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Application Proof of

Beijing XSKY Technology Co., Ltd.
北京星辰天合科技股份有限公司

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

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Beijing XSKY Technology Co., Ltd.

北京星辰天合科技股份有限公司

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

[REDACTED]

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

***Sole Sponsor,* [REDACTED]**

华泰国际
HUATAI INTERNATIONAL

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The **[REDACTED]** is expected to be fixed by agreement between the **[REDACTED]** (on behalf of the **[REDACTED]**) and us on the **[REDACTED]**. The **[REDACTED]** is expected to be on or before **[REDACTED]** (Hong Kong time) and, in any event, not later than 12:00 noon on **[REDACTED]** (Hong Kong time). The **[REDACTED]** will be no more than HK$**[REDACTED]** and is currently expected to be not less than HK$**[REDACTED]** per **[REDACTED]**. If, for any reason, the **[REDACTED]** is not agreed by 12:00 noon on **[REDACTED]** (Hong Kong time) between the **[REDACTED]** (on behalf of the **[REDACTED]**) and us, the **[REDACTED]** will not **[REDACTED]** and will lapse.

Applicants for **[REDACTED]** may be required to pay, on **[REDACTED]** (subject to **[REDACTED]** channels), the maximum **[REDACTED]** of HK$**[REDACTED]** for each **[REDACTED]** together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the **[REDACTED]** as finally determined is less than HK$**[REDACTED]**.

The [REDACTED], on behalf of the [REDACTED], and with our consent may, where considered appropriate, reduce the number of [REDACTED] and/or the indicative [REDACTED] range below that is stated in this document (which is HK$[REDACTED] to HK$[REDACTED]) at any time prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging [REDACTED] under the [REDACTED]. Such notices will also be available on the website of our Company at www.xsky.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk. Further details are set forth in "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" in this document.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential **[REDACTED]** should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to **[REDACTED]** in PRC-incorporated businesses. Potential **[REDACTED]** should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in "Risk Factors," "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of the Articles of Association" to this Document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. See "[REDACTED]" of this Document.

Our Company is a Specialist Technology Company (as defined in Chapter 18C of the Listing Rules). The securities of Specialist Technology Companies carry high investment risks including risks of share price volatility and inflated valuation due to the difficulty in valuing such companies. Investors should fully understand the investment risks of a Specialist Technology Company and the risks disclosed by our Company before making their investment decisions.

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be **[REDACTED]**, sold, pledged, or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The **[REDACTED]** are being **[REDACTED]** and sold outside the United States in offshore transactions in reliance on Regulation S. No **[REDACTED]** of the **[REDACTED]** will be made in the United States.

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As 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**]. *In particular, we are a specialist technology company seeking to* [**REDACTED**] *on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules because we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with* [**REDACTED**] *in companies such as ours. We had negative net cash flow from operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your* [**REDACTED**] *decision should be made in light of these considerations.*

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 the largest independent distributed AI storage solution provider in China, as measured by installed capacity in 2025. We focus on delivering enterprise-grade AI storage solutions that empower organizations to efficiently integrate data, decision-making, and operations at scale. The top five distributed AI storage solution providers in China accounted for a combined market share of 47.9% by installed capacity in 2025, with us representing 10.6% of the market, and standing as China's second-largest distributed AI storage solution provider and the largest independent distributed AI storage solution provider. Based on revenue in the overall data storage market in the Chinese Mainland in 2025, we ranked between 10th and 15th among market participants, with a market share of approximately 0.1%. In the distributed AI storage market (including both independent providers and non-independent large-sized companies), we ranked between 10th and 15th with a market share of approximately 2.7% by revenue in 2025.

We have developed proprietary technologies such as XSEA and XScale. XSEA focuses on enabling fast, resilient and efficient data storage at scale, while XScale is designed to manage large volumes of data in a flexible and scalable manner. Leveraging these proprietary technologies, we have developed AI storage solutions encompassing (i) data lake storage solutions, designed for long-term data retention, organization, and governance, and (ii) storage solutions for T&I, engineered for fast data delivery for AI model T&I. Our AI storage solutions are delivered either as software-only deployments or as turnkey appliances with our proprietary software integrated with prescribed hardware. In substance, customers purchasing turnkey appliances procure a complete, pre-integrated system designed to address their storage needs, and such solutions are priced and contracted as a single deliverable. Revenue from AI storage solutions is primarily generated from the sale of our AI storage solutions and pricing is determined on a case-by-case basis with reference to the overall value delivered, market conditions and customer-specific negotiations. We also provide AI storage services, including tail-end warranty, maintenance or renewals services that accompany our AI storage solutions. Besides, we offer annual maintenance services and value-added offerings such as capacity expansion. Revenue from AI storage services primarily represents service fees charged based on the scope, duration and terms of the relevant service arrangements.

To enhance our market presence, we have built a sales and marketing team with relevant industry experience to identify market opportunities and communicate the value of our technologies and the performance of our solutions. We also sold our AI storage solutions through third-party distributors. Our distributors primarily engage in downstream sales and channel development in their respective regions and industry verticals. We remained loss-making during the Track Record Period until we achieved a turnaround in 2025 and recorded profit for the year of RMB7.1 million, primarily as a result of improvements in our operating performance. We recorded loss in the six months ended June 30, 2025 of RMB10.5 million and profit in the six months ended June 30, 2026 of RMB0.3 million, primarily due to an increase in revenue driven by an increase in revenue from AI storage solutions, as the rapid adoption of AI technologies across downstream industries fueled demand for advanced storage products, supported by our ability to deliver solutions tailored to specific industry requirements; such increase was partially offset by an increase in cost of sales, primarily due to a shift in project delivery mix toward turnkey appliance solutions during the period, and continued increase in hardware component price during the period.

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

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
AI Storage Solutions										
Data lake storage solutions	62,060	37.2	70,141	40.7	129,696	48.6	39,733	39.9	102,017	54.9
Storage solutions for T&I	75,694	45.4	67,909	39.3	99,235	37.2	41,663	41.9	63,350	34.1
AI Storage Services	29,087	17.4	34,434	20.0	38,082	14.2	18,133	18.2	20,393	11.0
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
AI Storage Solutions										
Data lake storage solutions	29,774	48.0	41,490	59.2	80,869	62.4	26,235	66.0	48,848	47.9
Storage solutions for T&I	45,688	60.4	44,549	65.6	61,109	61.6	30,146	72.4	33,054	52.2
AI Storage Services	16,945	58.3	23,815	69.2	28,445	74.7	13,416	74.0	14,412	70.7
Total	**92,407**	**55.4**	**109,854**	**63.7**	**170,423**	**63.8**	**69,797**	**70.1**	**96,314**	**51.8**

OUR AI STORAGE SOLUTIONS

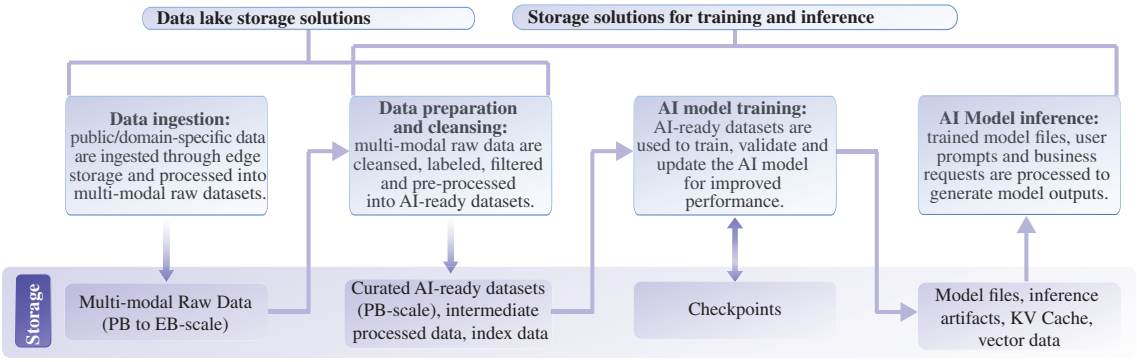
We primarily offer (i) AI storage solutions, comprising our data lake storage solutions and storage solutions for T&I, which may be offered either on a standalone basis or as a bundled offering, depending on the customer's specific needs, (ii) AI storage services, including tail-end warranty, maintenance or renewals services that accompany our AI storage solutions. The use of "AI" in our solution names is because our storage solutions are specifically optimized for AI workloads. They do not embed AI algorithms or perform autonomous learning or decision-making functions.

(i) **Data lake storage solutions.** Data lake storage solutions are designed to aggregate, cleanse and retain massive volumes of raw and unstructured data, serving as the starting point for the full AI data lifecycle.

(ii) **Storage solutions for T&I.** Storage solutions for T&I are responsible for feeding data to GPUs at high speed and overcoming the industry's two major bottlenecks—the IO Wall in large-model training and the Memory Wall in long-context inference.

Collectively, these solutions support our customers' data access requirements for large-model training and real-time inference. See "Business — Our Solutions."

The following chart illustrates a standard AI data lifecycle, from data ingestion and preparation to model T&I, with a feedback loop whereby inference results may be fed back into earlier stages for continuous optimization. Our AI data lake storage solutions serve as a centralized repository for multi-modal raw datasets collected during the data ingestion stage, enabling large-scale data aggregation, cleansing, tagging and processing into AI-ready datasets during the subsequent data preparation stage. The solutions provide scalable storage, centralized management and high-throughput data access required for efficient AI model training and iterative model optimization. Building on these AI-ready datasets, our storage solutions for training and inference support AI model training, optimization and inference by enabling efficient storage and access to trained model files and related operational data. Through centralized management and monitoring, customers can allocate storage resources, manage data access permissions and automate data lifecycle management. The solutions also support data search, classification, tagging and workflow automation, enabling efficient utilization of training datasets and inference-related data throughout AI workloads. Collectively, our AI storage solutions streamline the entire data lifecycle, from data ingestion and storage to management and utilization.



Within each of our Data Lake Storage Solutions and Storage Solutions for T&I categories, we further offer various types of subsolutions depending on customers' data usage scenarios and the storage formats required. Enterprise data is stored and accessed in three basic formats, and the choice among them depends on how the data is used.

- **Block storage** divides storage capacity into fixed-size "blocks" made directly available to an application, in the way a computer uses its internal disk; it is the fastest format with the lowest latency and is typically used by databases, virtual machines and other performance-critical systems.

- **File storage** organizes data as files within folders, in the way documents are kept on a shared office drive; multiple users and systems access the same files through familiar directory paths, which suits collaboration scenarios and AI training datasets that are read file by file.

- **Object storage** keeps each piece of data as an independent "object" with a unique identifier and descriptive tags in a flat structure without folder hierarchies, similar to the way a cloud photo album manages a massive number of items; it scales almost without limit and is best suited for very large volumes of unstructured data such as images, videos, backups and archives.

SUMMARY

The following table summarizes the key functions and features of each of our business segments and their respective sub-segments:

Business segment	Subsegment	Key functions, features and differentiation	Specific value added along the data lifecycle/type of processing applied to data	Relevant quantitative supporting metrics
1. AI storage solutions				
(1) Data lake storage solutions	**Overall segment**	Helps enterprise customers collect, store, organize and manage large volumes of raw and unstructured data before such data is used for AI training, analytics or other business applications. It is differentiated from storage solutions for T&I because it focuses on long-term data retention, organization, governance and lifecycle management, rather than real-time high-speed access during model training or inference.	Adds value at the data ingestion, storage, preparation and governance stages. It helps customers consolidate scattered data, manage different data formats, reduce data silos, and prepare data for future AI use.	See below
	XEOS	An enterprise-grade object storage solution for long-term storage of large volumes of unstructured data, such as images, videos and documents. It is differentiated from XEDP and EasyData because it mainly focuses on object storage and long-term retention, which means data is stored as individual units in a flat structure, making it easier to manage large volumes of unstructured data, and is particularly suited for use cases such as content repositories, backups and archival storage, as compared to file storage and block storage.	Adds value at the data storage, retention, governance and distribution stages. It stores raw and unstructured data, supports backup and archiving, prevents data loss through object lock and version control, optimizes small-file storage, and automatically moves data among hot, warm and cold storage tiers (with hot, warm and cold determined based on access frequency of data following rules set by customers), thus lowering the cost of longterm data retention for customers while keeping data accessible.	Validated in hundred-PB single-cluster production deployments; supports a single bucket scaling to hundreds of billions of objects; supports stable throughput and latency; supports policy-driven hot/warm/cold tiering.
	XEDP	A unified data storage platform integrating file, object and block storage into one system. It is differentiated from XEOS because it is not limited to object storage, and is differentiated from EasyData because it focuses more on unified storage infrastructure rather than data collection and preparation.	Adds value at the data consolidation and management stage. It allows customers to manage file, object and block data under one platform, so data used by different departments or systems can be stored and accessed under consistent policies.	Supports file, object and block storage in one system; works together with XEOS, XGFS and XEBS to provide unified data infrastructure. Its performance metrics may vary depending on the specific deployment architecture and customer workload profile.
	EasyData	A data management platform for handling large volumes of unstructured data from diverse sources. It is differentiated from XEOS and XEDP because it focuses on data ingestion, metadata management and data preparation, rather than underlying storage capacity or unified storage infrastructure.	Adds value at the data ingestion, preparation and utilization stages. It automatically collects data from different devices and systems, unifies metadata management, supports search and access control, and applies processing such as tagging, image analysis, data labeling and format conversion when instructed by customers.	EasyData has been tested on a single bucket with two billion unstructured objects. It allows users to manage all this data in a unified way, organize it with tags, and quickly search across it using flexible search methods, with results returned in seconds. It also allows up to 300 different user groups, so access to data can be controlled and managed securely.

