall not modify the proposals already specified in the notice of the general meeting or add new proposals subsequent to the issue of the notice of the general meeting.

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The general meeting shall not vote on or resolve any proposals not incorporated in the notice or not in compliance with the Articles of Association.

The convener of the general meeting shall notify the shareholders by announcement twenty-one days prior to the annual general meeting, and shall notify the shareholders by announcement fifteen days prior to the extraordinary general meeting. The notice shall be accompanied by the form of proxy, which shall provide the options for and against all resolutions to be proposed at the meeting.

In determining the commencement date and the period, the Company shall not include the date convening the meeting.

The notice of a general meeting shall include the following details:

- (I) the time, address and duration of the meeting;
- (II) the matters and proposals submitted to be deliberated at the meeting;
- (III) a prominent written statement that all shareholders are entitled to attend the general meeting and may appoint a proxy in writing to attend and vote at the meeting. The proxy may not be a shareholder of the Company;
- (IV) the date of registration of shareholdings of shareholders who are entitled to attend the general meeting;
- (V) the name and telephone number of the permanent contact person concerning meeting matters;
- (VI) the time and procedure for voting through internet or other means;
- (VII) any other matters stipulated by laws, administrative regulations, regulatory documents, and the Hong Kong Listing Rules.

The specific details of all proposals shall be adequately and fully disclosed in the notice and supplementary notice of the general meeting.

The interval between the date of registration of shareholdings and the date of the meeting shall be no more than seven business days. The date of registration of shareholdings shall not be changed once determined except for that in accordance with the Hong Kong Listing Rules.

If the matters involving the election of directors are to be discussed at the general meeting, the notice of the general meeting shall fully disclose the detailed information of the candidates for directors, which shall at least include the following:

- (I) personal particulars including full name, educational background, working experience, part-time jobs;
- (II) whether there is any connected relationship between such candidates and the Company or controlling shareholders and actual controller of the Company;
- (III) disclosure of their shareholdings in the Company;
- (IV) whether the candidates have been punished by the relevant regulatory authorities and other relevant authorities or reprimanded by a stock exchange;
- (V) other matters regulated by the Hong Kong Listing Rules.

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Except for the directors elected through the cumulative voting system, each candidate for director shall be individually proposed.

After the issuance of the notice for a general meeting, the general meeting shall not be postponed or canceled without any proper reasons, and the proposals specified in the notice shall not be withdrawn. In case of delay or cancelation, the convener shall give a notice to shareholders stating the reasons at least two business days before the original meeting date.

Holding of General Meetings

The Board and other conveners shall take all necessary measures to ensure that the general meeting is conducted in an orderly manner, and shall take steps to prevent any activities that interfere the general meetings, cause disturbances and infringe the legal interests of the shareholders, and report such activities to the relevant authorities for investigation and punishment.

All shareholders in the register of shareholders as at the date of record or their proxies shall have corresponding rights to attend and speak at the general meeting and exercise the voting rights according to relevant laws, regulations and the Articles of Association (except where a member is required, by the Hong Kong Listing Rules, to abstain from voting to approve the matter under consideration).

Shareholders may either attend and exercise the voting rights at the general meeting in person, or appoint any persons (regardless of whether such person is a shareholder of the Company) as their proxies to attend the meeting and exercise the voting rights within the scope of authorization. Any shareholder who is entitled to attend and vote at the general meeting shall be entitled to appoint one or more persons (whether such person is a shareholder or not) as his/ her proxy(ies) to attend and vote on his/her behalf.

When the general meetings are held, all directors and secretary of the Board of the Company shall attend the general meetings, and the manager and other senior management shall also attend the meetings on a non-voting basis.

The general meetings shall be convened by the Board and chaired by the chairman of the Board in accordance with the laws. When the chairman of the Board is unable to perform or does not perform his or her duties, a director nominated by more than half of the directors shall chair the meeting. However, the above provision shall not apply to the general meetings convened and chaired by qualified shareholders in accordance with the Articles of Association.

The general meeting convened by shareholders shall be chaired by a representative recommended by the convener.

Where the general meeting is unable to continue due to the chairman of the meeting violating the rules of procedure of the meeting during the meeting, the general meeting may elect a person to chair the meeting upon consent of the attending shareholders with more than half of the voting rights to continue the meeting.

The Company shall formulate the rules of procedure of the general meetings which shall set out the procedures of convening and voting at the general meetings in detail, including notices, registration, consideration for proposals, voting, vote counting, announcement on voting results, formation of the resolutions, meeting minutes and their signing, announcement and other matters, and the principles of authorization of the general meetings granted to the Board. The contents of authorization shall be clear and specific. The rules of procedure of the general meeting shall be prepared by the Board, approved at the general meeting and attached as an appendix to the Articles of Association.

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Except for information that cannot be disclosed according to laws and administrative regulations or information involving with trade secrets of the Company, the directors and senior management shall make explanations and statement on the inquiries and suggestions from shareholders at the general meetings.

Prior to voting, the chairman of the meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present and the total number of voting shares held by them shall be subject to the meeting registration.

The secretary of the Board shall be responsible for the minutes of the general meetings. The minutes shall set forth the following contents:

- (I) time, place, agenda of the meeting, name of the convener;
- (II) name of the chairman of the meeting, directors, the manager and other senior management present or in attendance at the meeting;
- (III) number of shareholders and proxies present at the meeting, the total number of voting shares and the proportion of the total number of voting shares to the total shares of the Company;
- (IV) the consideration process, highlights of the speeches and voting results for each proposal;
- (V) queries or suggestions of shareholders and the corresponding replies or explanations;
- (VI) the name of lawyers (if any), counting officers and scrutinizers;
- (VII) such other matters which shall be recorded in the minutes specified by laws and regulations, stock exchange of the place where the shares of the Company are listed or the Articles of Association.

Conveners of the general meetings shall ensure that the contents of the minutes are true, accurate and complete. The directors, secretary of the Board, convener or his or her representative and chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the attendance record of shareholders attending the meeting, the power of attorney for proxies attending the meeting and the valid information of voting via online voting (if any) or other methods.

The convener of the general meeting shall ensure that the general meeting is held continuously until the final resolutions are reached. In case the general meeting is adjourned or resolutions failed to be reached due to any special reasons like force majeure, necessary measures shall be taken to resume the general meeting as soon as possible or to directly terminate the general meeting. An announcement shall be made accordingly in time.

Voting and Resolutions of General Meetings

Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions made by the general meeting shall be passed by votes representing more than half of the voting rights held by shareholders attending the general meeting (including proxies thereof).

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Special resolutions made by the general meeting shall be passed by votes representing more than two thirds of the voting rights held by shareholders attending the general meeting (including proxies thereof).

The following matters shall be passed through ordinary resolutions at a general meeting:

- (I) work reports of the Board;
- (II) plans for profit distribution and recovery of losses prepared by the Board;
- (III) appointment and dismissal of the members of the Board, and their remuneration and payment methods;
- (IV) annual budgets and final accounts report of the Company;
- (V) annual report of the Company;
- (VI) matters other than those which shall be passed by special resolutions as specified by laws, administrative regulations, the Hong Kong Listing Rules, or the Articles of Association.

The following matters shall be approved by way of special resolutions at a general meeting:

- (I) increase or reduction in the registered capital of the Company;
- (II) any division, spin-off, merger, dissolution and liquidation or any changes in the form of the Company;
- (III) any amendment to the Articles of Association;
- (IV) any purchase or sale of major assets or any provision of guarantee within any one year in an amount in excess of 30% of the Company’s audited total assets in the latest period;
- (V) any equity incentive scheme;
- (VI) other matters for which special resolutions shall be passed as required by laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and identified by an ordinary resolution of the general meeting as having a significant impact on the Company.

BOARD OF DIRECTORS

Directors

The directors of the Company shall be natural persons. Any natural person shall not serve as a director of the Company if he or she:

- (I) has no civil capacity or has limited civil capacity;
- (II) has been subject to criminal penalties due to corruption, bribery, embezzlement or misappropriation of property or sabotaging the socialist market economic order, or has been deprived of his or her political rights due to any criminal conviction, where no more than five years have elapsed since the date of completion of the execution of such penalty or deprivation, or a period of two years has not yet elapsed since the date of expiration of the probation period in case of probation;

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- (III) has served as a former director, the factory chief or the manager of a company or enterprise bankrupted or liquidated, and was held personally liable for the bankruptcy, and no more than three years have elapsed since the date of completion of the bankruptcy or liquidation of such company or enterprise;
- (IV) has served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to any violation of law, and was held personally liable for the revocation, and no more than three years have elapsed since the date of cancellation of business license or being ordered to close down;
- (V) has defaulted on a personal debt in a significant amount and been listed as a dishonest person subject to enforcement by the people's court;
- (VI) has been banned from entering the securities market by the relevant regulatory authorities and the period has not elapsed;
- (VII) is banned under other circumstances specified in the laws, administrative regulations, departmental rules or the Hong Kong Listing Rules. If any director is elected or appointed in violation of the provisions of the preceding paragraph, such election, appointment or employment shall be null and void.

The Company shall dismiss a director from office if the circumstances of this Article arise during his or her term of office.

Directors shall be elected or replaced at the general meeting. The general meeting may, subject to the provisions of relevant laws and administrative regulations, remove any director whose term of office has not expired by ordinary resolutions (the compensation claim made by such director pursuant to any contract shall not be affected).

Directors serve a term of office of three years and are eligible for re-election upon the expiration of the term. In case the term of office of an independent non-executive director exceeds nine years, the term of office shall only be renewed after fulfilling the corresponding consideration procedures under the listing rules of the place where the shares of the Company are listed.

The term of office of a director shall be calculated from the date of duty assumption until the expiration of the term of office of the current session of the board. In the event re-election is not held in time upon the expiry of the term of office of directors that leads to the number of directors of the Board being lower than the quorum, the original directors shall fulfill duties of directors according to laws, administrative regulations, departmental rules and the Articles of Association before the newly appointed or elected directors assumes the office.

A director who resigns shall submit a written notice to the Company, and the resignation shall become effective on the date the Company receives the notice. However, in the circumstances described in the preceding article, the director shall continue to perform his/her duties.

The general meeting may resolve to remove a director, and the removal shall take effect on the date of the resolution. A director who is removed before the expiration of the term of office may request compensation from the Company.

Subject to the provisions of the relevant laws, administrative regulations and regulatory provisions, if the Board appoints any new director to fill any casual vacancy of the Board, the term of office of the newly appointed director shall expire on the first annual general meeting after the appointment. At the same time, such director shall be eligible for re-election.

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A director may be concurrently served by a manager or other senior management, but the total number of directors concurrently serving as managers or other senior management shall not exceed 1/2 of the total number of directors of the Company.