SUMMARY

Business segment	Subsegment	Key functions, features and differentiation	Specific value added along the data lifecycle/type of processing applied to data	Relevant quantitative supporting metrics
(2) Storage solutions for T&I	Overall segment	Provides fast and reliable data access for AI model training and inference. It is differentiated from AI data lake storage solutions because it focuses on using and delivering data at high speed during GPU-based training and inference tasks, rather than storing and governing data for long-term use.	Adds value at the model training, inference and high-performance data access stages. It helps feed processed and performance-critical datasets to GPUs and computing clusters, reducing bottlenecks such as insufficient I/O performance and memory limitations.	See below
	XEBS-XINFINI	A fully SSD-based block storage solution for mission-critical and performance-intensive workloads, such as large-scale AI training, real-time inference, vector databases, distributed databases and enterprise cloud platforms. It is differentiated from XEBS because it is designed for more demanding and latency-sensitive workloads, while XEBS is designed for general-purpose applications with more balanced requirements on performance, scalability and cost efficiency.	Adds value at the real-time data access, AI training, AI inference and vector search stages. It enables many systems to access storage in parallel with low latency, reduces data-access delays, and supports high-speed workloads that require predictable performance, such as large-scale AI training, real-time inference, vector databases, distributed databases and enterprise cloud platforms.	Provides high IOPS and microsecond-level latency; read and write latency can be as low as approximately 100 microseconds; built on a Shared-Everything architecture where every server node can directly access all storage devices in the cluster; uses all-flash SSD pools and supports high throughput.
	XEBS	A distributed block storage solution supporting virtualization, databases, containers and hybrid cloud environments. It is differentiated from XEBS-XINFINI because XEBS is positioned as a general-purpose block storage solution for core enterprise applications, while XEBS-XINFINI is an all-flash, ultra-low-latency solution for mission-critical AI and high-speed workloads.	Adds value at the enterprise application and database data-access stage. It provides stable block storage for systems that require reliable low-latency operation, such as databases, virtualized environments and hybrid cloud applications.	In a performance test using three servers and a high-speed network, XEBS was able to handle a large number of data operations at once. It achieved over 110,000 small write operations per second and nearly 500,000 read operations per second, with 12 users generating the workload simultaneously.
	XGFS	A distributed file storage system for AI training, big data processing and other data-intensive workloads. It is differentiated from XEBS-XINFINI and XEBS because XGFS is a file storage solution, while XEBS-XINFINI and XEBS are block storage solutions, with file storage organizing data in hierarchical file systems for shared access and content management, typically used for AI training datasets, big data processing and collaborative workloads, whereas block storage stores data in fixed-size blocks for high-performance, low-latency transactional workloads such as databases and enterprise applications.	Adds value at the large-dataset access and AI training stage. It supports unified file access, broad protocol compatibility and high-concurrency access to large datasets, helping GPU clusters and data-intensive applications read and write many files efficiently.	Supports high throughput and low latency when handling billions of files; scalable to thousands of nodes; supports multiple data access protocols and domestic hardware ecosystems.

Business segment	Subsegment	Key functions, features and differentiation	Specific value added along the data lifecycle/type of processing applied to data	Relevant quantitative supporting metrics
2. AI storage services	Tail-end warranty, maintenance and renewals services	Provides post-deployment support for customers that have purchased AI storage solutions. It is differentiated from AI storage solutions because it does not primarily involve initial system deployment, but supports system continuity after delivery.	Adds value at the post-deployment operation, maintenance and expansion stage. It helps customers keep deployed systems stable, renew warranties or maintenance arrangements, and expand storage capacity when business data increases.	Customers who purchase our AI storage solutions are also provided with AI storage services.

OUR BUSINESS MODEL

Customers of our AI storage solutions may choose to purchase software only or turnkey appliances with our software integrated. In substance, customers procure a complete, pre-integrated system designed to solve storage problems, rather than separable hardware and software components. Where customers request software-only deployment, we require hardware procurement strictly in accordance with our prescribed bill of materials and may decline delivery if specifications are not met. Our staff deploy the software on customer-procured hardware, resulting in a functional outcome equivalent to purchasing turnkey appliances. Our core value lies in our proprietary software stack, system architecture, and integrated design, as well as our assumption of end-to-end responsibility for system design, hardware selection, procurement, deployment, risk management and spare-parts support.

Our standard services follow a four-stage process. First, we conduct requirements discovery and, where appropriate, pre-sale proof-of-concept testing, followed by solution design and implementation planning. Second, we perform software installation, configuration, set up automated tiering policies under which data is allocated across appropriate storage tiers based on usage patterns, performance requirements and cost-efficiency considerations, and carry out data migration to integrate with existing IT environments. Third, we provide role-based training and post-deployment support. Fourth, we deliver tiered technical support, operations and maintenance services, including periodic health checks and optimization recommendations.

Our AI storage solutions support block, file and object storage, work with industry-standard protocols and diverse hardware platforms, and are compatible with major public and private cloud environments. As a data-lake foundation, they support multi-source data ingestion and migration across on-premises and cloud environments with integrity assurance and without business disruption.

See "Business — Our Business Model."

OUR PROPRIETARY TECHNOLOGIES

Our core technology stack is purpose-built for AI-era data infrastructure and forms the foundation of our differentiated solutions capabilities. It primarily comprises:

- ***XSEA: Distributed Storage Architecture for All-Flash Data Centers.*** XSEA (XSKY eXtreme Shared-Everything Architecture) is a proprietary distributed storage architecture independently designed and developed by our Group for all-flash data centers. Building on this architectural foundation, we designed XSEA to be fast, resilient and efficient at scale. Specifically, XSEA achieves three core advantages: (i) approximately 100 microseconds latency through optimized data paths and minimal processing overhead, (ii) approximately 100 milliseconds recovery time through rapid detection and recovery from disk or hardware and system failures, and (iii) approximately 100% effective capacity utilization, enabled by technologies designed to improve storage efficiency, which reduce storage costs without compromising performance.

- ***XScale: Core Storage Engine for AI and Multi-cloud Era.*** XScale is our proprietary core storage engine designed to support EB-scale unstructured data, hybrid cloud collaboration and AI-driven data lake architectures. By supporting multiple standard access protocols and applying efficient data protection and data management techniques, XScale enables storage systems to operate reliably under complex, high-concurrency workloads while maintaining scalability and cost efficiency. As the core engine of our unstructured data management capabilities, XScale supports use cases including AI-driven data lakes, multi-cloud collaborative storage and large-scale data lifecycle management.

See "Business — Our Proprietary Technologies."

SPECIALIST TECHNOLOGY INDUSTRIES

The following table sets out how our solutions fall within acceptable sectors of a Specialist Technology Industry under Chapter 18C of the Listing Rules.

Specialist Technology Products	Specialist Technology Industry Acceptable Sectors
Data lake storage solutions	Technology and infrastructure enabling AI
Storage solutions for T&I	Technology and infrastructure enabling AI
AI storage services	Technology and infrastructure enabling AI

Our Directors are of the view that, based on the technology characteristics and use cases described above, each of the foregoing solutions and services falls within an acceptable sector of a Specialist Technology Industry under Chapter 18C of the Listing Rules. Based on the above analysis and the view of the Directors and CIC, the Sole Sponsor is of the view that each of our solutions and services qualify within an acceptable sector of Specialist Technology Industry as defined under Chapter 18C of the Listing Rules. See "Business — Our Solutions."

COMMERCIALIZATION

We adopt a transaction-based model for our offerings. The following chart illustrates the commercialization timeline of our offerings, reflecting our continuous commercial application of technologies.

Specialist Technology Products	Launch	Start of Revenue Generation
Data lake storage solutions	July 2022	September 2022
Storage solutions for T&I	July 2021	September 2021
AI storage services	July 2021	September 2021

The number of customers remained stable at 251 in 2023, 257 in 2024, 269 in 2025, 223 in the six months ended June 30, 2025 and 248 in the six months ended June 30, 2026. Cumulatively, we served 490, 535, 603, 559 and 635 customers as of December 31, 2023, 2024, 2025 and June 30, 2025 and 2026, respectively.

We monetize our data lake storage solutions and storage solutions for T&I primarily through fixed-price project-based contracts, while we monetize our AI storage services primarily through annual service fees. Our data lake storage solutions and storage solutions for T&I generally follow a consistent pricing logic, with reference to multiple factors, including (i) the scale of deployment, (ii) the technical complexity, (iii) our cost structure, (iv) prevailing market prices, and (v) the nature of depth of our relationship with the customer.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success and differentiate us from our competitors:

- An independent distributed AI storage solution provider in China with competitive barriers that safeguard sustainable growth;
- AI-driven independent R&D capabilities as the foundation for innovation;
- Full-protocol, cross-scenario solutions covering the entire AI data lifecycle;
- Independent and highly compatible ecosystem;
- Diversified and retentive customer base across the AI value chain; and
- Experienced management team and diverse investor base.

See "Business — Our Competitive Strengths."

OUR STRATEGIES

We have formulated the following development strategies:

- Strengthen R&D capabilities and attract top talent;
- Expand and optimize our solution portfolio;
- Expand sales channels and build industry-focused teams; and
- Build an inclusive and compatible ecosystem.

See "Business — Our Strategies."

RESEARCH AND DEVELOPMENT

We focus R&D on software-defined, protocol-agnostic data platforms that scale from hundreds of billions of objects to EB-class pools and deliver microsecond-class I/O for T&I. All of our key Specialist Technology Products and their underlying core technologies have been independently developed in-house by our Group.

R&D Team

Our R&D team consisted of 156, 133, 129 and 132 members as of December 31, 2023, 2024, 2025, June 30, 2026, respectively, representing 43.5%, 42.1%, 41.1% and 40.2% of our total employees during the same years/periods. We incurred research and development expenses of RMB110.0 million, RMB88.0 million, RMB77.2 million, RMB38.0 million and RMB41.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 65.9%, 51.0%, 28.9%, 38.2% and 22.3% of our total revenue for the respective years/periods.

Key Research Projects

The principal research themes and current project tracks are set out below.

- ***Next-Generation Parallel File System.*** Our next-generation parallel file system is designed to deliver ultra-high performance data access and unified multi-protocol support, and serves as the core technical foundation for MeshFS and MeshFusion.

- ***AIMesh.*** AIMesh is part of our Specialist Technology Products and is designed as a unifying software-defined layer that spans both our data lake storage solutions and storage solutions for T&I, which includes the following portfolios: (i) MeshFS, a high-speed data layer for AI training that is engineered to overcome the I/O wall, (ii) MeshFusion, an inference memory layer that expands memory capacity for large-context AI applications, and (iii) MeshSpace, a global data lake for managing and moving massive datasets. Together, these portfolios form AIMesh, a platform that connects diverse resources into a consistent, software-defined system. In January 2026, we officially launched the MeshSpace, MeshFS and MeshFusion. See "Business — Research and Development."

SALES AND MARKETING

We primarily serve our users through selected distribution channels and also operate a direct sales model. The following table sets forth our revenue breakdown by sales channel in absolute amount and as percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Distribution	98,223	58.9	102,905	59.7	190,357	71.3	62,529	62.8	121,883	65.6
Direct sales	68,618	41.1	69,579	40.3	76,656	28.7	37,000	37.2	63,877	34.4
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

See "Business–Sales and Marketing."

INTELLECTUAL PROPERTY

As of June 30, 2026, we had 103 registered patents in China. As of June 30, 2026, we also had 370 trademarks, 96 copyrights and three domain names in China. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any impediments in intellectual property rights applications. We confirm that all of the above listed patents are significant for carrying out the key functions of our Specialist Technology Products, and no other material patents are directly applied in our Specialist Technology Products. See "Business — Intellectual Property."

CUSTOMERS AND SUPPLIERS

We primarily sell our solutions to enterprise customers in China (including Hong Kong), with a small portion of our revenue derived from overseas markets such as Singapore and Indonesia, across sectors such as intelligent manufacturing, financial institutions, telecommunications operators and technology enterprises, among others.

Revenue from our five largest customers in each year/period during the Track Record Period was RMB88.2 million, RMB88.6 million, RMB102.5 million and RMB103.2 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, accounting for 52.9%, 51.4%, 38.3% and 55.5% of our total revenue for the same years/periods, respectively. Revenue from our largest customer in each year/period during the Track Record Period was RMB28.6 million, RMB36.7 million, RMB45.7 million and RMB41.1 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, accounting for 17.1%, 21.3%, 17.1% and 22.1% of our total revenue for the same years/periods, respectively. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who, to the knowledge of our Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period. See "Business — Customers."

Our suppliers primarily comprise original component manufacturers in China. Purchases from our five largest suppliers in each year/period during the Track Record Period was RMB65.9 million, RMB42.5 million, RMB81.2 million and RMB94.9 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 45.2%, 56.1%, 63.5% and 56.3% of our total purchases for the same years/periods, respectively. Purchases from our largest supplier in each year/period during the Track Record Period were RMB32.9 million, RMB15.9 million, RMB45.4 million and RMB38.0 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 22.6%, 21.0%, 35.5% and 22.6% of our total purchases for the same years/periods, respectively. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who, to the knowledge of the Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year/period during the Track Record Period. See "Business — Suppliers."

COMPETITIVE LANDSCAPE

The market size of China's AI infrastructure reached RMB381.3 billion in 2025, accounting for approximately 15% of the global AI infrastructure market. It is expected to expand to RMB1,528.6 billion by 2030, representing a CAGR of 32.0%, at which point China's share of the global market is projected to rise to approximately 25%. Within this market, the size of on-premise AI infrastructure is expected to grow from RMB192.2 billion in 2025 to RMB802.5 billion in 2030, representing a CAGR of 33.1%. The market size of on-premise distributed AI storage in China, measured by revenue, reached RMB17.1 billion in 2025 and is expected to grow to RMB90.8 billion by 2030. The installed capacity of distributed AI storage in China reached 17.5 EB in 2025 and is expected to grow to 89.1 EB by 2030, representing a CAGR of 38.5%. In 2025, AI data lake storage accounted for approximately 78.5% of the market in terms of installed capacity, while AI training and inference storage represented 21.5%. By 2030, these proportions are projected to shift to approximately 72% and 28%, respectively. Based on distributed AI storage installed capacity, the top five providers in China collectively held a 47.9% market share in 2025.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to [**REDACTED**] in our Shares. We believe the most significant risks we face include but are not limited to the following:

- The industry in which we operate is characterized by constant development. If we fail to continuously innovate our technology and provide innovative solutions that meet the expectations of our customers, our business, financial condition and results of operations may be materially and adversely affected.

- We may fail to attract, recruit or retain key R&D personnel. Even with an R&D team in place, our R&D activities are inherently uncertain and may not yield expected results.

- If we are unable to compete effectively, our business, financial condition and prospects may be materially and adversely affected.

- The size of our addressable markets and the demand for our AI storage solutions and services may not increase as rapidly as we anticipate due to a variety of factors.

- Failure of our AI storage solutions and services to satisfy customer demands or to achieve increased market acceptance could adversely affect our business, results of operations, financial condition and growth prospects.

- Our patents and other non-patented intellectual properties are valuable assets. Insufficient intellectual property protection or unauthorized use by third parties may reduce our competitive advantage and lead to conflicts that adversely affect our business, financial condition and results of operations.

- We may not be able to raise adequate capital to finance our business or R&D strategies, or we may be able to do so only on terms that significantly restrict our ability to operate and grow our business.

- We have incurred net losses in certain years/periods during the Track Record Period and may incur additional losses in the future.

See "Risk Factors."

OUR SINGLE LARGEST SHAREHOLDERS GROUP

As of the Latest Practicable Date, by virtue of the Concert Party Agreements, Mr. Xu, Mr. Wang and XSKY Tianshu, as a group of Shareholders, were collectively entitled to control the voting rights attaching to approximately 24.78% of the total issued Shares of our Company through (i) 52,705,817 Shares held by Mr. Xu; (ii) 22,455,647 Shares held by Mr. Wang; and (iii) 12,611,553 Shares held by XSKY Tianshu. Mr. Xu is the general partner of XSKY Tianshu, and has the rights and powers to manage and administer the affairs of XSKY Tianshu. Pursuant to the Concert Party Agreements, Mr. Xu, Mr. Wang and XSKY Tianshu, each of them, as a Shareholder of our Company, undertook to act in concert in respect of key decision-makings of the Company and follow the view of Mr. Xu when exercising voting rights at shareholders' meetings and Board's meetings of the Company. For further details, see "History, Development and Corporate Structure — Acting-In-Concert Arrangement" in this Document. The Concert Party Agreements shall remain effective within at least 36 months (or such longer period as required by laws and regulations or by regulators) after the [**REDACTED**].

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme), Mr. Xu, Mr. Wang and XSKY Tianshu will be collectively entitled to exercise the voting rights attaching to approximately [**REDACTED**]% of the total issued Shares of our Company. Accordingly, Mr. Xu, Mr. Wang and XSKY Tianshu will not be regarded as our controlling Shareholder as defined under the Listing Rules, but will remain as our Single Largest Shareholders Group upon completion of the [**REDACTED**]. See "Relationship with Our Single Largest Shareholders Group" for further details.

PRE-[REDACTED] INVESTMENTS

We have engaged in Pre-[**REDACTED**] Investments with our Pre-[**REDACTED**] Investors. For further details of the identity and background of the Pre-[**REDACTED**] Investors and the principal terms of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from the Accountants' Report in Appendix I to this document. The summary consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth a summary of our results of operations for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	166,841	172,484	267,013	99,529	185,760
Cost of sales	(74,434)	(62,630)	(96,590)	(29,732)	(89,446)
Gross profit	**92,407**	**109,854**	**170,423**	**69,797**	**96,314**
Other income	17,200	12,661	17,332	6,057	7,238
Impairment losses under expected credit loss model, net of reversal	528	359	(887)	(1,008)	609
Other gains and losses, net	(30)	(51)	347	34	286
Selling and marketing expenses	(124,107)	(86,526)	(73,645)	(36,170)	(36,852)
Research and development expenses	(110,012)	(87,959)	(77,186)	(38,010)	(41,426)
Administrative expenses	(56,185)	(32,140)	(24,937)	(11,041)	(13,468)
[**REDACTED**]	–	–	(4,100)	–	(12,240)
Finance costs	(471)	(377)	(210)	(120)	(154)
(Loss)/profit before tax	**(180,670)**	**(84,179)**	**7,137**	**(10,461)**	**307**
Income tax expense	–	–	–	–	–
(Loss)/profit and total comprehensive (expense)/income for the year/period	**(180,670)**	**(84,179)**	**7,137**	**(10,461)**	**307**
(Loss)/profit per share (RMB)					
Basic and diluted	(0.48)	(0.23)	0.02	(0.03)	0.00

Our net loss decreased from RMB180.7 million in 2023 to RMB84.2 million in 2024, and turned to net profit of RMB7.1 million in 2025, primarily due to (i) an increase in revenue resulting from increasing downstream demand and deeper market penetration as the competitiveness of our AI storage-related solutions continued to strengthen, and (ii) a decrease in our operating expenses including selling and marketing expenses, research and development expenses and administrative expenses. Such reduction in expenses was primarily attributable to the maturation of our core underlying technologies, which shifted our R&D focus toward platform iteration and productization, together with the implementation of a unified and modularized R&D architecture across business lines that enables extensive reuse of core components and reduces incremental R&D costs for new solution development. In addition, the adoption of AI-enabled quality engineering systems and productivity tools has automated portions of development and operational workflows, improving workforce efficiency and contributing to controlled decreases across R&D, selling and marketing, and administrative expenses. Our net loss of RMB10.5 million in the six months ended June 30, 2025 changed to net profit of RMB0.3 million in the six months ended June 30, 2026, primarily due to an increase in revenue driven by an increase in revenue from AI storage solutions, as the rapid adoption of AI technologies across downstream industries fueled demand for advanced storage products, supported by our ability to deliver solutions tailored to specific industry requirements; such increase was partially offset by an increase in cost of sales, primarily due to a shift in project delivery mix toward turnkey appliance solutions during the period, and continued increase in hardware component price during the period.

Revenue

Revenue by Sales Channel

The following table sets forth our revenue breakdown by sales channel in absolute amount and as percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Distribution	98,223	58.9	102,905	59.7	190,357	71.3	62,529	62.8	121,883	65.6
Direct sales	68,618	41.1	69,579	40.3	76,656	28.7	37,000	37.2	63,877	34.4
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Revenue by Product Mix

The following table sets forth our revenue breakdown by product mix in absolute amount and as percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Software-based solutions	56,793	34.1	70,022	40.6	114,806	43.0	46,871	47.1	62,701	33.7
Turnkey appliance	80,961	48.5	68,028	39.4	114,125	42.7	34,525	34.7	102,666	55.3
AI storage services	29,087	17.4	34,434	20.0	38,082	14.3	18,133	18.2	20,393	11.0
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Gross Profit and Gross Profit Margin

Gross Profit and Gross Profit Margin by Sales Channel

The following table sets forth a breakdown of our gross profit and gross profit margin by sales channel for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Distribution	42,774	43.6	48,787	47.4	108,079	56.8	36,159	57.8	52,672	43.2
Direct sales	49,633	72.3	61,067	87.8	62,344	81.3	33,638	90.9	43,642	68.3
Total	**92,407**	**55.4**	**109,854**	**63.7**	**170,423**	**63.8**	**69,797**	**70.1**	**96,314**	**51.8**

Gross Profit and Gross Profit Margin by Product Mix

The following table sets forth a breakdown of our gross profit and gross profit margin by product mix for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Software-based solutions	54,852	96.6	68,698	98.1	113,666	99.0	46,646	99.5	62,539	99.7
Turnkey appliance	20,610	25.5	17,341	25.5	28,312	24.8	9,735	28.2	19,363	18.9
AI storage services	16,945	58.3	23,815	69.2	28,445	74.7	13,416	74.0	14,412	70.7
Total	**92,407**	**55.4**	**109,854**	**63.7**	**170,423**	**63.8**	**69,797**	**70.1**	**96,314**	**51.8**

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	117,770	143,907	54,863	57,103
Total current assets	392,737	279,906	256,774	263,189
Total assets	510,507	423,813	311,637	320,292
Total non-current liabilities	27,447	23,744	25,604	28,446
Total current liabilities	80,456	81,644	92,746	98,252
Total liabilities	107,903	105,388	118,350	126,698
Net current assets	312,281	198,262	164,028	164,937
Net assets	402,604	318,425	193,287	193,594

Our net assets decreased from RMB402.6 million as of December 31, 2023 to RMB318.4 million as of December 31, 2024, primarily attributable to the loss and total comprehensive expense of the year of RMB84.2 million. Our net assets decreased from RMB318.4 million as of December 31, 2024 to RMB193.3 million as of December 31, 2025, primarily attributable to targeted capital repurchase of RMB132.3 million, which was partially offset by the profit and total comprehensive income of the year of RMB7.1 million. Our net assets remained relatively stable at RMB193.3 million as of December 31, 2025 and RMB193.6 million as of June 30, 2026. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position."

Summary of Consolidated Cash Flow Statements

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash flows used in operating activities	(152,561)	(39,266)	(25,459)	(30,973)	(93,480)
Net cash flows (used in)/generated from investing activities	(96,451)	(2,244)	91,085	49,869	48,582
Net cash flows (used in)/generated from financing activities	(5,173)	(9,231)	(132,992)	(2,146)	23,970
Net (decrease)/increase in cash and cash equivalents	(254,185)	(50,741)	(67,366)	16,750	(20,928)
Cash and cash equivalents at beginning of the year/period	419,552	165,370	114,629	114,629	47,263
Effect of foreign exchange rate changes	3	–	–	–	–
Cash and cash equivalents at end of the year/period	165,370	114,629	47,263	131,379	26,335

Our net cash flows used in operating activities decreased from RMB152.6 million in 2023 to RMB39.3 million in 2024, primarily attributable to (i) a significant decrease in loss before tax from RMB180.7 million to RMB84.2 million, driven by revenue growth from expanding downstream demand and increased market penetration of our AI storage solutions, as well as improved cost efficiency following technology maturation, modularized R&D and AI-enabled productivity enhancements, and (ii) a decrease in trade and notes receivables as a result of strengthened collection oversight and stricter distributor performance assessments, which improved the timeliness of receivables collection. Our net cash flows used in operating activities further decreased to RMB25.5 million in 2025, primarily attributable to (i) a turnaround from loss before tax to profit before tax as accelerated AI adoption across downstream industries drove demand for advanced storage solutions aligned with industry-specific requirements, and (ii) an increase in trade and other payables following the recognition of payables related to a targeted capital reduction to certain shareholders in August 2025. Such improvements were partially offset by an increase in trade and notes receivables resulting from higher customer demand and the corresponding growth in accounts receivable balances. In the six months ended June 30, 2026, our net cash flows used in operating activities was RMB93.5 million, primarily attributable to our profit before tax of RMB0.3 million as adjusted by (i) non-cash and nonoperating items, primarily comprising depreciation of property, plant and equipment of RMB3.5 million, and depreciation of right-of-use assets of RMB2.1 million and (ii) changes in working capital, which primarily comprised increase in trade and notes receivables of RMB34.2 million, increase in inventories of RMB31.0 million and decrease in trade and other payables of RMB22.8 million. In 2025, our net cash flows used in operating activities was RMB25.5 million, which was primarily attributed to our profit before tax of RMB7.1 million as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB8.7 million, and depreciation of right-of-use assets of RMB4.2 million and (ii) changes in working capital, which primarily comprised increase in trade and notes receivables of RMB56.8 million, partially offset by increase in trade and other payables of RMB18.3 million.

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, the long-term bank deposits and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, and (ii) payments for property, plant and equipment, intangible assets, right-for-use assets and lease liabilities. Our historical cash burn rate was RMB14.2 million, RMB4.0 million, RMB2.7 million and RMB16.4 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, mainly representing our investment in R&D activities. We had relatively higher cash burn rates in 2023, primarily due to relatively higher employee compensations paid in cash. We also recorded a relatively higher cash burn rate in the six months ended June 30, 2026, primarily because we increased our hardware procurement during favorable pricing windows and, where appropriate, made advance payments to suppliers to secure supply and favorable pricing. As the need for additional inventory build-up and advance payments is expected to decrease, and together with the anticipated growth in product sales in the second half of 2026, we expect our cash burn rate to decline in the second half of 2026.

We had (i) cash and cash equivalents of RMB26.2 million, (ii) committed unutilized bank facilities of RMB50.0 million, and (iii) term deposits (current and non-current) of RMB74.0 million as of July 31, 2026. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] after deducting the [**REDACTED**] and expenses payable by us in the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]. Assuming an expected average future monthly cash burn of RMB[**REDACTED**] based on the following principal assumptions: (i) hardware procurement costs and related working capital requirements remaining at a relatively elevated level; as advised by CIC, upstream hardware prices are expected to remain subject to potential upward pressure driven by industry supply-demand dynamics; (ii) cash outflows associated with the expected increase in hardware procurement costs being partially offset by cash inflows generated from the continued growth in sales of our Specialist Technology Products; and (iii) our operating expense profile remaining broadly stable following the implementation of operational optimization initiatives, we estimate that our cash and cash equivalents, term deposits, and committed unutilized bank facilities totaling RMB150.2 million as of July 31, 2026, will be able to maintain our financial viability for [**REDACTED**] months from [**REDACTED**] to [**REDACTED**]. If further taking into account [**REDACTED**]% of the estimated net [**REDACTED**] from [**REDACTED**] at an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], we estimate sufficiency of financial viability for [**REDACTED**] months, from [**REDACTED**] to [**REDACTED**]; and if taking into account [**REDACTED**] of such estimated net [**REDACTED**], we estimate sufficiency of financial viability for [**REDACTED**] months, from [**REDACTED**] to [**REDACTED**].

Key Financial Ratios

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

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2023	2024	2025	2026
Revenue growth (%)	N/A	3.4	54.8	86.6
Net (loss)/profit rate (%)	(108.3)	(48.8)	2.7	0.2
Gross profit margin (%)	55.4	63.7	63.8	51.8
Current ratio	4.9	3.4	2.8	2.7
Quick ratio	4.5	3.1	2.5	2.1
Debt-to-asset ratio (%)	21.1	24.9	38.0	39.6

BUSINESS SUSTAINABILITY

Historically, we incurred net losses primarily because we prioritized technology development and market expansion. We made substantial investments in R&D to strengthen our leadership in AI storage, expand our product portfolio and enhance our underlying technologies. We achieved a turnaround in 2025 and recorded profit for the year of RMB7.1 million. We recorded profit for the six months ended June 30, 2026 of RMB0.3 million. This was primarily attributable to the continued commercialization of our data lake storage solutions and storage solutions for T&I, the improved operating efficiency and greater economies of scale. Going forward, we plan to accelerate

commercialization of our AIMesh by expanding deployment in large-scale AI storage scenarios and deepening collaboration with ecosystem partners. We plan to continue enhancing our overall product features through ongoing R&D investment, focusing on higher-performance distributed storage, broader protocol compatibility and improved integration with diverse AI compute environments. At the same time, we aim to acquire new customers across additional verticals while strengthening relationships with existing clients through superior delivery, service quality and long-term support. To sustain scalable growth, we also plan to enhance operating efficiency through optimized resource allocation, refined implementation processes and improved cost control. See "Business — Business Sustainability."

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the [**REDACTED**] for the granting of [**REDACTED**] of, and permission to [**REDACTED**] in, (i) our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (including any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), (ii) the H Shares to be converted from Unlisted Shares and (iii) the Shares to be issued pursuant to the outstanding options under the Share Option Scheme, on the basis that, among other things, we are expected to satisfy the requirements under Rule 18C.03 of the Listing Rules as a Commercial Company (as defined in the Listing Rules) with reference to our expected [**REDACTED**] at the time of [**REDACTED**], which based on the [**REDACTED**], exceeds HK$[**REDACTED**].

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) [**REDACTED**] H Shares are [**REDACTED**] pursuant to the [**REDACTED**]; (ii) [**REDACTED**] Unlisted Shares will be converted into H Shares; and (iii) the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme.

	Based on an [REDACTED] of HK$[REDACTED] per H Share	**Based on an [REDACTED] of HK$[REDACTED] per H Share**
[**REDACTED**] of our Shares[(1)]	HK$[**REDACTED**]	HK$[**REDACTED**]
[**REDACTED**] of our H Shares[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per H Share[(3)]	HK$[**REDACTED**] (RMB[**REDACTED**])	HK$[**REDACTED**] (RMB[**REDACTED**])

Notes:

(1) The calculation of [**REDACTED**] of our Shares is based on the [**REDACTED**] Shares, comprising [**REDACTED**] Shares expected to be in [**REDACTED**] immediately following the completion of the [**REDACTED**] and [**REDACTED**] Unlisted Shares that would be converted to H Shares upon completion of the [**REDACTED**] and [**REDACTED**] Unlisted Shares, assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme. For details, see "Share Capital" in this document.

(2) The calculation of the [**REDACTED**] of our H Shares is based on the [**REDACTED**] H Shares, comprising [**REDACTED**] H Shares to be [**REDACTED**] under the [**REDACTED**] and [**REDACTED**] H Shares to be converted from Unlisted Shares, expected to be in [**REDACTED**] immediately following the completion of the [**REDACTED**]. For details, see "Share Capital" in this document.