Directors shall observe the laws, administrative regulations and the Articles of Association, and shall bear the following obligations of loyalty:

- (I) Directors shall not take advantage of their powers to receive any bribes or other illegal income, and shall not embezzle any property of the Company;
- (II) Directors shall not misappropriate any funds of the Company;
- (III) Directors shall not deposit any assets or funds of the Company in any accounts opened in their own names or in the name of any other persons;
- (IV) Directors shall not directly or indirectly enter into any contracts or transactions with the Company without reporting to the Board or the general meeting on the matters relating to the entering into of such contracts or transactions and having such matters approved by a resolution of the Board or the general meeting in accordance with the provisions of the Articles of Association;
- (V) Without the consent of the general meeting, directors shall not take advantage of their powers to pursue any business opportunities, except for any of the following circumstances (1) after reporting to the Board or the general meeting and passing the resolution at the Board or the general meeting in accordance with the provisions of the Articles of Association; (2) where the Company cannot take such business opportunity in accordance with the provisions of laws, administrative regulations or the Articles of Association;
- (VI) Directors shall not pocket commissions from the transactions with the Company;
- (VII) Directors shall not disclose any confidential information of the Company without authorization;
- (VIII) Directors shall not utilize its connected relationship to compromise the interest of the Company;
- (IX) Directors shall bear other obligations of loyalty specified by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

The provisions of the preceding paragraph V shall apply to the entering of contracts or transactions with the Company by close family members of the directors and senior management, enterprises directly or indirectly controlled by the directors, senior management or their close family members, and related (associated) persons who have other related (associated) relationships with the directors and senior management.

Any income derived by a director from violating the provisions of the above shall belong to the Company. The director shall also be liable for the compensation of losses suffered by the Company thereto.

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Directors shall comply with the laws, administrative regulations and the Articles of Association, and shall bear the following duty of due diligence to the Company:

- (I) Directors shall prudently, seriously and diligently exercise rights conferred by the Company to ensure that the business activities of the Company are in compliance with the requirements of national laws, administrative regulations and various economic policies and that the business activities shall not exceed the scope of business specified in the business license;
- (II) Directors shall fairly treat all shareholders of the Company;
- (III) Directors shall learn about the status of business and management of the Company in a timely manner;
- (IV) Directors shall issue a written confirmation of opinions for regular reports of the Company and ensure the authenticity, accuracy and completeness of information disclosed by the Company;
- (V) Directors shall truthfully provide the relevant information and materials to the Audit Committee of the Board, and shall not hinder the Audit Committee of the Board or its members from exercising their functions and powers;
- (VI) Directors shall fulfill other duty of due diligence stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and the Articles of Association.

Unless otherwise stipulated in this section, the regulations relating to the qualifications and obligations of directors in the Articles of Association shall be applicable to independent non-executive directors of the Company. Independent non-executive directors shall faithfully perform their duties, safeguard the interests of the Company, protect the legal interests of shareholders of public shares, and ensure that the interests of all shareholders can be fully represented.

If any independent non-executive director fails to meet conditions for the qualifications and independence specified in the Hong Kong Listing Rules or encounters any other circumstances inappropriate for him or her to fulfill his or her duties such that the number of independent non-executive directors of the Company falls below the quorum in the Articles of Association, the Company shall inform the Hong Kong Stock Exchange immediately, and explain the relevant details and reasons in the announcement. The Company shall, within three months of the noncompliance, fill up the number of independent non-executive directors to meet requirements of the Hong Kong Listing Rules.

Any director who fails to attend two consecutive meetings of the Board in person and fails to entrust any other directors to attend on his or her behalf shall be deemed to be unable to perform his or her duties. The Board shall propose to the general meeting to remove such director.

A director may resign before the expiration of his or her term of office. The director shall submit a written resignation report to the Board. The Board shall disclose the relevant information within two days.

Where the number of directors of the Board falls below the minimum number of directors stipulated in the Company Law due to the resignation of any director, the original directors shall perform their duties according to laws, administrative regulations, departmental rules and the Articles of Associations before the newly-elected director assumes the office.

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Except for the circumstances specified in the preceding paragraph or a later date specified in the resignation report of the director, the resignation of the director shall become effective when the resignation report is delivered to the Board.

Upon the effectiveness of a director's resignation or the expiration of his or her term of office, the director shall complete all handover procedures with the Board and his or her duty of loyalty to the Company and its shareholders continues for two years after the end of his or her term of office. His or her obligations to keep the trade secrets of the Company confidential shall remain valid after the expiration of his or her term of office until the relevant secrets become publicly available information.

Unless otherwise specified in the Articles of Association or duly authorized by the Board, no director shall act on behalf of the Company or the Board in his or her personal capacity. When a director acts in his or her personal capacity, and a third party may reasonably believe that such director is acting on behalf of the Company or the Board, the director shall declare his or her stance and capacity in advance.

If the Company suffers any losses due to a director's violation of laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his or her duties, the director shall be liable for compensation.

The matters relating to independent non-executive directors of the Company shall be carried out according to laws, administrative regulations and regulations of the relevant regulatory authorities and stock exchange, and shall be regulated in details in the work policy of independent non-executive directors of the Company.

Board of Directors

The Company shall establish the Board, which shall be responsible for the general meeting.

The Board shall consist of seven directors and one chairman and one vice-chairman. The chairman of the Board shall be elected by more than half of the votes by the directors. The Board of the Company shall consist of two executive directors, two non-executive directors and three independent non-executive directors. Independent non-executive directors shall at least include one director with appropriate professional qualifications, or appropriate expertise in accounting or financial management. At least one independent non-executive director of the Company permanently resides in Hong Kong.

The Board shall perform the following functions:

- (I) to convene the general meetings and report to the general meetings;
- (II) to implement the resolutions of the general meetings;
- (III) to determine business operation plans and investment proposals of the Company;
- (IV) to formulate the plans for profit distribution and recovery of losses of the Company;
- (V) to formulate plans for increase or reduction of the registered capital of the Company, issuance of bonds or other securities and listing;
- (VI) to formulate plans for major acquisitions, purchase of shares of the Company, merger, division, dissolution or changes in the form of the Company;

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- (VII) to determine the matters such as the Company's external investment, purchase or sales of assets, asset pledge, external guarantee, entrusted wealth management, connected transactions and external donation within the scope authorized by the general meeting and the Articles of Association;
- (VIII) to decide on the setup of the internal management organization of the Company;
- (IX) to determine the appointment or dismissal of the manager and secretary to the Board and other senior management of the Company, as well as to determine their remuneration and rewards and punishments; and based on the nomination of the manager, to appoint or dismiss the deputy manager, the chief financial officer and other senior management of the Company, and to determine their remuneration, rewards and punishments;
- (X) to formulate the basic management systems of the Company;
- (XI) to formulate plans for any amendments to the Articles of Association;
- (XII) to manage the disclosure of information of the Company;
- (XIII) to propose at the general meeting the appointment or replacement of the accounting firm that performs audit for the Company;
- (XIV) to receive the work report of the manager of the Company and examine on the work of the manager;
- (XV) to formulate and implement the equity incentive plan of the Company;
- (XVI) to fulfill other duties and powers granted by laws, administrative regulations, departmental rules, listing rules of the place where the shares of the Company are listed or the Articles of Association and the general meeting.

The limitation of the functions and powers of the Board in the Articles of Association shall not be against a bona fide third party.

Where the Board makes decisions on the above matters that fall within the scope of the participation of the Party organization of the Company in decision-making on major issues, it shall first listen to the opinions and advice of the Party organization of the Company.

Matters exceeding the scope of authorization by the general meeting shall be submitted to the general meeting for consideration.

All material matters subject to the decision-making of the Board of the Company shall be informed to all directors within the time specified in the Articles of Association, with sufficient information submitted to directors at the same time in compliance with the regulatory procedure. The directors may request for additional information. When more than one-fourth of the directors or more than two independent non-executive directors consider that the information and materials are insufficient or there are other reasons that make it impossible for them to make a judgment on the matters concerned, they may jointly propose to postpone the meeting of the Board or to postpone the deliberation of part of the matters discussed by the Board, and the Board shall adopt such proposal.

The Board of the Company shall explain to the general meeting of the Company regarding the non-standard audit opinion issued by the certified public accountant on the financial reports of the Company.

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The Board shall formulate rules of procedure for the Board to ensure the implementation of resolutions of the general meetings, improve work efficiency and guarantee the reasonable decision-making.

The rules of procedure of the Board shall be drafted by the Board and approved by the general meeting, which shall be taken as an appendix to the Articles of Association.

The Board shall organize relevant experts and professionals to assess major investment projects.

The Board shall have one chairman, who shall be elected by the Board by more than half of all directors. The chairman of the Board shall exercise the following functions and powers:

- (I) to chair the general meetings, and to convene and chair the meetings of the Board;
- (II) to sign important documents of the Board;
- (III) to supervise and check the implementation of board resolutions;
- (IV) to exercise other powers granted by the Board;
- (V) to exercise other powers granted by laws, administrative regulations, department rules, listing rules of the place where the shares of the Company are listed or the Articles of Association.

In the event that the chairman is incapable of performing or does not perform his or her duties, the vice chairman shall perform the duties; In the event that the vice chairman is incapable of performing or does not perform his or her duties, a directors nominated by more than half of the directors shall perform the duties.

The Board shall convene regular meetings once a year. The meeting shall be convened by the chairman of the Board. The meeting notice shall be delivered to all directors in writing 14 days before the date of the meeting. If necessary, the meeting notice shall also be sent to the manager and other senior management of the Company.

Shareholders representing more than 1/10 of voting rights of the Company (excluding treasury shares), more than one-third of all directors may propose to convene an ad hoc meeting of the Board. The chairman shall convene and chair a board meeting within 10 days from the receipt of such request.

The notice on convening any ad hoc meeting of the Board shall be delivered in writing 24 hours before the convening of the meeting to all directors, the managers, and if necessary, other senior management of the Company.

The notice of the meeting of the Board shall include the following:

- (I) time and place of the meeting;
- (II) duration of the meeting;
- (III) reasons and issues of discussion;
- (IV) date on which the notice is given.

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The meeting of the Board may only proceed if more than half of all directors are present at the meeting. Unless otherwise regulated by the Articles of Association, resolutions made by the Board shall be passed by votes of more than half of all directors.

The voting on board resolutions shall adopt one vote per person.

A director with connected relationship with the companies involved with any matters in the resolution of the Board shall neither exercise the voting right for the resolution, nor exercise the voting right on behalf of any other directors, and his/her voting right shall not be counted towards the total voting rights. Such meeting of the Board shall only proceed if more than half of directors with no connected relationship present at the meeting. Except as otherwise provided herein, the resolutions of the meeting of the Board shall be passed by votes of more than half of directors with no connected relationship. In case there is less than three directors with no connected relationship present in the meeting, the matter shall be submitted to the general meeting for review.

The voting at the meetings of the Board shall be conducted by open ballot or by show of hands.

Unless otherwise regulated by applicable laws, administrative regulations and regulatory documents or the Hong Kong Listing Rules, subject to the thorough expression of opinions by all directors, the ad hoc meeting of the Board may be convened and pass resolutions by video conference, telephone conference or handover of written documents for signature, and all directors present at the meeting shall sign on such resolutions. If the Board has distributed the resolutions to all directors, the number of directors signing to consent the resolutions has reached the quorum, and the signed documents of the consent have been sent to the secretary of the Board through the above method, the motion will be deemed as a resolution passed by the Board, with the same legal force as the resolutions passed in the meetings of the Board convened according to the procedures regulated in relevant provisions of the Articles of Association.

The regular meetings of the Board shall not be convened in the form of handover of written documents for signature.

A director shall attend the meeting of the Board in person. Where a director is unable to attend the meeting of the Board for any reasons, he or she may appoint another director to attend on his or her behalf by a written power of attorney. The power of attorney shall specify the name of the proxy, the matters for entrustment, the scope of authorization and validity period, and shall be signed or sealed by the principal. A director who attends the meeting on behalf of another director shall exercise the rights of a director within the scope of the authorization. A director who does not attend a meeting of the Board in person or by proxy shall be deemed to have abstained from voting at such meeting.

The Board shall keep the minutes of the decisions on the matters discussed at the meeting, and all directors present at the meeting shall sign on the minutes. The minutes of the meetings of the Board shall be kept by the secretary of the Board as company files.

The minutes of the meeting of the Board shall include the following:

- (I) the date, venue and name of the convener of the meeting;
- (II) the names of the directors present at the meeting, and the names of directors (proxies) present at the meeting appointed by other directors;
- (III) the meeting agenda;
- (IV) summaries of the speeches of directors;

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- (V) the voting methods and results for each resolution (the voting result shall indicate the number of votes for, against or abstention).

Special Committees of the Board

The Board of the Company shall set up three special committees including Remuneration Committee, Nomination Committee and Audit Committee. Special committees shall report to the Board, perform duties according to the Articles of Association and authorization of the Board, and submit proposals to the Board for consideration and decision. Special committees shall consist entirely of directors, of which independent non-executive directors constitute the majority and serve as convenors of the Audit Committee, Nomination Committee and Remuneration Committee, and the convenor of the Audit Committee shall be an accounting professional. The Board shall formulate work principles for special committees and regulate the operation of special committees.

The special committees all comprise directors. The component of which are as follow:

- (I) The Audit Committee shall consist of not less than three members, all of which shall be non-executive directors, and a majority of whom shall be independent non-executive directors with at least one independent non-executive director possessing the appropriate professional qualifications or accounting or related financial management expertise. The chairman must be an independent non-executive director. A majority of the members of the Audit Committee shall not hold positions in the Company other than as directors and shall not have any relationship with the Company that may affect their independent and objective judgment. Employee representatives who are members of the Board of the Company may become members of the Audit Committee;
- (II) The Nomination Committee shall consist of at least three (inclusive) directors, the majority of whom shall be independent non-executive directors of the Company. The chairman must be the chairman of the Board or an independent non-executive director;
- (III) The Remuneration Committee shall consist of at least three (inclusive) directors, the majority of whom shall be independent non-executive directors of the Company. The chairman must be an independent non-executive director.

The power of the aforesaid special committees, as well as the remuneration and assessment mechanism for directors and senior management, are detailed in the working principles of the aforesaid special committees.

Manager and Other Senior Management

The Company shall have one manager, who shall be appointed or dismissed by the Board. The Company shall have several deputy managers, who shall be appointed or dismissed by the Board.

The Company shall have several senior management personnel, who shall be appointed or removed by the Board.

The circumstances specified in the Articles of Association under which a director may not serve as a director shall also apply to the manager and other senior management of the Company.

The provisions concerning the duties of loyalty and due diligence of the director specified in the Articles of Association shall also apply to the manager and other senior management of the Company.

A personnel serving in the administrative capacity other than serving as the director and the supervisor in any controlling shareholders of the Company shall not serve as senior management of the Company.

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The senior management of the Company shall receive remuneration from the Company only, and the controlling shareholder shall not pay any remuneration to them on behalf of the Company.

The term of office of the manager is three years and may be renewed upon reappointment by the Board.

The manager shall report to the Board, and shall exercise the following functions and powers:

- (I) to be in charge of the production operation and management work of the Company, to organize the implementation of the resolutions of the Board and to report his or her work to the Board;
- (II) to organize the implementation of the annual operation plans and investment proposals of the Company;
- (III) to draft the plan for establishing the internal management body of the Company;
- (IV) to draft the basic management system of the Company;
- (V) to develop the specific rules of the Company;
- (VI) to suggest the Board on the appointment or dismissal of any deputy manager, the chief financial officer and other senior management of the Company;
- (VII) to appoint or dismiss management other than those to be appointed or dismissed by the Board;
- (VIII) to exercise other functions and powers granted by the Articles of Association or the Board.

Where the manager makes decisions on the above matters that fall within the scope of the participation of the Party organization of the Company in decision-making on major issues, it shall first listen to the opinions and advice of the Party organization of the Company.

The manager shall attend meetings of the Board.

The manager may resign before the expiration of his or her term of office. The specific procedures and methods for the resignation of the manager shall be determined according to the regulations of the employment contract between the manager and the Company. The manager shall draft the manager's work rules and submit them to the Board for approval before implementation.

Other senior management shall be nominated by the manager and appointed or dismissed by the Board.

The Company shall have one secretary of the Board to take charge of the preparation of the Company's general meetings and meetings of the Board, the safekeeping of documents and management of the information of the Company's shareholders, and matters like disclosure of information.

The secretary of the Board shall comply with laws, administrative regulations, departmental rules and the Articles of Association.

In case the manager and other senior management violate the laws, administrative regulations, departmental rules or the provisions of the Articles of Association in fulfilling their duties of the Company, and as a result cause loss to the Company, they shall be liable for compensation.

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The senior management of the Company shall faithfully perform their duties and act in the best interests of the Company and all shareholders. Where any senior management of the Company fails to faithfully perform his or her duties or breaches his or her obligation of good faith and thereby causes damage to the interest of the Company and public shareholders, he or she shall be liable for compensation according to the laws.

Audit Committee of the Board

The Company does not establish the board of supervisors, and the Audit Committee of the Board shall exercise the following functions and powers:

- (I) to review the regular report of the Company prepared by the Board and to provide comments in writing;
- (II) to inspect the financial position of the Company;
- (III) to supervise the performance of the directors and senior management and to advise the dismissal of any directors and senior management who violate the laws, administrative regulations, the Articles of Association or resolutions of the general meeting;
- (IV) to demand rectifications of the directors and senior management where their conducts are detrimental to the interest of the Company;
- (V) to propose to convene an extraordinary general meeting and to convene and chair the general meetings if the Board fails to do so as required by the Company Law;
- (VI) to submit proposals at a general meeting;
- (VII) to institute proceedings against directors and senior management according to the Company Law;
- (VIII) to investigate if there are any abnormalities in the operation of the Company; and if necessary, to engage professional institutions such as an accounting firm and a law firm to assist with its work at the expenses of the Company;
- (IX) to exercise other powers granted by laws, administrative regulations, departmental rules, listing rules of the place where the shares of the Company are listed or the Articles of Association and the Terms of Reference of the Audit Committee of the Board.

The Audit Committee of the Board shall convene meetings at least twice a year. External auditors of the Company may request to convene a meeting if it thinks necessary. The Audit Committee of the Board shall formulate relevant rules of procedure to define the discussion method and voting procedure of the Audit Committee of the Board to ensure the work efficiency of the Audit Committee of the Board and that the decision-making process is conducted in a scientific manner.

The voting on the resolutions of the Audit Committee shall adopt one vote per person. A resolution made by the Audit Committee shall be approved by more than half of the members of the Audit Committee.

The following matters shall be approved by votes of more than half of all the members of the Audit Committee before the Board makes resolutions on them:

- (I) appointment or dismissal of the accounting firm providing audit services to the Company;

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- (II) appointment or dismissal of the chief financial officer;
- (III) disclosure of financial accounting reports;
- (IV) other matters as stipulated by the securities regulatory authority of the State Council or the securities regulatory authority of the place where the shares of the Company are listed.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish its financial and accounting system according to the laws, administrative regulations and the requirements of the relevant governmental authorities.

The accounting year of the Company is based on the calendar year system, which is from January 1 to December 31 of each calendar year. The Company shall prepare a financial accounting report at the end of each accounting year, which shall be audited by an auditor in accordance with the laws. The financial accounting report shall be prepared according to relevant laws, administrative regulations and departmental regulations.

The Company publishes financial reports that are prepared in accordance with international accounting standards or overseas accounting standards of the place where the shares are listed twice per accounting year, i.e., an interim financial report within three months after the end of the first six months of each accounting year, and an annual financial report within four months after the end of the accounting year.

The Company publishes result announcement twice per accounting year, i.e., an interim result announcement within two months after the end of the first six months of each accounting year, and an annual result announcement within three months after the end of the accounting year.

Where the above announcements are otherwise regulated by relevant laws, administrative regulations, the securities regulatory authority of the place where the shares of the Company are listed and the Hong Kong Stock Exchange, those provisions shall prevail.

Interim result or financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, as well as international accounting standards or overseas accounting standards of the place where the shares are listed.

The Company shall not keep accounts other than those required by laws. The assets of the Company shall not be kept under the name of any individuals.

In distribution of the profit after tax of the year, 10% of the profit shall be contributed to the statutory reserves of the Company. When the aggregate statutory reserves of the Company have reached more than 50% of the registered capital of the Company, the Company may cease to make further contribution.

Where the statutory reserves of the Company are not sufficient to recover the losses for the previous year, the profit of the current year shall first be used to recover the losses before contributing to the statutory reserves as stipulated above.

The Company may also contribute to the discretionary reserves from the profit after tax upon contributing to the statutory reserves, subject to the resolution of the general meeting.

The Company may distribute the profit after tax according to the proportion of shareholdings after making up for losses and contributing to the statutory reserves.

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If the general meeting distributes profits to shareholders before the Company recovers losses and contributes to the statutory reserves in violation of the above provisions, the shareholders shall return the profits distributed in violation of the provisions to the Company. The shareholders and the responsible directors, supervisors and senior management shall be liable for compensation if the Company suffered losses therefrom.

The shares of the Company held by the Company are not entitled to any profit distribution.

The reserves of the Company may be used to recover losses, expand the production and operation of the Company, or be converted to increase the registered capital of the Company.

When the reserves are used to recover the losses of the Company, the discretionary reserve and the statutory reserve shall be prioritized; the capital reserve may be used in accordance with the regulations if such reserves are not sufficient to recover the losses.