(3) The unaudited [**REDACTED**] adjusted net tangible assets per Share is calculated after making the adjustments referred to in "Financial Information — Unaudited [**REDACTED**] Statement of Adjusted Net Tangible Assets" and on the basis that [**REDACTED**] H Shares expected to be in [**REDACTED**] immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme.

[**REDACTED**]

[**REDACTED**] consist of professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising: (i) [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]); and (ii) non [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]); and (b) other fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be deducted from equity upon completion of the [**REDACTED**]. The [**REDACTED**] are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations in 2026.

FUTURE PLANS AND USE OF [**REDACTED**]

Assuming that the [**REDACTED**] is not exercised, after deducting the [**REDACTED**] and other estimated [**REDACTED**] payable by us in connection with the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for enhancing R&D capabilities and enriching our AI storage solution portfolio over the next five years;

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for talent and expansion of sales coverage in strategic industries over the next five years; and

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], as working capital and for general corporate uses.

See "Future Plans and Use of [**REDACTED**]."

DIVIDENDS AND DIVIDEND POLICIES

No dividends were paid or declared by our Company during the Track Record Period.

Our dividend policy provides that no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any declaration of dividends shall be proposed by our Board of Directors and shall be subject to the approval of our shareholders in general meeting in accordance with our Articles of Association and all applicable laws and regulations. We currently do not have a formal dividend policy or any fixed dividend pay-out ratio. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this Document, there had been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the end date of the periods reported in Appendix I to this Document, and there is no event since June 30, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Document.

In January 2026, we officially launched the MeshSpace, MeshFS and MeshFusion, which collectively forms our AIMesh, a platform that connects diverse resources into a consistent, software-defined system. It is designed to support single-bucket, exabyte-scale data capacity and to provide unified access and a single namespace for geographically distributed cross-cloud and heterogeneous unstructured storage environments. As part of our continued product evolution, we also released an updated version of MeshFS. The upgraded MeshFS is designed to address the "I/O wall" in AI training by reconstructing the end-to-end data path, and to balance extreme performance with cost efficiency through intelligent data tiering, background compression and an optimized architecture, providing a robust storage foundation for enterprise AI infrastructure.

We expect to incur a net loss in 2026, primarily attributable to our continued investment in research and development and business expansion. Following the rapid expansion of our business during the Track Record Period, we intend to continue investing in 2026 to support our further growth. In particular, we expect (i) the research and development expenses to increase as we plan to enhance our R&D team's incentives and continue to develop the next-generation AI native storage platform and pursue other technological initiatives, (ii) our selling and marketing expenses to increase as we plan to strengthen incentives for our sales team to support business growth; and (iii) our administrative expenses to increase as we plan to expand our administrative team to support growing operations. Furthermore, we expect to incur [**REDACTED**] in connection with the [**REDACTED**] and equity-settled share-based payments. We expect these increases in expenses to be partially offset by revenue growth, driven by increasing demand for advanced storage solutions amid the accelerating adoption of AI across downstream industries. We believe our ability to maintain our competitive position, expand our customer base and deepen relationships with existing customers will further support such revenue growth.

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, the text of which is set out in Appendix I to this document
"affiliate"	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
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on January 6, 2026 with effect from the [**REDACTED**], and as amended from time to time, a summary of which is set out in Appendix V to this document
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
	[**REDACTED**]
"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan, China
"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"	Beijing XSKY Technology Co., Ltd. (北京星辰天合科技股份有限公司), a limited liability company established in the PRC on May 13, 2015, which was converted into a joint stock limited company in the PRC on December 21, 2021

"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
"Concert Party Agreements"	the concert party agreement dated April 20, 2021 and a supplemental agreement dated October 24, 2025, details of which are set out in "History, Development and Corporate Structure — Acting-In-Concert Arrangement" in this document
"Conversion of Unlisted Shares into H Shares"	the conversion of our Unlisted Shares held by [**REDACTED**] our existing Shareholders into H Shares upon the completion of the [**REDACTED**]
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得税法), as amended, supplemented or otherwise modified from time to time
	[**REDACTED**]
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
	[**REDACTED**]
"Group," "our Group," "we", "our" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)

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

[**REDACTED**]

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

[**REDACTED**]

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

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	August 21, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
	[**REDACTED**]
"Listing Committee"	the Listing Committee of the Stock Exchange
	[**REDACTED**]
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Ministry of Finance" or "MOF"	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. Wang"	Mr. WANG Haomai (王豪邁), our executive Director, vice general manager, chief technology officer and a member of our Single Largest Shareholders Group
"Mr. Xu"	Mr. XU Xin (胥昕), our executive Director, chairman of our Board, general manager, chief executive officer and a member of our Single Largest Shareholders Group
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board

[**REDACTED**]

"Pathfinder SII(s)"	has the meaning ascribed to it in Chapter 2.5 of the Guide for New Listing Applicants issued by the Stock Exchange
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Advisor"	King & Wood, the PRC legal advisors of our Company
"Pre-[**REDACTED**] Investments"	the Pre-[**REDACTED**] investments in our Company undertaken by the Pre-[**REDACTED**] Investors, details of which are set out in "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments"
"Pre-[**REDACTED**] Investor(s)"	the investor(s) who participated in our Pre-[**REDACTED**] Investments, details of which are set out in "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments"

[**REDACTED**]

[**REDACTED**]

"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Regulation S"	Regulation S under the US Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Securities Law"	the Securities Law of the People's Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"Single Largest Shareholders Group"	refers to Mr. Xu, Mr. Wang and XSKY Tianshu
"Sole Sponsor"	the sole sponsor as named in "Directors and Parties Involved in the [**REDACTED**]"

[**REDACTED**]

"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance

"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
"Track Record Period"	the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026

[**REDACTED**]

"Unlisted Share(s)"	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are [**REDACTED**] for or credited as paid in Renminbi and not [**REDACTED**] on any stock exchange
"US$", "USD" or "US dollars"	United States dollars, the lawful currency of the United States
"US Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US" or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

[**REDACTED**]

"Wuhan XSKY"	Wuhan XSKY Technology Co., Ltd. (武漢星辰天合科技有限公司), a company established under the laws of the PRC with limited liability on November 23, 2022 and a wholly owned subsidiary of our Company
"Xiamen XSKY"	Xiamen XSKY Technology Co., Ltd. (廈門星辰天合科技有限公司), a company established under the laws of the PRC with limited liability on November 24, 2022 and a wholly owned subsidiary of our Company
"XSKY Tianshu"	Tianjin XSKY Tianshu Enterprise Management Partnership (Limited Partnership) (天津星辰天樞企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 11, 2021, and a member of our Single Largest Shareholders Group
"%"	per cent

In this document, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction" 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 terms used in this document in connection with our Group and our business. The meaning of these terms may not necessarily correspond to standard industry meaning or the usage of these terms.

"AD"	active directory
"AGI"	artificial general intelligence
"AI agent"	an intelligent system capable of autonomously performing specific tasks on behalf of a user to achieve a proposed goal
"AI Infrastructure"	the integrated set of hardware, software, data systems, or cloud resources necessary for training and inferencing AI models
"AI model"	mathematical algorithms which can take unstructured data as input and transform them into informative outputs through its "intelligence," namely, the capability of perceiving the world, transcribing and organizing information, enhancing or generating contents, or making decisions
"AI"	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
"AIGC"	artificial intelligence generated content, content such as text, visual, and audio created automatically by artificial intelligence technologies without direct human creation
"AI-native"	refers to products, services, or systems that are built from the ground up with artificial intelligence as a core component, rather than integrating AI as an add-on. AI-native solutions are designed to leverage AI technologies in their fundamental architecture and functionality
"algorithm"	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer
"AOI"	automated optical inspection
"API"	a set of rules and tools that allows different software systems to communicate and interact with each other
"app" or "application"	application software designed to run on smartphones and other mobile devices
"bucket"	a logical container in an object storage system used to store and manage objects

GLOSSARY OF TECHNICAL TERMS

"CAGR"	compound annual growth rate
"cloud"	a network of remote servers hosted on the Internet and used to store, manage, process data, and offer algorithms in place of local servers or personal computers
"Cold data"	data that is rarely accessed and is primarily stored for cost efficiency
"Data Lake Storage"	a storage architecture, used to store large volumes of structured and unstructured data in raw format (often built on object storage)
"DRAM"	dynamic random access memory
"EB"	exabyte
"EC"	erasure coding
"edge computing"	a distributed computing paradigm that brings computation, data storage, and analytics closer to the source of data generation
"ESG"	environmental, social and governance
"firmware"	an essential built-in software that manages the basic functions of hardware
"full-protocol access"	the capability of a distributed storage platform to support block, object and file storage protocols simultaneously within a single cluster, enabling unified data access and management across different storage types
"generative AI"	a type of artificial intelligence that creates new content by learning patterns from existing data and generating original outputs
"GHG"	greenhouse gas
"GPU"	graphic processing unit
"HBM"	high bandwidth memory, a high-speed computer memory interface for 3D-stacked synchronous dynamic random-access memory
"HDD"	hard disk drive
"inference cost"	the cost of computational resources needed to use a trained AI model to process inputs and generate outputs

"IOPS"	input/output operations per second, a performance metric measuring the number of input and output operations a storage system can process per second
"ISVs"	independent software vendors, independent third-party software developers that develop and integrate software solutions on or with the company's platform
"kernel"	an open-source, monolithic, Unix-like operating system kernel that serves as the core interface between a computer's hardware and its software applications, responsible for managing resources like CPU, memory, and peripheral devices
"KV Cache"	an optimization technique used in large language model inference that stores the computed vectors of previous tokens in GPU memory, which eliminates the need to re-compute the attention mechanism for past context at every generation step, significantly accelerating inference speed at the cost of relatively higher memory consumption
"LCD"	liquid crystal display
"LDAP"	lightweight directory access protocol
"LLM"	large language model, an AI language model that uses deep learning techniques and massively large data sets to understand, summarize, generate and predict new content
"NFS"	network file system, a file-level storage protocol that enables remote access to files over a network
"open platform"	a publicly accessible interface that allows third-party developers to integrate with a company's systems or services by providing standardized programming access, enabling the development of applications or services based on the platform's capabilities
"open-source"	a source code that is made freely available for possible modification and redistribution
"PACS"	picture archiving and communication system
"parameters"	internal numerical variables or configurations that are learned and adjusted by the foundation model during its training process
"PB"	petabyte
"PCB"	printed circuit board
"PMO"	product management office

"POSIX"	portable operating system interface, a set of standards defining file system interfaces and behaviours to ensure application compatibility
"PV"	photovoltaic
"QoS"	quality-of-service
"R&D"	research and development
"RAG"	retrieval-augmented generation
"RDMA"	remote direct memory access
"RTC"	run-to-completion
"S3"	simple storage service, an object storage interface that provides scalable access to data stored in buckets through a standardized application programming interface
"SAS"	serial attached SCSI, a high-performance storage interface standard used to connect enterprise storage devices, providing higher reliability and throughput than consumer-grade interfaces
"SATA"	serial advanced technology attachment, a storage interface standard used to connect storage devices such as hard disk drives and solid-state drives to host systems
"SCSI"	small computer systems interface, a set of standards that define how computers communicate with and control storage devices through commands for data transfer and management
"SDK"	software development kit, a collection of tools, libraries, documentation, and code samples that developers use to build applications for a specific platform, system, or service
"SLA"	service level agreements, formal contracts between a service provider and a customer that define the expected level of service, including performance metrics such as uptime, response time, and support quality, as well as remedies if standards are not met
"SSDs"	solid-state drives
"T&I"	training and inference
"TLC"	triple-level cell, a type of flash memory technology in which each memory cell stores three bits of data, commonly used in enterprise and data-center solid-state drives

"Vector DB"	vector database
"XEBS"	our enterprise block storage, a distributed block-storage system
"XEDP"	our enterprise data platform, a unified data storage platform that integrates file, object and block storage into a single system
"XEOS"	our enterprise object storage, a enterprise-grade object storage system designed to support the long-term retention, governance and distribution of unstructured datasets
"XGFS"	our global file system, a distributed file storage system designed to support training, big data processing and office/media workloads through a unified global namespace and broad protocol support
"XScale"	unstructured metadata engine
"XSEA"	eXtreme shared-everything architecture, a distributed storage architecture developed for the all-flash data center era
"I/O Wall"	a bottleneck in AI training where storage systems cannot deliver data fast enough to match AI chips' concurrent access demands, causing chips to remain idle and reducing training efficiency
"Memory Wall"	a bottleneck in AI inference where limited on-chip memory cannot hold the intermediate results required by complex models, forcing use of slower external storage or additional high-cost chips
"Data Gravity Wall"	the difficulty of migrating large volumes of enterprise data across multiple systems into high-performance storage for AI training, which is time-consuming and risks creating data silos or version inconsistency
"Hot, warm and cold data"	classifications of data by access frequency, with hot data actively accessed during AI training and inference, warm data retained for periodic reference, and cold data retained for long-term archiving

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 PRC;
- 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 PRC and other relevant jurisdictions 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 PRC and 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.

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations or prospects. In any such case, the* [**REDACTED**] *of our H Shares could decline, and you may lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.*

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

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to the R&D of our solutions; (ii) risks relating to the commercialization of our solutions; (iii) risks relating to our intellectual property rights; (iv) risks relating to our financial condition and need for additional capital; (v) risks relating to our general operations; (vi) risks relating to doing business in the jurisdictions where we operate; and (vii) risks relating to the [**REDACTED**].

RISKS RELATING TO THE R&D OF OUR SOLUTIONS

The industry in which we operate is characterized by constant development. If we fail to continuously innovate our technology and provide innovative solutions that meet the expectations of our customers, our business, financial condition and results of operations may be materially and adversely affected.

The AI data infrastructure industry is defined by constant development and fast-paced innovation. Customer requirements and industry dynamics are rapidly evolving, driven by increasing demand for high-performance storage, distributed architectures, intelligent data management and integration with cloud and edge computing environments. To remain competitive, we must not only launch new technologies in a timely manner but also iterate existing solutions to incorporate advancements in scalability, interoperability and cost efficiency. Our ability to maintain a competitive edge depends on factors including continuous innovation, anticipate market trends, effective integration with diverse platforms and ecosystems, expansion into new verticals and rapid response to competitive product launches and technological breakthroughs.

Such activities are inherently complex, resource-intensive and subject to uncertainty. We may encounter technical challenges, extended validation cycles or hardware compatibility issues that will delay their commercialization. Even if we succeed in developing innovative solutions, there is no assurance that they will achieve anticipated market acceptance. Customers typically undertake extended internal assessments and testing prior to adopting new technologies, which may result in longer sales cycles and higher acquisition costs. Furthermore, rapid technological evolution in our industry could render existing or in-progress technologies obsolete or less competitive. If we fail to anticipate these shifts or respond quickly, we may risk losing relevance and market share. Any of the foregoing factors could materially and adversely affect our ability to sustain growth, maintain and improve our technological capabilities and achieve our long-term strategic objectives.