The remaining statutory reserves after the conversion into capital shall be no less than 25% of the registered capital of the Company before the conversion.

The Company may distribute dividends through the following two methods (or through both methods simultaneously):

- (I) cash
- (II) shares.

The payment of cash dividends and other payments by the Company to the shareholders of domestic shares shall be paid in RMB. The payment of cash dividends and other payments by the Company to shareholders of unlisted foreign shares shall be denominated and declared in RMB and paid in foreign currencies. The payment of cash dividends and other payments by the Company to shareholders of overseas listed shares shall be denominated and declared in RMB and paid in Hong Kong dollars. The foreign currency required for the payment of cash dividends and other payments by the Company to shareholders of overseas listed shares shall be handled according to the relevant national regulations on foreign exchange management.

Unless otherwise stipulated by relevant laws and administrative regulations, if the cash dividends and other payments are paid in Hong Kong dollars, the exchange rate shall be the average selling price of relevant foreign currencies announced by the People’s Bank of China one calendar week before the date of declaration of dividends and other payments.

Internal Audit

The Company shall adopt an internal audit system and designate full-time auditors to supervise the internal audits of financial incomes and expenses as well as the business activities of the Company.

The internal audit system of the Company and the duties of auditors shall come into effect upon the approval of the Board. The person in charge of audits shall be accountable to and report to the Board.

Appointment of Accounting Firm

The Company shall appoint an accounting firm that meets the requirements of laws and regulations and has a good reputation to conduct the audit of accounting statements, verification of net assets and other relevant consulting services for a period of one year, which may be renewed.

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The decision on the appointment, dismissal or non-renewal of the accounting firm shall be made by the general meeting.

The Company shall ensure that it will provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information to the accounting firm appointed without any objection, omission or falsehood.

The audit expenses of the accounting firm shall be determined by the general meeting.

In the event of termination of the appointment or non-renewal of the appointment of the accounting firm, the Company shall notify the accounting firm 15 days in advance. In the voting for the dismissal of the accounting firm at the general meeting, the Company shall allow the accounting firm to make its representation. If the accounting firm proposes to resign, it shall explain to the general meeting whether there has been any impropriety on the part of the Company.

If the position of an appointed accounting firm is vacant, the Board may, before convening the general meeting, appoint an accounting firm, provided that such appointment shall be confirmed at the next general meeting. However, if the Company has other incumbent accounting firm during the vacant period, such accounting firm shall still perform their duties.

An accounting firm that is resigning may leave a written notice at the registered office of the issuer. The notice shall include one of the following statements:

- (I) A statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of shareholders or creditors of the issuer;
- (II) Any statements that shall be accounted for;
- (III) Such notices shall become effective on the date on which they are deposited at the registered office of the issuer or on such later date as may be specified in the notices.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The Company may engage in activities of merger or division according to laws.

A merger by absorption shall refer to that a company absorbs another company, and the company being absorbed shall be dissolved. A merger by establishment of a new company shall refer to that a new company is established as a result of a merger of two or more companies, and the companies being merged shall be dissolved.

In a merger of companies, all parties to the merger shall sign a merger agreement and prepare their respective balance sheets and checklists of assets. The companies shall notify the creditors within 10 days upon the passing of the resolution about merger and publish an announcement within 30 days.

The creditors may require the Company to pay off the debts or provide corresponding guarantee within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

Once the companies are merged, their creditors' rights and debts shall be assumed by the surviving company or the newly formed company after the merger.

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Where a company is divided, its assets shall be divided accordingly.

Where the company is divided, a balance sheet and a checklist of assets shall be prepared. The Company shall notify the creditors within 10 days upon the passing of the resolution about division and publish an announcement within 30 days.

The divided companies shall bear joint and several liability for debts of the pre-division company, unless otherwise stipulated in the written agreement between the Company and the creditors in relation to the repayment of debts prior to the division.

A company which intends to reduce its registered capital shall prepare a balance sheet and a checklist of assets.

The Company shall notify the creditors within 10 days upon the passing of the resolution about the reduction in the registered capital and publish an announcement within 30 days. The creditors shall be entitled to require the Company to pay off the debts or to provide corresponding guarantee within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

The registered capital of the Company after the reduction shall not be lower than the statutory minimum amount.

In case of merger or division, the Company shall register changes in particulars of the companies as a result of the merger or division with the company registration authority in accordance with laws. In case of dissolution, the Company shall register the cancellation of a company according to laws. In case of incorporation of a new company, the Company shall register the incorporation of a company in accordance with laws.

In case of any increase or reduction in the registered capital, the Company shall register the changes with the company registration authority in accordance with laws.

Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

- (I) the expiration of the business period or other reasons for dissolution specified in the Articles of Association;
- (II) the general meeting adopts a resolution to dissolve the Company;
- (III) dissolution is required due to the merger or division of the Company;
- (IV) the Company's business license is revoked, or it is ordered to close down or wind up in accordance with laws;
- (V) where the Company gets into serious trouble in operation and management and its continuation may cause substantial losses to the interests of shareholders, and no solution can be found through any other channel, shareholders holding more than 10% of the voting rights of the Company may request the People's Court to dissolve the Company.

If the Company has any reasons for dissolution specified in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

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In case of any situation in the paragraph (I), (II) of the above, and the property has not been distributed to shareholders, the Company may continue as a going concern by amending the Articles of Association or by resolution of the general meeting.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph or by resolution of the general meeting shall be approved by more than two-thirds of the voting shares held by the shareholders attending the general meeting.

If the Company is dissolved under the circumstances in paragraphs (I), (II), (IV) and (V) of the above, the Company shall establish a liquidation group within 15 days from the date of the occurrence of the cause of dissolution to carry out the liquidation. The liquidation group shall consist of persons determined by directors or by the general meeting. The liquidation obligors shall bear the liability for damages suffered by the Company or creditors due to their failure to perform the obligations of liquidation in a timely manner. If the Company fails to establish a liquidation group within the specified time, or such group does not carry out liquidation after the establishment, the interested person may apply to the People's Court for appointment of relevant persons to establish a liquidation group to carry out the liquidation.

After checking the assets of the Company and preparing the balance sheet and checklist of assets, if the liquidation group discovers that the Company does not have sufficient assets to settle its debts, the liquidation group shall immediately file a bankruptcy liquidation application to the People's Court.

After the bankruptcy application is accepted by the People's Court, the liquidation group shall hand over the liquidation matters to the trustee in bankruptcy designated by the People's Court.

Upon the completion of the liquidation, the liquidation group shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation and submit it to the company registration authority to apply for deregistration of the Company and announce the termination of the Company.

Members of the liquidation group shall perform their liquidating duties and have obligations of fidelity and diligence.

Where members of the liquidation group causes losses to any property of the Company, he/she shall be liable for damages; members of the liquidation group shall be liable for compensation for losses incurred to the Company or creditors of the Company due to their intentional acts or gross negligence.

Where the Company is declared bankrupt according to laws, the Company shall implement bankruptcy liquidation according to laws relating to bankruptcy of enterprises.

Amendment to the Articles of Association

In any of the following circumstances, the Company shall amend the Articles of Association:

- (I) if upon amendments to the Company Law, laws, administrative regulations, departmental rules, regulatory documents, or listing rules of the stock exchange of the place where the shares of the Company are listed, any terms contained in the Articles of Association become inconsistent with the provisions abovementioned;
- (II) a change in the Company causes inconsistency with those contained in the Articles of Association;
- (III) a resolution being passed by the general meeting to amend the Articles of Association.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

The amendment of the Articles of Association shall be in accordance with the following procedures:

- (I) the Board shall pass a resolution about the amendment of the Articles of Association, and formulate a proposal for amending the Articles of Association;
- (II) the Board shall convene a general meeting to vote on the proposal to amend the Articles of Association;
- (III) the general meeting adopts the amendment to the Articles of Association by special resolution;
- (IV) the Company files the amended Articles of Association with the competent market supervision and management authority.

When a review and approval by the competent authority is required for the amendments to the Articles of Association passed by the general meetings, such amendments shall be submitted to the competent authority for approval. When an amendment to the Articles of Association involves registration, the Company shall also complete the registration of the amendment according to laws.

The Board shall amend the Articles of Association according to the resolution of the general meeting on the amendment of the Articles of Association and the review and approval opinions of the competent authority.

When the amendment to the Articles of Association contains information required to be disclosed by relevant laws and administrative regulations, the Company shall issue an announcement accordingly.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was established as a limited liability company in the PRC on March 23, 2020 and was converted into a joint stock company with limited liability on April 25, 2025 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB270,000,000.

Our Company has established a place of business in Hong Kong at Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on May 21, 2025 with the Registrar of Companies in Hong Kong. Ms. Leung Kwan Wai, one of our joint company secretaries, has been appointed as our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of certain relevant aspects of the laws and regulations of the PRC and our Articles of Association is set out in “Regulatory Overview” and “Appendix IV — Summary of the Articles of Association”.

2. Changes in Share Capital of our Company

Save as disclosed in the section headed “History, Development and Corporate Structure — Major Corporate Development”, the share capital of our Company did not change during the two years immediately preceding the date of this document.

3. Changes in Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our major subsidiaries as of the Latest Practicable Date are set out in Note 1 to the Accountants’ Report in Appendix I to this document.

The following subsidiaries have been incorporated within two years immediately preceding the date of this document:

Name of subsidiary	Place of establishment	Date of incorporation	Registered capital
Hangzhou Lixin	PRC	March 5, 2024	RMB2 million
Zentel Beijing.	PRC	July 26, 2024	RMB1 million
Zentel Chengdu	PRC	May 24, 2024	RMB0.1 million
Zentel Shenzhen	PRC	June 19, 2025	USD7 million

The following subsidiary has an alteration in the share capital within two years immediately preceding the date of this document:

Name of subsidiary	Place of establishment	Date of alteration	Registered capital before alteration	Registered capital after alteration
Hangzhou Lixin . . .	PRC	August 19, 2024	RMB2 million	RMB10 million

Save as disclosed above, there has been no other alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

4. Resolutions of our Shareholders

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders held on May 23, 2025, our Shareholders resolved that, among other things:

- (a) the issuance by our Company of the H Shares of nominal value of RMB1 each and such H Shares being [REDACTED] on the Main Board of the Stock Exchange;
- (b) the number of H Shares to be issued pursuant to the [REDACTED] before the exercise of the [REDACTED], and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than 15% of the number of H Shares issued pursuant to the [REDACTED];
- (c) subject to the filing with CSRC is completed, upon completion of the [REDACTED], RMB270,000,000 Unlisted Shares will be converted into H Shares on a one-for-one basis;
- (d) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED]; and
- (e) authorization of the Board or its authorized individuals to handle all matters relating to, among other things, the [REDACTED], the issue and the [REDACTED] of H Shares on the Stock Exchange.

5. Explanatory Statement on Repurchase of our own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

(a) Reasons for repurchase

The Board considered that the repurchase of the Shares would be beneficial to and in the best interests of our Company and its Shareholders as a whole. It can strengthen the investors' confidence in our Company and promote a positive effect on maintaining our Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit our Company and its Shareholder as a whole.

(b) Exercise of the general mandate to repurchase Shares

Subject to the passing of the special resolution approving the grant of the general mandate to repurchase Shares at annual general meetings, the Board will be granted general mandate to repurchase Shares until the end of the relevant period. The general mandate to repurchase Shares would expire on the earlier of:

- (i) the conclusion of the next annual general meeting of our Company of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions;
- (ii) the revocation or variation of the mandate under the resolution by a special resolution at the next general meeting of our Company; or
- (iii) the revocation or variation of the mandate under the resolution by a special resolution at any general meeting of our Company.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual grant of the repurchase mandate to the Board, as applicable. The exercise in full of the general mandate to repurchase H Shares would result in a maximum of 10% of the H Shares in issue as of the [REDACTED] being repurchased by our Company during the relevant period.

(c) Source of funds

In repurchasing its Shares, our Company intends to apply funds from our Company’s internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

Our Company is empowered by its Articles of Association to repurchase its Shares. Any Shares to be repurchased will be cancelled or kept as treasury shares if allowed by the Articles of Association and applicable laws and regulations. Any repurchases by our Company may only be made out of either the funds of our Company that would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for such purpose. Our Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(d) Suspension of repurchase

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(e) Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention, in the event the general mandate to repurchase Shares is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the general mandate to repurchase Shares is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, supervisor, chief executive or substantial shareholder of our Company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of our Company to it.

(f) Status of repurchased Shares

In accordance with the Articles of Association, the Listing Rules and any other applicable laws and regulations, following a repurchase of the H Shares, our Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

(g) Takeover implications

If, as a result of any repurchase of Shares, a Shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase Shares.

(h) General

To the best knowledge of the Directors, neither the explanatory statement contained herein nor the proposed share repurchase has unusual features.

If the general mandate to repurchase Shares were to be carried out in full at any time, there may be a material and adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would have a material and adverse effect on our working capital or gearing position.

Our Directors will exercise the general mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws in the PRC.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

- (a) an equity transfer agreement dated March 11, 2025 entered into among Tianyuan Zhicheng, Tianjin Dingying and our Company, pursuant to which Tianyuan Zhicheng agreed to transfer its 3.7731% equity interest in our Company to Tianjin Dingying at a consideration of RMB46,548,611.11;
- (b) an equity transfer agreement dated March 11, 2025 entered into among Tianyuan Zhicheng, Shanghai Hemu and our Company, pursuant to which Tianyuan Zhicheng agreed to transfer its 2.4318% equity interest in our Company to Shanghai Hemu at a consideration of RMB30,000,000;
- (c) an equity transfer agreement dated March 11, 2025 entered into among Tianyuan Zhicheng, Hangzhou Fuxin and our Company, pursuant to which Tianyuan Zhicheng agreed to transfer its 2.4318% equity interest in our Company to Hangzhou Fuxin at a consideration of RMB30,000,000;
- (d) an equity transfer agreement dated March 11, 2025 entered into among Tianyuan Zhicheng, Mr. Fang Peiying and our Company, pursuant to which Tianyuan Zhicheng agreed to transfer its 0.8106% equity interest in our Company to Mr. Fang Peiying at a consideration of RMB10,000,000;

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- (e) a capital increase agreement dated April 27, 2025 entered into among our Company, Longxin Chuangxi, Longxin Huiyu, Tianjin Dinghui, Shenzhen Changzhen, Tianjin Dingying and Mr. Fang Peiying, pursuant to which Longxin Chuangxi agreed to subscribe for 308,757 Shares at a consideration of RMB45,000,000, Longxin Huiyu agreed to subscribe for 126,933 Shares at a consideration of RMB18,500,000, Tianjin Dinghui agreed to subscribe for 205,838 Shares at a consideration of RMB30,000,000, Shenzhen Changzhen agreed to subscribe for 205,838 Shares at a consideration of RMB30,000,000, Tianjin Dingying agreed to subscribe for 171,531 Shares at a consideration of RMB25,000,000, and Mr. Fang Peiying agreed to subscribe for 68,613 Shares at a consideration of RMB10,000,000;
- (f) a shareholders’ agreement (the “**Shareholders’ Agreement**”) dated April 27, 2025 entered into among our Company, Hangzhou Dingyuan, Tianyuan Liji, Yingxi No. 1, Eaglestream Partners, Yingxi No. 4, Yingxi, No. 5, Tianjin Haoxin, Hangzhou Chuyuan, Hangzhou Chuyu, Tiantong Xin’an, Longxin Liji, Longxin Chuangxin, Tianjin Dingying, Shanghai Hemu, Hangzhou Fuxin, Mr. Fang Peiying, Longxin Juneng, Yingfu Taike, Longxin Chuangqi, Longxin Chuangxi, Longxin Huiyu, Tianjin Dinghui and Shenzhen Changzhen, in relation to certain shareholders’ rights and management of our Company;
- (g) a capital increase agreement dated April 28, 2025 entered into between our Company and Mr. Xu Yongzhan, pursuant to which Mr. Xu Yongzhan agreed to subscribe for 102,919 Shares at a consideration of RMB15,000,000;
- (h) a joinder agreement dated April 28, 2025 entered into between our Company and Mr. Xu Yongzhan, pursuant to which Mr. Xu Yongzhan agreed to join the Shareholders’ Agreement;
- (i) a capital increase agreement dated May 6, 2025 entered into among our Company, Shenzhen Kechuang Dinghui, Sonder Crescent and Tianjin Dinghui, pursuant to which Shenzhen Kechuang Dinghui agreed to subscribe for 343,063 Shares at a consideration of RMB50,000,000, Sonder Crescent agreed to subscribe for 248,721 Shares at a consideration of USD5,000,000, and Tianjin Dinghui agreed to subscribe for 20,584 Shares at a consideration of RMB3,000,000;
- (j) a joinder agreement dated May 6, 2025 entered into among our Company and Shenzhen Kechuang Dinghui, Sonder Crescent and Tianjin Dinghui, pursuant to which Shenzhen Kechuang Dinghui, Sonder Crescent and Tianjin Dinghui agreed to join the Shareholders’ Agreement;
- (k) a capital increase agreement dated May 7, 2025 entered into between our Company and Zheshang Jiafu, pursuant to which Zheshang Jiafu agreed to subscribe for 171,532 Shares at a consideration of RMB25,000,000;
- (l) a joinder agreement dated May 7, 2025 entered into between our Company and Zheshang Jiafu, pursuant to which Zheshang Jiafu agreed to join the Shareholders’ Agreement;
- (m) a capital increase agreement dated May 16, 2025 entered into between our Company and Zhejiang Heda, pursuant to which Zhejiang Heda agreed to subscribe for 686,126 Shares at a consideration of RMB100,000,000;
- (n) a joinder agreement dated May 16, 2025 entered into between our Company and Hangzhou Heda, pursuant to which Hangzhou Heda agreed to join the Shareholders’ Agreement; and
- (o) the [REDACTED].

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STATUTORY AND GENERAL INFORMATION

2. Intellectual Property Rights

As of the Latest Practicable Date, we had registered, or had applied for the registration of the following intellectual property rights which were material to our business.

(a) Trademarks

(i) Registered Trademarks

No.	Trademark	Place of Registration	Registered Owner	Class	Registered Number	Expiry Date (dd/mm/yyyy)
1 . . .	Z-Memory	PRC	Our Company	9	57318392	13/01/2032
2 . . .	力存	PRC	Our Company	35	35437571	13/08/2029
3 . . .		PRC	Our Company	9	53702287	06/09/2031
4 . . .		PRC	Our Company	9	53703043	06/09/2031
5 . . .	力积存储	PRC	Our Company	9	55092086	20/11/2031
6 . . .	Z-Memory	PRC	Our Company	9	57318380	13/01/2032
7 . . .	Z-Memory	PRC	Our Company	35	68755562	06/06/2033
8 . . .		PRC	Our Company	42	68759320	06/06/2033
9 . . .	力存	PRC	Our Company	9	35448752	13/08/2029
10 . .	力存	PRC	Our Company	9	68405596	27/05/2033
11 . .	力积存储	PRC	Our Company	35	68741579	20/08/2033
12 . .	力积存储	PRC	Our Company	42	68742181	06/06/2033
13 . .		PRC	Our Company	35	68758534	06/06/2033
14 . .	Z-Memory	PRC	Our Company	42	68759322	13/06/2033
15 . .	力存	PRC	Our Company	9	68790302	13/08/2033

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No.	Trademark	Place of Registration	Registered Owner	Class	Registered Number	Expiry Date (dd/mm/yyyy)
16 . .	力存	PRC	Our Company	35	72958263	13/01/2034
17 . .	M2whale	PRC	Our Company	9	67129133	27/06/2033
18 . .	M2whale	PRC	Our Company	42	67129147	20/04/2033
19 . .		PRC	Our Company	9	70967213	06/03/2034
20 . .		PRC	Our Company	42	78919319	06/12/2034
21 . .		PRC	Our Company	35	78898693	06/12/2034
22 . .		PRC	Our Company	9	78913642	06/12/2034
23 . .		PRC	Our Company	9	78641584	06/11/2034
24 . .	ZHSM	PRC	Our Company	42	85496305	20/12/2035
25 . .	ZHSM	PRC	Our Company	9	85476453	20/12/2035
26 . .	力存	Hong Kong	Our Company	9	306472170	05/02/2024
27 . .	力积存储	Hong Kong	Our Company	9	306780727	10/01/2035
28 . .	ZENTEL	Hong Kong	Our Company	9	306781834	13/01/2035
29 . .		Hong Kong	Our Company	9	306809356	14/02/2035
30 . .	力存	Macau	Our Company	9	N/219921	25/06/2031
31 . .	力存	Taiwan	Our Company	9	02437992	28/02/2025
32 . .		Japan	Zentel Japan	42	6826361	21/07/2034
33 . .		Japan	Zentel Japan	9	6841868	05/09/2034

APPENDIX V STATUTORY AND GENERAL INFORMATION

(ii) Trademarks Applications

No.	Trademark	Place of Registration	Applicant	Status	Trademark Number	Announcement Date (dd/mm/yyyy)
1 . . .		Hong Kong	Our Company	Published	306780727	28/01/2025
2 . . .		Hong Kong	Zentel Japan	Published	306781834	21/02/2025
3 . . .		Hong Kong	Our Company	Published	306809356	28/02/2025