We have consistently allocated substantial resources to research and development and expect to continue making strategic investments to enhance our core technologies and broaden our solution portfolio. During the Track Record Period, we incurred research and development expenses of RMB110.0 million, RMB88.0 million, RMB77.2 million, RMB38.0 million and RMB41.4 million

in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 65.9%, 51.0%, 28.9%, 38.2% and 22.3% of our total revenue for the respective years/periods. If we are unable to generate commercial returns from our research and development investments, or if revenue from new offerings does not offset development costs, our operating cash flow, profitability, business and financial condition may be materially and adversely affected.

We may fail to attract, recruit or retain key R&D personnel. Even with an R&D team in place, our R&D activities are inherently uncertain and may not yield expected results.

The development and optimization of AI data infrastructure require highly specialized expertise across multiple disciplines, including data architecture, high-performance computing, algorithm design and hardware-software integration. If we are unable to attract or retain individuals with these critical skills, particularly in the event of the departure of our core team members, we may face difficulties in identifying suitable replacements in a timely manner due to limited talent supply and internal reserves. This could result in delays in our R&D progress, disruption of technical continuity and hinder the maintenance and iteration of existing solutions. Furthermore, competition for R&D talent in the AI infrastructure industry is intense. If we fail to offer competitive compensation, career development opportunities or an innovative working environment, we may experience increased employee turnover and failure to attract suitable talents.

Our research and development efforts in AI data infrastructure are subject to significant uncertainty. The complexity of technical pathways, long validation cycles and dependencies on external factors such as hardware availability, compatibility with GPUs and TPUs and integration with evolving enterprise IT environments may prevent us from achieving our outcomes as expected. Certain technologies may encounter challenges such as insufficient algorithm efficiency, bottlenecks in storage performance or misalignment with customer use cases, which could hinder commercialization or reduce market acceptance. Additionally, if we fail to anticipate and respond to shifts in technological trends, such as changes in data processing standards or emerging architectures, we may miss critical innovation windows, thereby weakening our competitive position. Any of the foregoing events could materially and adversely affect our ability to deliver innovative solutions, maintain and improve our technological capabilities and achieve our growth objectives, which in turn could negatively impact our business operations, financial condition and results of operations.

RISKS RELATING TO THE COMMERCIALIZATION OF OUR SOLUTIONS

If we are unable to compete effectively, our business, financial condition and prospects may be materially and adversely affected.

We operate in the highly competitive market of AI data infrastructure, where we primarily compete with companies that sell storage arrays, integrated systems and servers, as well as infrastructure and management software. This market is characterized by constant change and rapid innovation. Our main competitors may include traditional storage array vendors, traditional IT systems vendors and providers of hyper-converged infrastructure and software-defined storage products. In addition, as the market for distributed storage and all-flash architectures grows, we expect to attract new entrants as well as increased participation from existing large vendors. Public cloud service providers may also serve as alternative solutions, creating additional competitive pressure on our business.

We face competition from existing and potential competitors that may possess stronger market positions, broader customer and partner relationships, greater innovation capabilities and substantially greater financial, technical and other resources than we do, and may leverage these advantages through pricing, bundled offerings and strategic partnerships, which could materially and adversely affect our business, operating results and future prospects.

The size of our addressable markets and the demand for our AI storage solutions and services may not increase as rapidly as we anticipate due to a variety of factors.

Our business growth depends on the continued adoption of AI data infrastructure. However, we cannot assure you that this technological innovation will achieve broad market acceptance within the timeframe we expect. The AI data infrastructure market remains at an early stage and its growth trajectory is subject to significant uncertainty, including customer inertia, integration and migration challenges, high upfront investment and hardware supply constraints, limited market awareness, cybersecurity concerns, and evolving regulatory requirements. Any of these factors could reduce demand for our AI storage solutions, limit our growth and adversely affect our business, results of operations and financial condition. Moreover, such conditions may intensify competition, placing greater pressure on our ability to maintain and improve our technological capabilities, product differentiation and cost advantages. External macroeconomic trends, including fluctuations in enterprise IT spending and global economic uncertainty, could further constrain demand for AI data infrastructure and related services. Failure to achieve anticipated market growth would materially and adversely impact our business operations, financial performance and long-term strategic objectives.

Failure of our AI storage solutions and services to satisfy customer demands or to achieve increased market acceptance could adversely affect our business, results of operations, financial condition and growth prospects.

Conventional IT infrastructure remains deeply embedded in many end-customers' data centers due to historical investments and the established knowledge base and skill sets of IT administrators. As a result, we must devote significant resources to educating customers regarding the benefits of our solutions and addressing concerns relating to migration costs, integration complexity, system compatibility and security. Enterprise customers often conduct extensive evaluations before adopting new infrastructure, which may result in longer sales cycles and higher customer acquisition costs. If we are unable to effectively demonstrate the performance, cost efficiency and reliability of our solutions, customers may delay adoption or choose competing products, which could limit our market penetration and growth prospects.

Our AI storage solutions are designed to operate across a wide range of technological environments and integrate with various hardware, software and infrastructure protocols. However, industry standards and technology frameworks continue to evolve rapidly, and customer requirements are becoming increasingly complex. If we are unable to maintain compatibility in a timely and cost-efficient manner, or if customers encounter technical challenges during integration, testing or deployment, our ability to deliver consistent performance and meet customer expectations could be compromised, which may negatively impact on our market position. Any compatibility issues or challenges encountered during integration, testing or deployment could adversely affect customer experience, reduce adoption and retention and impair our competitive position.

Our sales and marketing efforts are critical to our business. However, there is no assurance that these efforts will remain successful.

Our sales and marketing efforts are critical to our business, and there is no assurance that these efforts will continue to be successful. Our operating results can vary due to the resource requirements of our sales activities and the variable length of our sales cycle. The process from initial contact with a potential customer through the purchase or integration of our solutions and services usually involves significant time and resources, such as evaluating organizational needs and informing prospective customers about the technical features and benefits of our solutions. There can be no assurance that these efforts will result in successful sales, that actual sales will align with our forecasts, or that customers will deploy and utilize our solutions effectively to achieve the intended outcomes. The effectiveness of our sales and marketing initiatives is largely contingent upon our capacity to maintain customer relationships and augment the presence of our offerings through sales and marketing efforts. This requires us to recruit, develop and retain skilled

sales professionals who possess substantial industry expertise, solid technical communication abilities and demonstrated sales proficiency. New hires generally require extensive training and may take considerable time to achieve full productivity, which may limit their effectiveness compared to more experienced personnel. If we fail to recruit, train and retain sufficient numbers of effective sales personnel, and as a result are unable to acquire new customers or increase sales to existing customers, our business, operating results and growth prospects could be materially and adversely affected. In addition to acquiring new customers, we must maintain stable relationships with existing customers to ensure satisfaction, drive renewals and upselling opportunities, and preserve our brand reputation. Effective customer relationship management requires ongoing communication, timely technical support and consistent service delivery, and as our customer base expands, complexity and costs of maintaining these relationships will increase. Failure to meet these requirements could result in customer attrition, reduced renewal rates or negative publicity, any of which could adversely impact our revenue and market position.

If our expansion into new verticals is not successful, our business, prospects and growth momentum may be materially and adversely affected.

We deliver innovative AI storage solutions within the AI data infrastructure market to address the diversified needs of customers across various verticals including intelligent manufacturing (including industrial vision, edge AI and LCD panel), financial institutions, telecommunications operators and technology enterprises, and we have successfully expanded into new verticals such as the finance industry in the past. However, we cannot assure you that we will be able to maintain this momentum in the future. As a new entrant into any vertical, we face certain risks and challenges. We may not have an established customer base in these new markets, which may make it more difficult to gain traction and build trust with prospective customers. In addition, there may already be one or more established market leaders in the verticals we choose to enter. Such companies may compete more effectively than we do by leveraging their experience in that vertical, deeper industry insights and stronger brand recognition. We may also be subject to additional regulatory requirements that apply to these businesses. Moreover, entering new verticals often requires substantial investment in research and development to adapt our existing technology or build new capabilities tailored to specific industry requirements. These efforts may involve complex integration, longer development cycles and higher costs, and there is no assurance that such initiatives will succeed or achieve market acceptance. Expansion into new verticals could place considerable strain on our management and resources, and any failure to expand successfully could have a material adverse effect on our business and prospects.

We have a limited track record in mass commercialization of our solutions.

Our experience in launching, marketing and scaling solutions for widespread adoption within the AI data infrastructure market remains limited. Achieving large-scale commercialization in this sector may entail greater inherent risks, require extended timelines and result in higher costs compared to enterprises with a more established track record. Furthermore, introducing new solutions necessitates additional resources. Given our limited history in mass commercialization, we cannot assure that customers will adopt our solutions, that sales performance will align with our forecasts, that third parties will deploy and operate our solutions effectively to deliver satisfactory user experience or that we will maintain comprehensive quality control. Any of these factors, individually or collectively, could materially impede our commercialization efforts and, consequently, adversely affect our business and operating results.

The sales cycles for our solutions can be long and unpredictable, which can result in significant time lag between initial contact with a prospective client and execution.

The deployment cycle for our solutions can be long and unpredictable, often involving multiple stages of planning, integration and testing before full implementation. These extended timelines may significantly lengthen the sales cycle, resulting in a substantial time lag between initial engagement with a prospective customer and contract execution or revenue recognition. Such

delays can affect our cash flow and the accuracy of our revenue forecasts and increase uncertainty in our operations. Customers often require installation and configuration before our solutions become fully operational in their environment. This process typically involves assessing compatibility with the customer's existing IT architecture and may require us to customize and adjust our solutions to ensure integration with the customer's hardware, software and security standards. For large enterprise customers, deployment may also involve cross-departmental system integration, data migration, access control and integration with third-party applications, which can significantly extend implementation timelines and increase technical risks and resource commitments. If we fail to effectively meet customers' unique requirements, projects may be delayed and its functions may be limited, which could lead to customer dissatisfaction. Customized deployment generally requires significant involvement of technical personnel for architecture design, testing and go-live support, and any shortage of qualified staff or skills gaps could impair delivery quality. As customer requirements become increasingly complex, we must maintain flexible technical capabilities and sufficient resources to address customization challenges across diverse environments. Otherwise, our sales cycles may be further extended which would further delay revenue realization for our solutions and services, which could adversely affect our business, financial condition and results of operations.

If we fail to retain existing customers, attract new customers or increase the spending by existing customers, our business, financial condition and prospects may be materially and adversely affected.

Our AI data infrastructure solutions and services are typically offered on a project basis, and our revenue growth largely depends on retaining existing customers, attracting new customers and increasing overall customer spending. Customer retention and expansion depend on various factors, including our ability to provide more cost-effective solutions that meet customer needs at competitive prices, the adaptability of our solutions to varied customer requirements, our ability to maintain and improve our technological capabilities, the responsiveness of our after-sales services and the effectiveness of our sales and marketing efforts. If we fail to successfully retain existing customers or attract new customers, our revenue growth may fall short of expectations or may not materialize at all. As our customer base grows and diversifies into additional verticals, we may be unable to promptly deliver solutions that meet the specific customer needs or provide adequate, diversified customer support. This could lead to customer dissatisfaction, decline in overall demand for our solutions and loss of anticipated revenue. Furthermore, if we fail to meet customer service expectations, our reputation may be eroded, which could further limit our ability to retain existing customers and attract new ones, thereby materially and adversely affecting our business, financial condition and future prospects.

Any failure of our solutions to perform as required, or any failure by us to offer adequate customer services could harm our business, financial condition and prospects.

Proper use of our solutions depends on customers receiving adequate training and ongoing technical support throughout the contract term. If training or maintenance services require more resources than initially estimated, our margins may fall below projections. As our business and customer base expand, we must scale our support and maintenance capability. However, we may not be able to recruit or retain sufficient qualified personnel to address short-term spikes in demand, which could negatively affect customer satisfaction. In addition, our solutions may involve complex technology, making installation and post-sale services highly demanding. If installation or initial configuration is not performed correctly, system performance may be inadequate or outcomes may fall short of expectations, increasing the need for additional support. The installation process may involve hardware deployment, system integration and specialized configuration for customer environments, and any errors in these steps could result in operational instability. Beyond installation, ongoing post-sale services including system updates, troubleshooting, performance optimization and integration with evolving customer requirements, can be resource-intensive and require specialized expertise. Any installation errors, misconfiguration, or failure to provide appropriate implementation, analytical or maintenance services could lead to customer

dissatisfaction, contract terminations or non-renewals, reduced payments, negative publicity or legal claims against us. Any of these events could materially and adversely affect our business, financial condition, and results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

Our patents and other non-patented intellectual properties are valuable assets. Insufficient intellectual property protection or unauthorized use by third parties may reduce our competitive advantage and lead to conflicts that adversely affect our business, financial condition and results of operations.

Our ability to maintain a competitive edge in the AI data infrastructure market depends significantly on obtaining, maintaining and enforcing intellectual property rights for our core technologies in the jurisdictions where we operate and sell our products. We rely on a combination of patents, trademarks, copyrights, domain names, trade secrets and contractual safeguards to protect our innovations and commercial identity. However, developing and maintaining an intellectual property portfolio involves inherent uncertainties. Applications may not be granted, may be delayed or may provide narrower protection than anticipated, while ongoing maintenance and enforcement require significant resources and compliance with applicable legal requirements. In addition, intellectual property protection may be inadequate in certain jurisdictions, and evolving legal frameworks may reduce the scope or value of our rights.

Third parties may infringe, misappropriate or otherwise improperly use our intellectual property, and our protective measures may not fully prevent such activities. Enforcing or defending our rights may require costly, time-consuming and uncertain litigation or administrative proceedings, which could result in our intellectual property being limited, invalidated or held unenforceable. Any loss or weakening of intellectual property protection could materially and adversely affect our business, financial condition, results of operations and future prospects.

We could face claims of intellectual property infringement or misappropriation from third parties, which, if determined against us, could potentially result in significant damages and sales restrictions.

Certain competitors and non-practicing entities maintain extensive intellectual property portfolios and may allege that our planned commercialization of specific technologies infringes or misappropriates their rights, particularly during regulatory registration processes with government authorities. Regardless of merit, any resulting disputes could lead to prolonged and costly legal proceedings. Competitors may also strategically leverage intellectual property litigation to delay our market entry and gain a competitive advantage. Our evaluations on whether our technologies may infringe or misappropriate third-party intellectual property rights may be limited in scope, may not be conducted for each product, feature, market or jurisdiction, and may not be exhaustive due to the vast number of patents in the AI and data infrastructure fields. Any actual or alleged infringement claim could require us to devote significant resources to defence, incur damages, licensing or settlement costs, delay or restrict commercialization of our solutions, redesign technologies, enter into licensing arrangements on unfavorable terms, or harm our reputation and strategic relationships. Any of these events could materially and adversely affect our business, financial condition and results of operations.