(b) Copyrights

(i) Registered Copyrights

No.	Copyright	Copyright Type	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
1 . . .	LJCC Block Stamp Chip (LJCC方塊印章芯片)	Artwork	PRC	Our Company	Guozuo Dengzi (國作登字)-2023-F-00024983	08/02/2023
2 . . .	LICUN Module Color Box Packaging (力存模組彩盒包裝)	Artwork	PRC	Our Company	Guozuo Dengzi (國作登字)-2024-F-00089514	28/03/2024
3 . . .	SSD Color Box Packaging (SSD彩盒包裝)	Artwork	PRC	Our Company	Guozuo Dengzi (國作登字)-2025-F-00315474	29/10/2025
4 . . .	Software for Automatically Extracting TXT File Content to Generate XML Files (自動提取txt文件內容生成xml文件軟件)	Software	PRC	Our Company	2024SR0632242	11/05/2024
5 . . .	Software for Automatically Extracting XML File Content to Generate Excel Files (自動提取XML文件內容生成Excel文件軟件)	Software	PRC	Our Company	2024SR0321051	27/02/2024

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No.	Copyright	Copyright Type	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
6 . . .	Barcode Scanner Memory Program (巴槍掃碼內存程序)	Software	PRC	Our Company	2024SR0321067	27/02/2024
7 . . .	PID Parameter Optimization Software for Temperature Control Devices (溫控裝置的PID參數優化軟件)	Software	PRC	Our Company	2023SR1302201	25/10/2023
8 . . .	MRV_Alevel Testing Software (MRV_Alevel測試軟件)	Software	PRC	Our Company	2023SR0447953	07/04/2023
9 . . .	DDR4 SLT Memory Testing Equipment Software (DDR4 SLT內存測試裝備軟件)	Software	PRC	Our Company	2023SR0194133	02/02/2023
10 . .	UEFI Platform Memory Testing Software (UEFI平臺內存測試軟件)	Software	PRC	Our Company	2022SR1586582	19/12/2022

(c) Patents

(i) Registered Patents in the PRC

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Application Date (dd/mm/yyyy)
1 . . .	A Delay-Locked Loop (一種延遲鎖定回路)	Invention patent	Our Company	PRC	202111082024.2	18/01/2022	15/09/2021
2 . . .	A DLL Delay Chain and Fast Locking Method in Case of Overflow (一種DLL延時鏈及下溢時快速鎖定方法)	Invention patent	Our Company	PRC	202210099260.3	14/06/2022	27/01/2022
3 . . .	A Shift Register Method and Structure Including Redundant Storage Units (一種包含冗餘存儲單元的移位寄存方法及移位寄存結構)	Invention patent	Our Company	PRC	202210856034.5	11/11/2022	21/07/2022

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No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Application Date (dd/mm/yyyy)
4 . . .	A Data Scattering Shift Register Structure (一種數據打散移位寄存結構)	Invention patent	Our Company	PRC	202210856032.6	08/11/2022	21/07/2022
5 . . .	A Semiconductor Device and Its Operating Method, Memory (一種半導體器件及其工作方法、存儲器)	Invention patent	Our Company	PRC	202211076942.9	27/12/2022	05/09/2022
6 . . .	Input Signal Processing Method and Memory Circuit Structure (輸入信號處理方法及存儲器電路結構)	Invention patent	Our Company	PRC	202211076946.7	23/12/2022	05/09/2022
7 . . .	Semiconductor Device and Its Operating Method, Apparatus, and Computer-Readable Storage Medium (半導體器件及其操作方法、裝置和計算機可讀存儲介質)	Invention patent	Our Company	PRC	202211226067.8	03/03/2023	09/10/2022
8 . . .	Method, Circuit, and DRAM Storage Device for Reducing the Area of a Sense Amplifier (減小讀出放大器面積的方法、電路及dram存儲裝置)	Invention patent	Our Company	PRC	202211164147.5	03/01/2023	23/09/2022
9 . . .	Error Correction Method, Device, and Storage Medium for Data Masking (一種針對數據屏蔽的糾錯方法、裝置及存儲介質)	Invention patent	Our Company	PRC	202211352755.9	31/03/2023	1/11/2022
10 . . .	Method for Accessing Word Lines and Word Line Decoding Circuit Structure (訪問字線的方法及字線解碼電路結構)	Invention patent	Our Company	PRC	202211550314.X	09/05/2023	5/12/2022
11 . . .	A 3D Stacked Memory and Its Data Processing Method (一種三維堆疊存儲器及其數據處理方法)	Invention patent	Our Company	PRC	202310105926.6	09/06/2023	13/02/2023
12 . . .	Storage Structure (存儲結構)	Invention patent	Our Company	PRC	202310089016.3	18/08/2023	16/01/2023

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No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Application Date (dd/mm/yyyy)
13 . . .	Read Latency Counter Delay Feedback Method and Delay Feedback Storage Structure (讀取等待時間計數器延遲反饋方法、延遲反饋存儲結構)	Invention patent	Our Company	PRC	202310423019.6	25/08/2023	20/04/2023
14 . . .	Duty Cycle Detection Method for Delay-Locked Loop Clock Signals and Duty Cycle Detector (延遲鎖相環路時鐘信號佔空比檢測方法、佔空比檢測器)	Invention patent	Our Company	PRC	202310392614.8	19/12/2023	13/04/2023
15 . . .	A Delay-Locked Loop and Locking Method for Delay-Locked Loop (一種延遲鎖相環和延遲鎖相環的鎖定方法)	Invention patent	Our Company	PRC	202310330294.3	09/04/2024	30/03/2023
16 . . .	Semiconductor Device and Its Calibration Method, Device, Storage Medium, and Electronic Device (半導體器件及其校準方法、裝置、存儲介質和電子設備)	Invention patent	Our Company	PRC	202310315927.3	28/05/2024	29/03/2023
17 . . .	A Memory Data Writing Method, Device, Storage Medium, and Electronic Device (一種存儲器數據寫入方法、裝置、存儲介質和電子設備)	Invention patent	Our Company	PRC	202311016650.0	10/11/2023	14/08/2023
18 . . .	A 3D Memory Architecture and Its Operating Method and Memory (一種三維存儲器架構及其操作方法和存儲器)	Invention patent	Our Company	PRC	202310998028.8	17/11/2023	09/08/2023
19 . . .	ZQ Calibration Method and Calibration Circuit (ZQ校準方法、校準電路)	Invention patent	Our Company	PRC	202311042448.5	03/11/2023	18/08/2023
20 . . .	Fixed Delay Time Implementation Method and Device (固定延遲時間實現方法和裝置)	Invention patent	Our Company	PRC	202311221141.1	19/12/2023	21/09/2023
21 . . .	A Shift Register and Memory (一種移位寄存器和存儲器)	Invention patent	Our Company	PRC	202311215775.6	07/05/2024	20/09/2023

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Application Date (dd/mm/yyyy)
22 . . .	Shift Register and Memory (移位寄存器和存儲器)	Invention patent	Our Company	PRC	202311215761.4	30/01/2024	20/09/2023
23 . . .	A Clock Correction Circuit and Memory (一種時鐘校正電路和存儲器)	Invention patent	Our Company	PRC	202311006147.7	24/11/2023	10/08/2023
24 . . .	Fuse Unit for Storage Array and Its Processing Method, Storage Array (用於存儲陣列的熔斷器單元及其處理方法、存儲陣列)	Invention patent	Our Company	PRC	202310824954.3	26/09/2023	06/07/2023
25 . . .	An Activation Precharge Feedback Circuit and Memory (一種激活預充電反饋電路和存儲器)	Invention patent	Our Company	PRC	202311177197.1	26/12/2023	13/09/2023
26 . . .	Fuse Unit Used in Storage Array and Its Processing Method, Storage Array (用在存儲陣列中的熔斷器單元及其處理方法、存儲陣列)	Invention patent	Our Company	PRC	202311314457.5	23/01/2024	11/10/2023
27 . . .	Fuse Unit Used in Storage Array and Its Processing Method, Storage Array (在存儲陣列中使用的熔斷器單元及其處理方法、存儲陣列)	Invention patent	Our Company	PRC	202311306618.6	23/02/2024	10/10/2023
28 . . .	A 3D Memory Architecture and Its Refresh Method and Memory (一種三維存儲器架構及其刷新方法和存儲器)	Invention patent	Our Company	PRC	202311686986.8	22/03/2024	11/12/2023
29 . . .	3D Memory Architecture and Its Refresh Method and Memory (三維存儲器架構及其刷新方法和存儲器)	Invention patent	Our Company	PRC	202311687006.6	08/03/2024	11/12/2023
30 . . .	Read Latency Delay Feedback Circuit, Feedback Method (讀取等待時間延時反饋電路、反饋方法)	Invention patent	Our Company	PRC	202311597666.5	12/03/2024	28/11/2023
31 . . .	Read Latency Feedback Circuit, Feedback Method (讀取等待時間反饋電路、反饋方法)	Invention patent	Our Company	PRC	202311726281.4	02/03/2024	15/12/2023

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Application Date (dd/mm/yyyy)
32 . . .	3D Stacked Memory Architecture and Its Processing Method, Memory (三維堆疊存儲器架構及其處理方法、存儲器)	Invention patent	Our Company	PRC	202311772980.2	09/04/2024	21/12/2023
33 . . .	Storage Array and Method for Improving Data Read Accuracy of Storage Array (存儲陣列及提高存儲陣列的數據讀取準確度的方法)	Invention patent	Our Company	PRC	202410224395.7	07/05/2024	29/02/2024
34 . . .	Storage Array and Method for Driving Storage Array (存儲陣列及驅動存儲陣列的方法)	Invention patent	Our Company	PRC	202410224439.6	07/05/2024	29/02/2024
35 . . .	Storage Array (存儲陣列)	Invention patent	Our Company	PRC	202410177265.2	07/05/2024	08/02/2024
36 . . .	Semiconductor Storage Device and Method for Reducing Its Write Recovery Time, Storage Array (半導體存儲裝置及降低其寫恢復時間的方法、存儲陣列)	Invention patent	Our Company	PRC	202410169006.5	03/05/2024	06/02/2024
37 . . .	A Device and Method for Saving Energy During Memory Refresh (一種在存儲器刷新過程中節省能耗的裝置及方法)	Invention patent	Our Company	PRC	202410438368.X	18/06/2024	12/04/2024
38 . . .	A Dynamic Random Access Memory Read/Write Operation Structure (一種動態隨機存儲器讀寫操作結構)	Invention patent	Our Company	PRC	202410438335.5	21/06/2024	12/04/2024
39 . . .	Internal Voltage Testing System and Method for Memory (存儲器內部電壓測試系統和方法)	Invention patent	Our Company	PRC	202410526909.4	20/08/2024	29/04/2024
40 . . .	Memory Redundant Word Line Refresh Method, Device, Equipment, and Medium (存儲器冗餘字線刷新方法、裝置、設備和介質)	Invention patent	Our Company	PRC	202410627719.1	20/08/2024	21/05/2024