We may be unable to protect the confidentiality of our trade secrets, unpatented proprietary technology, processes and know-how and we may be subject to claims that our employees or third parties have wrongfully used or disclosed alleged trade secrets owned by others.

Our trade secrets, including system architecture and workflow methodologies, are critical to our competitive position and are primarily protected through contractual arrangements, such as confidentiality and non-compete obligations with employees and business partners. However, such arrangements may not provide adequate protection against unauthorized disclosure, misuse or

misappropriation of our trade secrets, whether by current or former employees or other parties. Any failure to maintain confidentiality or enforce contractual obligations could result in the loss of our proprietary know-how and adversely affect our competitive position and business.

The risk is amplified by the nature of our collaborations. In the course of working with distributors, suppliers, customers, technology partners and other external parties, we may need to share technical documentation, interface specifications and integration protocols to enable product development and service delivery. We cannot fully prevent third parties from mishandling or misappropriating sensitive information, whether through negligence, insider misconduct or cybersecurity breaches. A single incident of leakage could compromise critical intellectual assets, expose us to contractual liabilities and damage our reputation, and the remedy we have under the agreement may not be sufficient. As we expand our global footprint, cross-border partnerships may further increase complexity, as trade secret laws vary significantly across jurisdictions and enforcement may be costly, time-consuming and uncertain.

Furthermore, technologies relevant to our business may be independently developed by third parties, and we may from time to time face allegations regarding the unauthorized use or disclosure of third-party proprietary information by our personnel. Any such claims could result in litigation, injunctions, regulatory investigations or financial liabilities and require significant management attention and resources to defend. Any of the foregoing events could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We may not be able to raise adequate capital to finance our business or R&D strategies, or we may be able to do so only on terms that significantly restrict our ability to operate and grow our business.

The implementation of our business strategies may require substantial capital outlays. As we pursue our growth initiatives and respond to developments in the industry where we compete, our capital expenditures may differ significantly from our expectations. There is no assurance that our available funds and cash flow from operations will be sufficient to meet our future cash needs or that we will not require additional equity or debt financing. If we determine that additional funds are necessary and are unable to obtain financing on acceptable terms, or at all, we may be prevented from fully implementing our business or research and development strategies, which could adversely affect our growth prospects and competitive position. Even if we are able to secure additional financing, such financing may involve unfavorable terms, including dilution of existing shareholders' interests, increased financial costs or restrictive covenants that could limit our operational flexibility. Furthermore, conditions in the capital markets, interest rate fluctuations and changes in regulatory policies may increase the difficulty or cost of obtaining financing. If we are unable to obtain sufficient funding under favorable terms or at all, our ability to execute our business plans, manage our daily operations, invest in technology development, expand into new markets and maintain our competitive position could be materially and adversely affected.

We have incurred net losses in certain years/periods during the Track Record Period and may incur additional losses in the future.

We have experienced substantial net losses in recent years/periods. During the Track Record Period, we incurred net losses of RMB180.7 million, RMB84.2 million and RMB10.5 million in 2023, 2024 and the six months ended June 30, 2025, respectively. We recorded net profit of RMB7.1 million and RMB0.3 million in 2025 and the six months ended June 30, 2026, respectively. We cannot assure stable profitability in the foreseeable future as we continue to make significant investments in research and development to advance our AI data infrastructure technologies and expand our operations. In addition, we expect to incur incremental costs associated with operating as a public company during a period of rapid growth. The extent of our future losses will depend on various factors, including the scale and complexity of our research and development initiatives,

the costs associated with commercializing new solutions, our ability to generate sustainable revenue streams and the timing and amount of payments tied to preliminary and final acceptance or other obligations under arrangements with third parties. There can be no assurance that we will achieve profitability within the timeframe we expect or that we will maintain profitability once achieved. Even if we become profitable, we may not sustain profitability in subsequent periods. Failure to achieve or maintain profitability could materially reduce the value of our company and impair our ability to raise additional capital, fund ongoing research and development programs, expand our operations or execute our growth strategy. In such circumstances, our business prospects would be significantly weakened, and [**REDACTED**] could lose all or a substantial portion of their [**REDACTED**].

We recorded net operating cash outflows historically, which may continue in the foreseeable future and expose us to liquidity risk.

We also recorded net cash outflow from operating activities of RMB152.6 million, RMB39.3 million, RMB25.5 million and RMB93.5 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. We cannot ensure that cash inflows will consistently align with payment obligations. Continued negative operating cash flow could require additional financing to sustain operations and fund expansion. If we fail to generate sufficient internal cash or obtain external funding, our liquidity and growth plans may be materially constrained. Alternative financing would increase costs and may not be available on acceptable terms. External factors such as competitive dynamics and macroeconomic shifts could further pressure our cash flow condition. For example, changes in upstream supply conditions and procurement costs may affect our inventory procurement strategies and overall cost structure, which could increase working capital requirements and further affect our operating cash flow. Persistent operating cash deficits would erode working capital and impair our ability to meet operating expenses.

We are exposed to credit risks related to our trade receivables.

Our trade receivables primarily arise from sales of our products. As of December 31, 2023, 2024, 2025 and June 30, 2026, our trade and notes receivables (net of allowance for credit losses) was RMB54.7 million, RMB32.7 million, RMB88.6 million and RMB123.5 million, respectively. The collection of amounts due from our customers may not always be timely, which could result in slow turnover of trade receivables and constrain our working capital resources. In 2023, 2024, 2025 and the six months ended June 30, 2026, our trade and notes receivables turnover days were 145.7 days, 91.2 days, 81.8 days and 102.8 days, respectively. We cannot assure that we will recover the amounts due from our customers within the agreed credit terms, or at all. Failure to receive payments on a timely basis could adversely affect our cash flows and financial position. In addition, disputes arising from customer defaults may be time-consuming and costly to resolve, and we may not succeed in recovering such amounts. If we are unable to effectively manage credit risk or implement appropriate collection measures, we may face increased bad debts and impairment of receivables, which could materially and adversely impact our cash flow, working capital turnover and overall financial performance.

We may fail to accurately forecast market demand for our solutions and maintain an optimal inventory level.

As our business expands, effective inventory management is critical. Our inventories primarily consist of raw materials, finished goods and goods in transit related to solution delivery. During the Track Record Period, our inventories decreased from RMB32.3 million as of December 31, 2023 to RMB22.9 million as of December 31, 2024 further increased to RMB24.1 million as of December 31, 2025, and further increased to RMB55.1 million as of June 30, 2026. In 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 182.0 days, 158.4 days, 87.6 days and 79.7 days, respectively. We cannot guarantee full recoverability of inventories, particularly in the event of changes in customer requirements or project delays or cancellations. Overestimating demand may result in excess inventory leading to potential write-downs, write-offs or discounted sales negatively impacting financial performance. Conversely, underestimating

demand could cause raw material shortages or delivery delays harming customer relationships and operational efficiency. Numerous factors such as unexpected raw material shortages, rapidly changing market trends and unforeseen natural disasters make it difficult to anticipate demand and manage inventory levels effectively. As our business grows, the risk of inventory obsolescence may increase, which could materially and adversely affect our business, financial condition and results of operations.

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

During the Track Record Period, we benefited from government grants and subsidies, part of which are non-recurring in nature or are subject to periodic review. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, the value-added tax refund we recognized amounted to RMB10.2 million, RMB8.7 million, RMB10.1 million, RMB3.4 million and RMB5.4 million, respectively. In addition, our Company was qualified as a High-New Technology Enterprise and was entitled to a preferential income tax rate of 15% during the Track Record Period. We are also entitled to claim 175% of the research and development expenses incurred in a year/period as tax deductible expenses in determining the taxable income for that year/period, which was further increased to 200% since October 1, 2022. In addition, the unutilized tax losses incurred by the qualified HNTE can be utilized in ten years from the year of loss. See Note 11 of the Accountants' Report in Appendix I to this document. However, the relevant government authorities may at any time decide to reduce or cancel the grants or preferential tax treatments previously available to us, or even require us to repay part or all of the grants we have received, which could adversely affect our business, financial condition, results of operations and prospects. As some of the government grants we received are typically one-off and non-recurring in nature, there is no assurance that we will continue to obtain or benefit from such support in the future. Furthermore, we may not be able to successfully or timely secure new government grants or preferential tax treatments that may become available, and any such failure could materially and adversely impact our business, financial condition, results of operations and prospects.

We may not be able to sustain our historical growth rates, and our historical growth may not be indicative of our future performance.

Our revenue was RMB166.8 million, RMB172.5 million, RMB267.0 million, RMB99.5 million and RMB185.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our gross profit increased from RMB92.4 million in 2023 to RMB109.9 million in 2024, and increased from RMB109.9 million in 2024 to RMB170.4 million in 2025. Our gross profit increased from RMB69.8 million in the six months ended June 30, 2025 to RMB96.3 million in the six months ended June 30, 2026. Past performance does not necessarily guarantee future results. Our ability to maintain and improve our business operations depends on successfully executing several key strategies, including developing technological breakthroughs, effectively commercializing our R&D results, expanding and optimizing our sales network, prudently managing operating costs, attracting and retaining qualified talent, as well as responding to evolving market and competitive pressures. Failure to execute these strategies could hinder our future success and adversely affect our revenue and profitability.

In addition, our historical operating results, while providing insights into past performance, may not be indicative of future results. Changes in market conditions, shifts in customer preferences, technological advancements, competitive dynamics, as well as unforeseen events such as economic downturns, regulatory changes and supply chain disruptions, could significantly impact our business outcomes. Therefore, reliance solely on historical data may not provide a comprehensive understanding of our future prospects. Furthermore, we have a limited operating history compared to some of our competitors. As a result, it may be difficult to evaluate and reliably predict future performance based on our current business outlook. We may encounter unforeseen expenses, complexities, delays and other known and unknown factors, and may not achieve expected results in future periods. As a result, relying solely on our historical data may not offer a comprehensive understanding of our prospects.

Fair value change for financial assets at fair value through profit or loss may adversely affect our results of operations and financial condition.

We made investments in certain financial products in 2024 and recorded a carrying amount of financial assets at fair value through profit or loss ("FVTPL") amounted to nil, RMB50.1 million, nil and nil as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively. We may, depending on market conditions and our treasury management needs, continue to make similar investments in the future. Our financial assets primarily consist of structured deposits issued by licensed banks in China. See Note 24 to the Accountants' Report in Appendix I to this document. Going forward, we may continue to invest in financial products, which exposes us to fluctuations in fair value. Factors beyond our control, such as macroeconomic conditions, interest rate changes, capital market volatility and regulatory developments, could lead to fair value losses, adversely affecting our results of operations and financial condition. In addition, these investments may yield less than anticipated, and their fair values may fluctuate significantly, creating uncertainty in valuation. Failure to realize expected returns could materially impact our business and financial position. Valuation of these financial assets and equity instruments may rely on certain assumptions that may not reflect actual market conditions, resulting in discrepancies between recorded fair value and realizable prices. In the event that we fail to address any and all uncertainties and risks, we may have limited or no recourse and the value in our investments may decrease. Any changes in fair value of financial assets at FVTPL will directly affect our profit or loss statements and may negatively impact our overall financial condition.

We have a limited operating history, which makes it difficult to evaluate our business and prospects, and our historical growth may not be indicative of our future performance.

We are a technology company with a limited operating history. Our operations have primarily focused on building our intellectual property portfolio, conducting research and development activities and commercializing our products and solutions. Due to our limited track record, revenue fluctuations during the Track Record Period and the rapidly evolving nature of our industry, it may be challenging to assess our current business or predict our future performance with certainty. Our historical results may not provide a reliable basis for evaluating our business, financial condition or prospects, and we may face unforeseen expenses, complications, delays and other factors that could hinder our progress. If we fail to address these risks and overcome these challenges, our business and prospects could be adversely affected.

RISKS RELATING TO OUR GENERAL OPERATIONS

The standards of applications for AI technologies and data security are constantly evolving. Any inappropriate use or flaws of such technologies, whether actual or perceived, intended or inadvertent, or committed by us or by other third parties, could have negative impact on our business and the public's acceptance of data management services.

The standards governing the application of AI technologies and related regulatory requirements are continuously evolving. Any inappropriate use or technical defect, whether actual or perceived, whether intentional or inadvertent, and whether committed by us or by third parties, could adversely affect our business and the public's acceptance of AI storage solutions. As a company focused on AI data infrastructure, our technologies primarily cover distributed storage architectures, unified software-defined storage platforms and heterogeneous hardware integration. These technologies remain subject to uncertainty and potential risks inherent in a rapidly developing industry, including potential errors or inefficiencies affecting data aggregation and processing accuracy, the need for significant investment to keep pace with technological advancements, supply chain disruptions or compatibility challenges relating to compute-intensive workloads and hardware, cybersecurity vulnerabilities that could result in unauthorized access or service interruptions, and evolving regulatory and technical compliance requirements across diverse hardware ecosystems and jurisdictions that may increase operational complexity and costs. If any of these risks materialize, whether actual or perceived, we could experience customer attrition,

operational constraints and reputational damage, and may be required to allocate substantial resources to address these issues. Furthermore, the rapidly changing global regulatory environment may impose tightened compliance obligations and could require modifications to our existing offerings to ensure full compliance with applicable laws.

We engage third party suppliers for certain hardware, which may subject us to supply chain risks.

Our business relies significantly on third-party service providers, particularly for hardware procurement. We must source performance-critical components such as solid-state drives (SSD), memory and network interface cards (NICs) from third-party suppliers. These components are essential to the performance and stability of our products. Any delay, shortage or significant price fluctuation in the supply of these components could directly affect our production schedule, delivery timelines and cost management, which may adversely impact our business and operating results. Moreover, suppliers may impose substantial price increases during market-wide cost increases, which customers may be unable or unwilling to accept, potentially leading to project delays or cancellations. If we are unable to maintain stable relationships with existing suppliers, we may be required to switch to alternative suppliers. This could result in substantially higher procurement costs, delayed hardware procurement and, in some cases, difficulty in sourcing suitable replacements, thereby increasing supply chain risk. In addition, because we do not control the operations or quality standards of the components provided by our suppliers, we cannot fully guarantee that all hardware sourced from suppliers will meet optimal performance requirements. Such uncertainty may lead to product performance degradation, diminished customer experience and potential contractual breaches or liability claims.

In addition, these third-party suppliers may not continue to provide required components on commercially reasonable terms or may cease providing services altogether. If we lose access to such suppliers or if they perform unsatisfactorily, breach contractual obligations or experience financial difficulties, we may incur additional costs, experience delays or interruptions in delivering our solutions, or be required to replace them with alternative providers. Any of the foregoing circumstances could result in service disruptions, missed customer commitments, increased operating expenses and reputational harm.

We rely on a number of major suppliers, and any disruption in supply or deterioration in supplier relationships could adversely affect our business and results of operations.