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Application Date (dd/mm/yyyy)
41 . . .	Data Output Method, Device, Equipment, and Medium (數據輸出方法、裝置、設備和介質)	Invention patent	Our Company	PRC	202410709201.2	30/08/2024	03/06/2024
42 . . .	Memory Word Line Refresh Method, Activation Method, Device, Equipment, and Medium (存儲器字線刷新方法、激活方法、裝置、設備和介質)	Invention patent	Our Company	PRC	202410778744.X	30/08/2024	17/06/2024
43 . . .	Random Number Generation Method, Device, Electronic Equipment, and Storage Medium (隨機數生成方法、裝置、電子設備和存儲介質)	Invention patent	Our Company	PRC	202411005607.9	8/10/2024	25/07/2024
44 . . .	A Control Device for Sensing Amplifier Supply Voltage (一種感測放大器供電電壓的控制裝置)	Utility model patent	Our Company	PRC	202420751162.8	10/12/2024	12/04/2024
45 . . .	Delay Measurement Circuit Structure and Measurement Method (延時測量電路結構、測量方法)	Invention patent	Our Company	PRC	202411147839.8	20/12/2024	21/08/2024
46 . . .	An Infrared Heating-Based Constant Temperature Testing Device for Memory Modules (一種基於紅外加熱的內存條恒溫測試裝置)	Utility model patent	Our Company	PRC	202322587991.5	14/05/2024	22/09/2023
47 . . .	A Constant Temperature System for Memory Modules (一種內存條測試恒溫系統)	Utility model patent	Our Company	PRC	202322076517.6	06/02/2024	03/08/2023
48 . . .	A Fin Structure and Constant Temperature Testing System for Improving Temperature Uniformity (一種提升溫度均勻性的翅片結構及恒溫測試系統)	Utility model patent	Our Company	PRC	202321863659.0	15/03/2024	14/07/2023
49 . . .	A Constant Temperature Testing Device for Memory Modules (一種內存條測試恒溫裝置)	Utility model patent	Our Company	PRC	202323009692.X	23/08/2024	08/11/2023

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Application Date (dd/mm/yyyy)
50 . . .	An Electronic Heating Device for Memory Modules (一種內存條的電子加熱設備)	Utility model patent	Our Company	PRC	202320311607.6	15/03/2024	24/02/2023
51 . . .	A DRAM Memory Performance Prediction Method and System Based on a Neural Network Model (一種基於神經網絡模型的DRAM儲存器性能預測方法和系統)	Invention patent	Our Company	PRC	202211529939.8	04/06/2024	30/11/2022
52 . . .	A DRAM Memory Testing Method and System Using a Neural Network Model (一種使用神經網絡模型的DRAM存儲器測試方法和系統)	Invention patent	Our Company	PRC	202310019573.8	19/07/2024	06/01/2023
53 . . .	A Memory Automation Testing Method and System Based on Hybrid Cloud (一種基於混合雲的內存自動化測試方法和系統)	Invention patent	Our Company	PRC	202211665140.1	03/09/2024	23/12/2022
54 . . .	Test Server Chassis (MRV-D5/4S) (測試服務器機箱 (MRV-D5/4S))	Design patent	Our Company	PRC	202330401062.3	15/03/2024	28/06/2023
55 . . .	Packaging Box (包裝盒)	Design patent	Our Company	PRC	202430089960.4	15/11/2024	21/02/2024
56 . . .	A Memory Structure (一種存儲器結構)	Invention patent	Our Company	PRC	202411169888.1	07/02/2025	26/08/2024
57 . . .	A Constant Temperature Testing Module for Memory Modules (一種內存條恒溫測試模組)	Utility model patent	Chengdu Liji	PRC	202322038364.6	15/03/2024	28/07/2023
58 . . .	Memory Testing Method, System, and Computer-Readable Storage Medium (內存測試方法、系統及計算機可讀存儲介質)	Invention patent	Chengdu Liji	PRC	202211625081.5	14/05/2024	16/12/2022
59 . . .	Column Selection Signal Control Circuit (列選通信號控制電路)	Invention patent	Our Company	PRC	202411597560.X	22/04/2025	11/11/2024

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Application Date (dd/mm/yyyy)
60. . .	A Method and Device for Improving the Testing Speed of Memory Cells (一種提高存儲單元測試速度的方法及裝置)	Invention patent	Our Company	PRC	202510259428.6	13/05/2025	06/03/2025
61. . .	A Method for Data Read Circuit (一種數據讀取電路)	Invention patent	Our Company	PRC	202411435924.4	27/5/2025	15/10/2024
62. . .	A Redundant Circuit, Redundant Address Access Circuit, and Access Method (一種冗餘電路、冗餘地址訪問電路及訪問方法)	Invention patent	Our Company	PRC	202411768323.5	27/5/2025	4/12/2024
63. . .	Memory Refresh Circuit, Refresh Method, and Memory (存儲器的刷新電路、刷新方法和存儲器)	Invention patent	Our Company	PRC	202510158375.9	30/5/2025	13/2/2025
64. . .	DRAM Read/Write Timing Adjustment Circuit and DRAM (DRAM讀寫時序調整電路和DRAM)	Invention patent	Our Company	PRC	202510252923.4	27/6/2025	5/3/2025
65. . .	Method for Quickly Relocking DLL Circuits (快速重新鎖定DLL電路的方法)	Invention patent	Our Company	PRC	202111082977.9	29/08/2025	15/09/2021
66. . .	An Automated Burning System and Method for Serial Presence Detection Information (一種串行存在檢測信息的自動化燒錄系統和方法)	Invention patent	Our Company	PRC	202510660838.1	05/08/2025	22/05/2025
67. . .	Memory Testing Methods, Apparatus, Equipment and Media (存儲器測試方法、裝置、設備和介質)	Invention patent	Our Company	PRC	202510744770.5	12/08/2025	05/06/2025
68. . .	Dynamic Random Access Memory (動態隨機存儲器)	Invention patent	Our Company	PRC	202423013003.7	07/11/2025	06/12/2024

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Application Date (dd/mm/yyyy)
69 . . .	Voltage Monitoring Circuit for DLL Module and DRAM (DLL模塊的電壓監測電路和DRAM)	Invention patent	Hangzhou Lixin	PRC	202510608136.9	01/08/2025	13/05/2025
70 . . .	DLL Delay Chain Adjustment Method and System (DLL延遲鏈調整方法和系統)	Invention patent	Hangzhou Lixin	PRC	202510623329.1	12/08/2025	15/05/2025
71 . . .	Duty Cycle Correction Circuit Calibration Method, System and Memory (佔空比校正電路校準方法、系統和存儲器)	Invention patent	Hangzhou Lixin	PRC	202510623360.5	12/08/2025	15/05/2025
72 . . .	Adaptive SLT testing methods, apparatus, equipment and media (自適應SLT測試方法、裝置、設備和介質)	Invention Patent	Our Company	PRC	202511501968.7	09/01/2026	21/10/2025
73 . . .	AI-based memory testing methods (基於人工智慧的記憶體測試方法)	Invention Patent	Our Company	PRC	202511511989.7	24/02/2026	22/10/2025
74 . . .	ZQ Calibration Circuit and Semiconductor Memory (ZQ校準電路和半導體存儲器)	Utility model patent	Our Company	PRC	202423147521.8	26/12/2025	19/12/2024
75 . . .	An Error Correction Method, Apparatus and Storage Medium for Data Masking (一種針對數據屏蔽的糾錯方法、裝置及存儲介質)	Invention patent	Our Company	PRC	202310093549.9	30/12/2025	31/01/2023
76 . . .	DRAM Temperature Monitoring Self-Refresh Circuit and DRAM (DRAM溫度監測自刷新電路和DRAM)	Invention patent	Our Company	PRC	202511485094.0	30/12/2025	17/10/2025
77 . . .	SLT Testing Methods, Apparatus, Equipment and Media for Memory Modules (內存條SLT測試方法、裝置、設備和介質)	Invention patent	Our Company	PRC	202511485342.1	30/12/2025	17/10/2025

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Application Date (dd/mm/yyyy)
78 . . .	Semiconductor Memory Device (半導體存儲裝置)	Invention patent	Our Company	PRC	202511235197.1	30/12/2025	01/09/2025
79 . . .	Fuse detection circuit, fuse detection method, and semiconductor memory (熔斷器檢測電路、熔斷器檢測方法和半導體存儲器)	Invention patent	Our Company	PRC	202511525986.9	06/03/2026	24/10/2025
80 . . .	Method, apparatus, device, and medium for generating memory simulation test vectors (存儲器仿真測試向量生成方法、裝置、設備和介質)	Invention patent	Our Company	PRC	202511545040.9	06/03/2026	28/10/2025
81 . . .	Method for improving dynamic random-access memory test speed and shared-signal selection circuit (一種提高動態隨機存儲器測試速度的方法及共享信號選擇電路)	Invention patent	Our Company	PRC	202511903136.8	20/03/2026	17/12/2025
82 . . .	Bidirectional signal acquisition circuit and integrated circuit applicable to a silicon via (適用於一個矽通路的雙向信號採集電路及集成電路)	Invention patent	Our Company	PRC	202211188755.X	12/05/2026	28/09/2022
83 . . .	Temperature-controlled device and testing equipment for electronic module testing (用於電子模塊測試的控溫裝置及測試設備)	Utility model patent	Our Company	PRC	202521262857.0	12/05/2026	19/06/2025

APPENDIX V STATUTORY AND GENERAL INFORMATION

(ii) Registered patents in Japan

No.	Patent Name	Patentee	Place of Registration	Publication Number	Application Date	Expiry Date
1 . . .	Semiconductor Memory Device (半導體記憶裝置)	Zentel Japan	Japan	JP6281030B1	02/08/2017	02/08/2037
2 . . .	Semiconductor Memory System (半導體記憶システム)	Zentel Japan	Japan	JP7130634B2	22/05/2017	22/05/2037
3 . . .	Semiconductor Memory System (半導體記憶システム)	Zentel Japan	Japan	JP6761104B2	06/03/2017	06/03/2037
4 . . .	Semiconductor Memory Device (半導體記憶裝置)	Zentel Japan	Japan	JP6147461B1	31/01/2017	31/01/2037
5 . . .	Semiconductor memory device and test method (半導體記憶裝置及びテスト方法)	Zentel Japan	Japan	JP7859712B1	10/07/2025	10/07/2045
6 . . .	Semiconductor Memory Device (半導體記憶裝置)	Zentel Japan	Japan	JP7803602B1	27/02/2025	27/02/2045