In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers in each year/period accounted for 45.2%, 56.1%, 63.5% and 56.3% of our total purchase amount for these respective years/periods. In these same respective years/periods, purchases from our single largest supplier in each year/period accounted for 22.6%, 21.0%, 35.5% and 22.6% of our total purchase amount. We cannot assure you that there will not be any dispute between our major suppliers and us, or that we will be able to maintain stable business relationships with our existing suppliers. Any interruption in their operations, deterioration of our relationships, termination of supply arrangements, changes in procurement terms or inability to meet our requirements could result in supply shortages, increased procurement costs or delays in delivery. In addition, alternative suppliers may not be available in sufficient quantities, of suitable quality or at acceptable prices within a reasonable period of time. Any prolonged disruption in supply or increase in procurement costs could adversely affect our operations, profitability and growth prospects.

We may not be successful in implementing our business plans and strategies effectively or at all, which could materially and adversely affect our business, financial condition and prospects.

We are actively pursuing a range of strategies to drive business growth. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]." The execution of new strategies involves inherent risks and uncertainties. Many of these initiatives are in early stages and may require

significant investment in technology development, infrastructure and talent acquisition. Some strategies may take longer than anticipated to achieve commercial viability or market acceptance, and there is no assurance that they will deliver the expected results. Our ability to execute these plans effectively depends on factors such as accurate market forecasting, timely product development, successful integration of new technologies and efficient allocation of resources. In addition, we may lack sufficient experience in implementing certain initiatives, particularly those involving unfamiliar markets or emerging technologies. Operational complexities, regulatory hurdles and unforeseen technical challenges could further delay progress or increase costs. If these strategies fail to gain traction or generate anticipated returns, we may be unable to recover associated expenditures, which could adversely affect our revenue growth and profitability. Moreover, we may pursue multiple initiatives simultaneously, which may strain management attention and organizational resources, potentially impacting our core operations. Failure to manage these risks effectively could impair our ability to achieve strategic objectives and weaken our competitive position.

Our business growth might be affected by our distributorship network. If we fail to maintain our existing distribution channel, our business, financial condition and results of operations could be adversely affected.

During the Track Record Period, we rely on distributors to expand our market reach. In 2023, 2024, 2025 and the six months ended June 30, 2026, our total sales to distributors amounted to RMB98.2 million, RMB102.9 million, RMB190.4 million and RMB121.9 million, respectively, representing 58.9%, 59.7%, 71.3% and 65.6% of our revenue for the corresponding years/periods. As we have limited control over the operations of our distributors, we cannot assure you that they will consistently comply with our distributorship agreements, standards, sales policies or applicable laws and regulations, maintain stable sales performance, or continue to prioritize our products. Any misconduct by distributors, including corruption, bribery or other illegal acts while selling or promoting our products or using our brand names, could harm our reputation. If our relationship with a distributor is materially disrupted or terminated for any reason, we may not be able to replace such distributor with one of comparable capabilities in a timely and cost-effective manner, or at all. We also face credit risk as distributors may delay payments or default on their obligations, which could negatively impact our cash flow and financial condition. Inventory management presents additional challenges. We cannot assure you that we will always accurately track inventory levels across our distribution network or prevent excessive inventory buildup. If distributors fail to sell sufficient quantities of our products to end customers, inventory accumulation could adversely affect our sales and profitability. Moreover, any significant expansion of our distribution network or concentration of sales among certain distributors may lead to internal competition and cannibalization. Any of these factors could disrupt our ability to manage, expand and optimize our distribution network.

We have relatively high customer concentration, and a loss of any these major customer may adversely affect our business, results of operations and financial condition.

During the Track Record Period, we had a relatively high level of customer concentration. In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue generated from our five largest customers in each year/period amounted to RMB88.2 million, RMB88.6 million, RMB102.5 million and RMB103.2 million, representing 52.9%, 51.4%, 38.3% and 55.5% of our total revenue for the same years/periods, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue generated from our largest customer in each year/period amounted to RMB28.6 million, RMB36.7 million, RMB45.7 million and RMB41.1 million, respectively, representing 17.1%, 21.3%, 17.1% and 22.1% of our total revenue for the same years/periods, respectively. There is no assurance that our existing customers, particularly our five largest customers in each year/period during the Track Record Period, will continue to purchase our solutions and services, that we will be able to maintain or strengthen our relationship with them, or that we will be able to continue

supplying our solutions and services to them at current levels, or at all. If any of our key customers were to substantially reduce the frequency or scale of their orders, or cease doing business with us entirely, we may not be able to secure sufficient replacement orders from other customers on comparable terms or at all.

Our business is subject to seasonality.

Our business is subject to seasonality. Demand for data storage solutions and related services may fluctuate throughout the year. We typically generate more revenue in the second half of the year, particularly in the fourth quarter, primarily due to factors such as enterprise budget cycles, fiscal year-end IT spending and peak periods of data generation. These seasonal variations can result in uneven revenue streams, pressure on supply chain and inventory management, as well as challenges in capacity planning. If we fail to accurately forecast these fluctuations, we may experience underutilization of resources during low-demand periods or shortages during peak periods, which could lead to increased costs, delayed deliveries and reduced customer satisfaction. In addition, seasonality may impact our ability to maintain consistent cash flow and profitability, particularly if high-demand periods do not align with our operational or financial planning.

Our insurance coverage may be insufficient to cover all of our potential losses.

We maintain a variety of insurance policies, including property insurance and employer liability insurance. However, insurance coverage is inherently limited, and there is no assurance that these policies will fully protect us against all potential losses. Certain risks may fall outside the scope of coverage or exceed applicable limits, leaving us exposed to financial liabilities. For example, unforeseen events such as significant business disruptions, major legal disputes or large-scale natural disasters could result in claims that surpass the protection offered by our existing policies. In such circumstances, we may be required to bear substantial costs ourselves, which could negatively impact our liquidity and overall financial condition. Furthermore, even for insured events, there is no guarantee that claims will be processed successfully or settled in a timely manner. Delays or disputes with insurers could create cash flow pressures, and compensation received may be significantly lower than the actual losses incurred. Any shortfall between insurance payouts and real damages could require us to allocate additional resources, potentially affecting our ability to fund operations or pursue growth initiatives. If our insurance arrangements fail to provide adequate protection during critical incidents, we may incur uninsured or underinsured losses and experience operational disruptions.

We may not be able to fully maintain quality control over our products.

The quality and reliability of our products and solutions depend on the effectiveness of our quality control systems. These systems rely on factors such as the quality and reliability of critical hardware components, the robustness of our software architecture, the competence of our technical staff and the adequacy of our training programs, as well as our ability to ensure strict adherence to established quality protocols. However, we cannot guarantee that our quality control and assurance procedures will consistently prevent or resolve deviations from our standards. Any significant failure or deterioration in these systems could result in malfunctioning of our integrated machines, software bugs, data integrity issues, cybersecurity vulnerabilities or other losses, and could harm our market reputation and relationships with customers and business partners. In addition, the quality of parts and components supplied by third-party vendors for our integrated machines is beyond our direct control. We cannot assure you that these parts and components are free from defects, meet required specifications or comply with relevant quality standards. We rely on the quality control measures of our suppliers and partners, and any failure on their part could expose us to customer complaints, warranty claims and product liability risks. In some cases, we may not be able to obtain indemnification from suppliers, and any legal proceedings against them could be time-consuming and costly regardless of the outcome.

Real or perceived errors, failures or disruptions in our solutions could adversely affect our reputation and our business could be harmed.

Our business operations rely on proprietary technologies that underpin our data storage solutions. Any material defect or malfunction in these technologies could adversely affect not only specific functionalities but also the overall performance of our products. Remediation of such issues may require significant time and financial resources, and there can be no assurance that these efforts will fully resolve the problems. There is no guarantee that these technologies will operate without interruption or error. Should such defects or errors occur, they may materially impair user experience, reduce confidence in our solutions and result in reputational harm and loss of market share. The sophisticated nature of our solutions also exposes them to undetected errors, particularly when new products are introduced, additional features are deployed, or when integrating with third-party technological infrastructures or protocols. Actual or perceived defects, vulnerabilities or failures could lead to adverse publicity, operational disruptions and potential legal liabilities, any of which may be costly and time-consuming to address. These issues could significantly damage our reputation, erode customer trust and adversely affect our ability to maintain or expand market share.

Our success relies on key management and other qualified personnel with specialized skills.

Our ability to achieve sustainable growth depends on the expertise and commitment of our key management and specialized personnel, as well as our capacity to attract, recruit and retain such talent. We rely on our research and development team to drive technological innovation and product advancement, our sales network to maintain close customer relationships and our senior management to ensure effective oversight and execution of strategic initiatives. These individuals are critical to our operational efficiency and long-term competitiveness. However, the supply of qualified professionals in these fields is limited, and competition for talent remains intense. Shifts in labor market conditions, evolving employee expectations and industry-wide demand for technical expertise may significantly challenge our ability to maintain a robust workforce. The loss of research personnel could delay development projects, weaken our innovation capability and erode accumulated technical know-how, consequently undermining our competitive edge. Similarly, turnover among sales personnel may disrupt internal coordination and damage customer relationships, which could adversely affect our market position. In addition, onboarding and training new employees would require considerable time and resources, which may temporarily reduce productivity and service quality. Newly hired personnel may also take time to adapt to our corporate culture and operating model, and their short-term performance may fall below expectations, impacting on customer satisfaction and growth potential. In some cases, new hires may struggle to fit in our existing team and leave prematurely, resulting in additional recruitment costs. Furthermore, if departing employees join competitors, the risk of technology leakage, loss of customer resources and exposure of market intelligence could intensify competitive pressures. Consequently, the inability to retain or promptly replace key management or specialized personnel could impair the execution of our business strategies, slow product development, weaken customer relationships and materially and adversely affect our financial condition and operating results.

We may be subject to product liability claims if our solutions contain defects. We could incur significant expenses to remediate such defects, as a result, our reputation could be damaged.

Our solutions may experience errors, defects, security weaknesses, service disruptions or software malfunctions that are difficult to detect and resolve, especially when first launched or when new versions or enhancements are released. In addition, hardware components that support our solutions may experience defects or failures, which could further disrupt solution performance and reliability. We cannot assure that similar issues will not arise in the future. Certain flaws may only become apparent after commercialization and deployment, requiring significant additional development work and remediation costs. Any malfunction or vulnerability could cause financial losses for them, potentially resulting in lawsuits or claims against us and exposing us to substantial liabilities. Such incidents could also lead to revenue decline, increased capital expenditure, delays

in market acceptance and reputational harm. Negative customer experiences may be shared publicly, further damaging our brand and reducing future sales opportunities. Defending any claim would likely be costly, time-consuming and could materially impair our reputation and ability to market our solutions effectively.

Deficiencies in some of our leased properties may adversely affect our business operations and financial condition.

We may be required to relocate or dismantle certain sites, facilities or structures if we fail to obtain valid title certificates for the underlying land parcels or the structures erected thereon, or lack legally binding property lease agreements or other contractual rights to occupy the premises. Furthermore, if landowners have title defects as to the land's title, our use of these properties could be invalid or subject to third-party claims. Should any lease be terminated or rendered unenforceable due to such challenges, we would need to secure alternative premises and bear relocation costs, which could disrupt operations and harm our business and financial results. See "Business — Properties." In addition, as of the Latest Practicable Date, registration and filing procedures of seven leased properties used in our operations remain incomplete. As advised by our PRC Legal Advisor, the non-registration and filing of the relevant property lease will not affect the validity of the lease contracts or our legal right to use the leased properties, however, relevant local housing authorities may require us to complete the filing within the prescribed timeframe, and we may be subject to penalties of RMB1,000 to RMB10,000 per lease as a result of delay in filing for each lease agreement of such properties, with an aggregate maximum penalty of RMB70,000. We cannot guarantee that the lessors will cooperate and complete the registration promptly once we are required to do so. If fines are imposed for failure to register, we may not recover these costs from the lessors, which could adversely affect our business, financial performance and operating results.

We have relied on third-party agencies to handle certain employee benefit contributions, and any deficiencies in their practices may result in liabilities for us.

Companies operating in China must participate in mandatory employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and the housing provident fund. Contributions are calculated as a percentage of employees' total compensation, subject to caps set by local authorities where we operate. During the Track Record Period, we engaged third-party human resources agencies to pay social insurance premium and housing provident funds on behalf of us. However, government authorities may determine that these arrangements do not fully comply with PRC laws and regulations. The relevant governmental authorities may not recognize the social insurance premium and housing provident funds paid through third party agencies, and we may be required to make supplemental payments. Moreover, there is no assurance that future changes in laws, regulations or enforcement will not require us to retroactively cover any shortfall. Any such liabilities could negatively impact our financial condition and operating results.

Our brand is integral to our success. If we fail to maintain our brand and reputation and the negative publicity and allegations involving us, or become the subject of anticompetitive, harassing or other detrimental conducts by third parties, our shareholders, Directors, officers, employees and business partners may affect our reputation.

The effectiveness of brand promotion is contingent not only upon the execution of marketing strategies but also upon favorable word-of-mouth endorsements from satisfied customers. Nevertheless, we operate within the highly competitive AI data infrastructure industry, which is characterized by rapid technological advancement, evolving customer requirements and the continual emergence of new industry standards and practices. These dynamics present significant challenges to both the establishment and the maintenance of brand reputation.

The establishment of a recognized brand necessitates beyond technological leadership and requires the implementation of comprehensive, multi-channel marketing strategies as well as the systematic dissemination of customer success narratives. Given the extended market education cycle, brand awareness may lag behind product development and iteration. Furthermore, brand-building activities demand sustained resource allocation, including the organization of industry conferences, product launches and developer forums offline, coupled with amplified product and solution awareness through content marketing, social media and developer communities online. The outcomes of these investments are inherently uncertain, and failure to achieve anticipated results could lead to inefficient resource utilization and impede market penetration. Meanwhile, the maintenance of brand reputation entails additional risks. Any deficiencies in product performance, data security, privacy protection or customer service could result in adverse publicity and materially impair our brand image. Moreover, delayed or opaque communication in response to technical controversies or unforeseen incidents may exacerbate external skepticism. Shortcomings in fulfilling environmental, social and governance responsibilities could further erode investor confidence and negatively affect public perception of our long-term value. Failure to establish or maintain brand reputation could cause customer attrition, diminished willingness of partners to collaborate, reduced ability to attract and retain talent and weakened influence within the industry ecosystem. Such developments could also undermine [**REDACTED**] confidence and adversely affect our ability to access capital markets.

We may from time to time become a party to litigation, other legal and contractual disputes, claims and administrative proceedings that may materially and adversely affect our business and reputation.

We may face litigation, contractual disputes, regulatory claims or administrative proceedings from time to time. These matters can arise from different aspects of our operations, including contract interpretation, compliance obligations, intellectual property issues and employment-related concerns. These legal proceedings are inherently uncertain, and adverse outcomes such as monetary awards, injunctions or settlements could result in significant financial liabilities, higher operating costs and diversion of management attention. In addition, such actions may lead to negative publicity, damaging our reputation and eroding confidence among customers and [**REDACTED**]. Litigation can also involve substantial legal expenses. If these disputes are not managed or resolved promptly, they could disrupt business continuity, strain financial resources and negatively affect our operational and financial performance.