(iii) Registered patents in the United States

No.	Patent Name	Patentee	Place of Registration	Publication Number	Application Date
1 . . .	Semiconductor memory device	Zentel Japan	United States	US11200945B2	31/01/2017
2 . . .	Semiconductor memory device comprising an interface conforming to JEDEC standard and control device therefor	Zentel Japan	United States	US10991418B2	06/03/2017
3 . . .	Semiconductor memory device for preventing occurrence of row hammer issue	Zentel Japan	United States	US10818337B2	02/08/2017

(iv) Patent Application

No.	Patent Name	Type	Patentee	Place of Registration	Application Number	Application Date (dd/mm/yyyy)
1 . . .	Method for Rapidly Relocking a DLL Circuit (快速重新鎖定DLL電路的方法)	Invention patent	Our Company	PRC	2021110829779	15/09/2021

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Application Number	Application Date (dd/mm/yyyy)
2 . . .	A Bidirectional Signal Acquisition Circuit and Integrated Circuit for a Silicon Path (適用於一個矽通路的雙向信號採集電路及集成電路)	Invention patent	Our Company	PRC	202211188755X	28/09/2022
3 . . .	A Chip Position Identification Method and Chip Timing Setting Method Based on This Method (Second Submission) (一種芯片位置識別方法及基於該方法的芯片時序設定方法(二次提交))	Invention patent	Our Company	PRC	2022111467214	21/09/2022
4 . . .	An Error Correction Method, Device, and Storage Medium for Data Masking (一種針對數據屏蔽的糾錯方法、裝置及存儲介質)	Invention patent	Our Company	PRC	2023100935499	31/01/2023
5 . . .	A 3D Memory Architecture and Memory (一種三維存儲器架構和存儲器)	Invention patent	Our Company	PRC	2023105233632	10/05/2023
6 . . .	A Device for Isolating Different Output Voltages of a Charge Pump Circuit (一種分隔電荷泵電路不同輸出電壓的裝置)	Invention patent	Our Company	PRC	2024104585906	17/04/2024
7 . . .	A Detection Device and Method for the Delay Time of a Delay Element (一種延時器延時時間的檢測裝置及方法)	Invention patent	Our Company	PRC	2024104256025	10/04/2024
8 . . .	ZQ Calibration Circuit and Semiconductor Memory (ZQ校準電路和半導體存儲器)	Utility model patent	Our Company	PRC	2024231475218	19/12/2024

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Application Number	Application Date (dd/mm/yyyy)
9 . . .	Division Implementation Method, Device, Equipment, and Medium (除法器實現方法、裝置、設備和介質)	Invention patent	Our Company	PRC	202411450244X	17/10/2024
10 . .	Dynamic Random Access Memory (動態隨機存儲器)	Utility model patent	Our Company	PRC	2024230130037	06/12/2024
11 . .	A Data Bus Inversion Circuit and Method (一種數據總線翻轉電路及方法)	Invention patent	Our Company	PRC	2025102150711	26/02/2025
12 . .	Memory Testing Method and Device Based on TFTP Service (基於TFTP服務的內存測試方法和裝置)	Invention patent	Our Company	PRC	202510309261X	17/03/2025

(d) Domain Names

No.	Domain Name	Registered Owner	Place of Registration	Expiry Date (dd/mm/yyyy)
1	zentel.com	Our Company	PRC	27/03/2033
2	liji-china.cn	Our Company	PRC	22/06/2028
3	zentel-japan.com	Zentel Japan	Japan	29/10/2025

(e) Layout-Design of Integrated Circuits

No.	Name	Registered Owner	Place of Registration	Registration Number	Certification Number	Grant Date (dd/mm/yyyy)
1 . . .	4GLPDDR4 Memory Chip (4GLPDDR4存儲芯片)	Our Company	PRC	BS.215564758	No. 48334	10/09/2021
2 . . .	4GDDR4 Memory Chip (4GDDR4存儲芯片)	Our Company	PRC	BS21556474X	No. 48439	03/09/2021
3 . . .	8GDDR4 Memory Chip (8GDDR4存儲芯片)	Our Company	PRC	BS.215564782	No. 48442	10/09/2021
4 . . .	1GDDR2 Memory Chip (1GDDR2存儲芯片)	Our Company	PRC	BS.215607112	No. 50715	29/11/2021
5 . . .	64MSDR-DDR Memory Chip (64MSDR-DDR存儲芯片)	Our Company	PRC	BS.215607236	No. 50716	29/11/2021
6 . . .	512MDDR Memory Chip (512MDDR存儲芯片)	Our Company	PRC	BS.215607252	No. 50717	29/11/2021
7 . . .	1GDDR3 Memory Chip (1GDDR3存儲芯片)	Our Company	PRC	BS.215607139	No. 50718	29/11/2021

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Name	Registered Owner	Place of Registration	Registration Number	Certification Number	Grant Date (dd/mm/yyyy)
8 . . .	F25 1GDDR3 Memory Chip (F25 1GDDR3存儲芯片)	Our Company	PRC	BS.235564109	No. 70498	09/11/2023
9 . . .	F25 512Mb DDR2 Integrated Circuit Layout (F25 512Mb DDR2的集成電路佈圖)	Our Company	PRC	BS.245566295	No. 81624	14/11/2024
10 . . .	F25 4Gb DDR3 ECC Integrated Circuit Layout (F25 4Gb DDR3 ECC的集成電路佈圖)	Our Company	PRC	BS.245588663	No. 84043	17/02/2025
11 . . .	F25 2GD3 Memory Chip of Integrated Circuit Layout (F25 2GD3存儲芯片的集成電路佈圖)	Our Company	PRC	BS.245605142	No. 85244	03/04/2025

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which were or may be material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests of Directors and Chief Executive of our Company

Save as disclosed below, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Interests in our Company

Name	Position	Nature of Interest	Type of Shares	Number of Unlisted Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued Shares immediately prior to the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of shareholding in the total issued Shares immediately after the [REDACTED] ⁽²⁾
Mr. Ying	Chairman of our Board and non-executive Director	Interest in controlled corporation	H Share	120,430,810	[REDACTED]%	[REDACTED]%

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Notes:

- (1) All interests stated are long position.
- (2) The calculation is based on [270,000,000] H Shares to be converted from Unlisted Shares in issue and [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming that the [REDACTED] are not exercised).

2. Disclosure of Interests of Substantial Shareholders

For the information on the persons who will, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), having or be deemed or taken to have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of our Company, see “Substantial Shareholders” in this document.

3. Service Contracts

We have entered into a service contract or a letter of appointment with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on dispute resolution.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by any member of our Group within one year without any payment of compensation (other than statutory compensation)).

4. Director’s Remuneration

Save as disclosed in the section headed “Directors and Senior Management” and Note 8 to “Appendix I — Accountants’ Report” for the three financial years ended December 31, 2023, 2024 and 2025, none of our Directors received other remunerations of benefits in kind from us.

5. Disclaimers

- (a) None of our Directors or any of the parties listed in “E. Other Information — 5. Qualification of Experts” below is:
 - (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; 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 “D. Other Information — 5. Qualification of Experts” below:
 - (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.

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- (c) None of our Directors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of the number of our issued shares (excluding treasury shares, if any) has any interest in our top five customers or suppliers during each year of the Track Record Period.
- (d) None of our Directors is a director or employee of a company that has an interest or short position in our Shares and underlying Shares which, once the H Shares are [REDACTED] on the Stock Exchange, would have to be disclosed to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. 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 our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group’s results of a of operations of financial conditions, taken as a whole.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED], (i) our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]); and (ii) the H Shares to be converted from our existing Unlisted Shares. All necessary arrangements have been made to enable the securities to be admitted into [REDACTED].

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, the Sole Sponsor’s fee payable by us is USD500,000 for acting as the sponsor for the [REDACTED].

4. Preliminary Expenses

As of Latest Practicable Date, our Company did not incur any material preliminary expenses of the [REDACTED].

5. Qualification of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

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Name	Qualification
Jingtian & Gongcheng	Legal advisors to our Company as to PRC laws
Hogan Lovells	Legal advisors to our Company as to U.S regulatory laws and International Sanctions laws
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co	Independent industry consultant
Ashurst Tokyo (Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo)	Legal advisors to our Company as to U.S. outbound investment laws

6. Consents of Experts

Each of the experts referred to in “5. Qualification of Experts” above in this Appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their certificates, letters, opinions or reports (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Save as disclosed in this document, none of the experts named above has any of our shareholding interests in any member of our Group or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities in any member of our Group.

7. Taxation of Holders of H Shares

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

8. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2024 (being the date to which the latest consolidated financial statements of our Group were prepared).

9. Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all 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.

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10. Miscellaneous

- (a) Save as disclosed in “History, Development and Corporate Structure” and in connection with the [REDACTED], within the two years preceding the date of this document: (i) we have 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 commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share capital of any member of our Group.
- (b) No share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option.
- (c) We have not issued nor agreed to issue any founder shares, management shares or deferred shares.
- (d) There are no arrangements under which future dividends are waived or agreed to be waived.
- (e) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights.
- (f) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months.
- (g) Save as disclosed in the section headed “Regulatory Overview”, there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.
- (h) No part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to deal in any stock exchange other than the Stock Exchange is currently being or proposed to be sought.
- (i) Our Company has no outstanding convertible debt securities or debentures.

11. Bilingual Prospectus

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Promoters

The promoters of our Company comprised all of the 19 then shareholders of our Company as at April 25, 2025 before our conversion into a joint stock limited liability company. Save as disclosed in the section headed “History, Development and Corporate Structure”, within the two years immediately preceding the date of this document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters in connection with the [REDACTED] or the related transactions described in this document.

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG 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:

- (a) a copy of each of the material contracts referred to in “Appendix V — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts”; and
- (b) the written consents referred to in “Appendix V — Statutory and General Information — D. Other Information — 6. Consents of Experts”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at [\[www.zentel.com\]](http://www.zentel.com) during a period of 14 days from the date of this document:

- 1. the Articles of Association;
- 2. the Accountants’ Report of our Group from Ernst & Young, the text of which is set out in Appendix I to this document;
- 3. the audited consolidated financial statements of our Group for the three financial years ended December 31, 2023, 2024 and 2025;
- 4. the report on the unaudited [REDACTED] financial information of our Group from Ernst & Young, the text of which is set forth in [REDACTED] to this document;
- 5. the material contracts in “Appendix V — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts”;
- 6. the written consents referred to in “Appendix V — Statutory and General Information — D. Other Information — 6. Consents of Experts”;
- 7. the service contracts and letters of appointment referred to in “Appendix V — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 3. Service Contracts”;
- 8. the legal opinion issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;
- 9. the memoranda of advice issued by Hogan Lovells, our legal advisor as to U.S. regulatory laws and International Sanctions laws;
- 10. the legal memorandum issued by Ashurst Tokyo (Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo), our legal advisor as to U.S. outbound investment laws;
- 11. the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed “Industry Overview” in this document; and
- 12. a copy of the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures, together with their respective unofficial English translations.