Force majeure events, natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may materially and adversely affect our business, financial condition and results of operations.

Our operations are exposed to risks from force majeure events, natural disasters, epidemics, armed conflicts, terrorist activities and other circumstances beyond our control. Such occurrences can significantly disrupt supply chains, production processes and overall business functions. Events like earthquakes, floods or hurricanes may damage facilities and infrastructure, causing delays and increasing costs. Health crises such as epidemics or pandemics can reduce workforce availability, interrupt logistics and weaken customer demand. Geopolitical instability resulting from war or terrorism may undermine market confidence and create volatility in business conditions. Moreover, other unforeseen factors outside our control may also present operational challenges. Because these events are unpredictable and uncontrollable, we cannot foresee and cannot guarantee that we are able to take precautionary measures to mitigate their impact, which could consequently affect our business performance, financial condition and operating results materially.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Inability to adapt to evolving economic, political or social conditions or changes in government policies in the regions where we operate, may adversely impact our business, financial condition and results of operation.

As the majority of our business, assets and operations are concentrated in the PRC, we remain particularly exposed to the developments in the PRC regulatory framework and macroeconomic conditions. The PRC government exercises significant influence over the economy through the implementation of industrial policies, fiscal and monetary measures, foreign currency controls and targeted support for specific industries and enterprises. Furthermore, we are inherently subject to the impact of global economic trends and geopolitical developments, as our performance is fundamentally interconnected with China's economy, which in turn is influenced by global economic conditions. Uncertainties relating to the global economy, as well as political developments in various regions, are expected to continue affecting China's economic growth. We are unable to predict all the risks and uncertainties arising from evolving economic, political, social and regulatory developments, which are generally beyond our control. There can be no assurance that our efforts will be successful in mitigating all potential adverse outcomes in every circumstances.

You may have limited recourse in effecting service of legal process or enforcing foreign judgments against us, our Directors and our senior management.

We are incorporated under the laws of the PRC, and substantially all of our operations, assets and business activities are located in the PRC. In addition, the majority of our Directors and executive officers reside in the PRC, and their personal assets are also primarily situated in the PRC. Consequently, [**REDACTED**] may encounter significant difficulties in serving on us or our Directors or executive officers residing in the PRC, particularly in connection with actions under the U.S. federal securities laws or applicable state securities laws. The 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》) (the "Arrangements"), which came into effect on January 29, 2024 and were promulgated by the Supreme People's Court, permit parties to apply for recognition and enforcement of final judgments rendered by designated courts of the PRC or any designated Hong Kong court in civil and commercial cases, subject to certain exclusions. However, recognition and enforcement in the PRC remains subject to case-by-case review by the relevant courts under the Arrangements, and there is no assurance that all judgements made by Hong Kong courts will be recognized and enforceable in the PRC. Furthermore, under the Civil Procedure Law of the PRC and other applicable laws, regulations and interpretations, a court judgment rendered by a foreign court outside of the PRC may be recognized and enforced in the PRC only if a treaty or reciprocal arrangement exists between the PRC and the relevant jurisdiction. In the absence of such arrangements, enforcement of foreign judgements against us or our Directors or senior management in PRC courts.

Certain of our foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.

The conversion and remittance of our operating cash are subject to applicable laws and regulations in the PRC. In our ordinary course of business, we may need to convert a portion of our Renminbi into foreign currencies to meet operational needs, fund capital projects and cover other expenditures Current regulations permit foreign currency payments for current account transactions. However, without prior approval from the State Administration of Foreign Exchange ("SAFE") or its local branches (such as profit distributions and trade-related settlements), converting Renminbi into foreign currency for capital account purposes and transferring such funds outside the PRC requires registration and completion of prescribed procedures with the competent

authorities. There is no assurance that we will be able to obtain sufficient foreign currency to satisfy our operational and financing requirements. A shortage of available foreign currency could impair our ability to meet obligations denominated in foreign currencies, including dividend payments to our Shareholders.

Following the [**REDACTED**], we may make certain dividend payments to holders of our H Shares. Under existing foreign regulations, such payments may be made in foreign currencies without prior SAFE approval, provided that certain procedural requirements are fulfilled. Foreign exchange transactions under our capital account remain subject to applicable foreign exchange controls and require the approval of the SAFE or clearance from its local branches. These restrictions could limit our ability to raise foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures, which may adversely affect our growth strategy and financial flexibility.

We are a PRC enterprise and we are subject to PRC tax on our global income. Any gains on the [REDACTED] of our H Shares by [REDACTED] and dividends paid to [REDACTED] on our H Shares may be subject to PRC tax.

Holders of our H Shares may be subject to PRC income tax obligations. Under the current tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax treatments on dividends distributed by us and on gains realized from the sale or other disposition of our H shares.

For non-PRC resident enterprises, pursuant to the EIT Law, its implementation rules and 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》) (Guo Shui Han No. 897) (國稅函〔2008〕897號), issued by the State Administration of Taxation (SAT) on November 6, 2008, dividends derived from PRC sources and paid to non-PRC resident enterprises are generally subject to a withholding tax at the rate of 10%. This applies to enterprises that do not maintain an establishment or place of business in the PRC, or whose relevant income is not effectively connected with their establishment or place of business, unless a treaty or similar arrangement provides otherwise. Additionally, any gain realized on the transfer of shares by such [**REDACTED**] is subject to a 10% PRC income tax if the gain is deemed to be sourced within the PRC.

For non-PRC resident individuals, under the PRC Individual Income Tax law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends paid from PRC sources to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20%. Gains from PRC sources realized on the transfer of shares are also typically subject to PRC individual income tax at a rate of 20%, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in the PRC. However, pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC China resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on the investor's jurisdiction of residence and the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders residing in jurisdictions without tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us.

Furthermore, under the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, gains derived by individuals from the transfer of listed shares may be exempt from individual income tax. In addition, the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation

(《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知) (Cai Shui [2009] No. 167) (財稅[2009]167號), jointly issued by the MOF, SAT and CSRC on December 31, 2009 provides that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for shares subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限購所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70) (財稅[2010]70號). As of the Latest Practicable Date, these provision do not expressly require the collection of individual income tax on gains realized by non-PRC resident individuals from the sale of shares of PRC resident enterprises [**REDACTED**] on overseas stock exchanges.

If PRC income tax is imposed on dividends paid to non-PRC resident [**REDACTED**] or on gains realized from the transfer of our H Shares, the value of your [**REDACTED**] in our H Shares may be adversely affected. Furthermore, Shareholders whose jurisdictions or residence have tax treaties or arrangements with the PRC may not qualify for treaty benefits.

Our payment of dividends is subject to restrictions under applicable laws and regulations.

Under PRC law, dividends may only be distributed from distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC accounting standards less any recovery of accumulated losses and statutory appropriations and other reserves that we are required to make. Consequently, even in periods when our financial statements reflect profitability, we may not have sufficient distributable profits to declare dividends to our Shareholders. In addition, the method of determining distributable profits under PRC accounting standards may differ from that under IFRSs in certain respects. As such, our subsidiaries may not have distributable profits as determined under PRC accounting standards, even if they report profits under IFRSs, or vice versa. Accordingly, we may not receive adequate distributions from our subsidiaries. If our subsidiaries fail to remit dividends to us, our cash flow could be adversely affected, which may limit our ability to pay dividends to our Shareholders in the future, including during the periods when our consolidated financial statements indicate profitability.

Policies on foreign investment in the PRC may adversely affect our business and results of operations.

Foreign investment activities in the PRC is subject to a specific regulatory framework that imposes restrictions on certain industries and requires additional approvals from the designated authorities. The Special Management Measure (Negative List) for Foreign Investment Access (2024 Edition) (the "Negative List"), jointly issued by the NDRC and the MOFCOM, specifies sectors where foreign investment is either prohibited or subject to restrictive conditions for foreign investors, including limitations on equity holdings and participation in management. The Negative List currently covers 11 industries, while sectors not included in the Negative List are generally governed under the principle of equal treatment for domestic and foreign [**REDACTED**]. As of the Latest Practicable Date, our operations in China do not fall within the scope of the Negative List. Nevertheless, restrictions on foreign [**REDACTED**] in designated industries under this framework may limit our ability to expand into the restricted sectors in the future.

RISKS RELATING TO THE [REDACTED]

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

Prior to the [**REDACTED**], our H Shares were not [**REDACTED**] on any public exchange. There is no certainty that a liquid and active market will form and remain stable, and the [**REDACTED**] volume for our H Shares will develop and be sustained after the [**REDACTED**]. Additionally, the [**REDACTED**] of our H Shares will be set through negotiations between us and

the [**REDACTED**] (acting for themselves and on behalf of the [**REDACTED**]), and this agreed price does not reflect the [**REDACTED**] of our H Shares after the [**REDACTED**]. The [**REDACTED**] and [**REDACTED**] volume of our H Shares could fluctuate due to various factors, many of which are beyond our control. These include changes in our business outlook, adjustments to pricing strategies, technological developments, mergers or partnerships, shifts in analyst forecasts, credit rating revisions, legal proceedings or the lifting of restrictions on share transfers. If an active public market for our H Shares does not develop post-[**REDACTED**], the liquidity and value of our H Shares could decline significantly, which may negatively affect our [**REDACTED**].

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

The [**REDACTED**] and [**REDACTED**] volume of our H Shares could fluctuate considerably due to factors that are generally outside our control, including the overall market conditions in Hong Kong and global securities markets. Historically, the Hong Kong Stock Exchange and other securities markets have, from time to time, seen significant [**REDACTED**] and [**REDACTED**] volume volatility that were unrelated to the operating performance of individual companies. Movements in the share [**REDACTED**] of companies operating in similar industries may also influence the [**REDACTED**] performance of our H Shares. Beyond market and sector trends, our H Share [**REDACTED**] and volume may vary significantly for company-specific reasons such as fluctuations in our revenue, earnings, cash flows, investment plans, operating costs, regulatory developments, supplier relationships, movements or activities of key personnel or competitive actions. Moreover, past volatility in shares [**REDACTED**] on the Hong Kong stock exchange suggests that our H Shares could experience price fluctuations that do not necessarily reflect our business performance.

Potential [REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED] and will experience further dilution if we [REDACTED] additional Shares or other equity securities in the future.

Potential [**REDACTED**] will pay a [**REDACTED**] per H Share in the [**REDACTED**] that substantially exceeds the per H Share value of our net tangible assets. Therefore, [**REDACTED**] of our H Shares in the [**REDACTED**] will experience a substantial immediate dilution in [**REDACTED**] net tangible assets, and our existing Shareholders will receive an increase in the [**REDACTED**] adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the [**REDACTED**], potential [**REDACTED**] would receive less than the amount they paid for their H Shares.

We cannot assure you that we will declare and distribute any amount of dividends in the future. If we do not pay dividends in the foreseeable future after the [REDACTED], you must rely on price appreciation of our H Shares for a return on your [REDACTED].

No dividends were paid or declared by our Company during the Track Record Period. Our dividend policy provides that no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Dividend payments are subject to restrictions under the PRC laws and regulations, which may impose certain limitations.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the H Shares. You may not realize a return on your [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

Future sales or perceived sales of substantial amount of our H Shares in the public market, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing market price of our H Shares.

The future sale of a substantial number of our H Shares, especially by our Directors, senior management and major Shareholders, or even market speculation about such transactions, could negatively impact the market price of our H Shares. Only a limited number of the H Shares currently outstanding will be available for sale or issuance immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

Raising additional capital may cause dilution to the interests of our Shareholders or restrict our operations.

We may finance our future cash needs through public or private [**REDACTED**], debt financings, collaboration arrangements and licensing arrangements or other funding sources. Our Shareholders may experience dilution in their holdings if we [**REDACTED**] more securities in the future. New shares or shares-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

In addition, we may seek additional capital due to favorable market conditions or strategic considerations. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our H Shares to decline.

Any possible conversion of our Unlisted Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the conversion and [**REDACTED**] of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, [**REDACTED**] and [**REDACTED**] must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [**REDACTED**] of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of the shares for entry on the H Share register. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [**REDACTED**] price of H Shares.

Potential Regulatory Implications of the U.S. Outbound Investment Rule

On October 28, 2024, the U.S. Department of the Treasury (the "Treasury") issued the final Outbound Investment Rule implementing Executive Order 14105 (the "Outbound Investment Rule"). This rule restricts or requires notification for certain outbound investments by U.S. persons into "countries of concern," currently referring to China (including Hong Kong and Macau). Effective January 2, 2025, the Outbound Investment Rule restricts U.S. persons from entering into any (i) "covered transactions" involving (ii) a "covered foreign person" (iii) who is engaged in (iv)

any "covered activity" related to semiconductors and microelectronics, quantum information technologies or artificial intelligence. A "covered transaction" includes equity investments, while a "covered foreign person" refers to entities with substantial ties to China operating in "covered activities". However, an investment by a U.S. person in any publicly traded security that trades on a securities exchange in any jurisdiction is excepted from the restrictions under the Outbound Investment Rule, provided it does not afford the U.S. person rights beyond standard minority shareholder protections as defined in Section 850.501(a)(2). Subsequently, on February 21, 2025, the Trump administration proposed the "America First Investment Policy," which seeks to expand the Outbound Investment Rule by broadening the covered sectors and types of investments. On December 18, 2025, President Trump signed the Comprehensive Outbound Investment National Security Act of 2025 ("**COINS Act**") into law as part of the National Defense Authorization Act for Fiscal Year 2026. While the COINS Act codified the existing U.S. outbound investment framework, it also requires Treasury to issue implementing regulations that will modify the Outbound Investment Rule. The Outbound Investment Rule will remain in force during the interim.

We do not engage in any of the "covered activities" under the Outbound Investment Rule related to semiconductors and microelectronics, quantum information technologies or restricted AI activities. None of us or our subsidiaries is listed on any restricted lists under the Outbound Investment Rule which could potentially render us or any of our subsidiaries a "covered foreign person". In particular, although we engage in the development and sales of distributed AI storage solutions, we do not develop AI models or algorithms, nor do we provide AI model training or inference services. Furthermore, our products do not contain proprietary AI models or AI decision engines. Based on the foregoing, and as advised by our sanctions legal advisor, we were not a "covered foreign person" under the existing rules as of the Latest Practicable Date. However, the above proposed policy introduces uncertainty associated with future interpretations and potential expansions of regulatory restrictions. Future legislative changes or regulatory updates on "covered activity" or "excepted transaction" may extend the scope of the Outbound Investment Rule or impose new restrictions or notification requirements that could affect our operations.

As enforcement mechanisms, interpretations and future developments of such regulations remain ambiguous under the Outbound Investment Rule, these uncertainties may reduce U.S. [**REDACTED**] interest in our equity securities, adversely affecting the [**REDACTED**], secondary market liquidity and [**REDACTED**] performance of our H shares.

Our Single Largest Shareholders Group's interests may not be aligned with the interests of other Shareholders.

Our Single Largest Shareholders Group have substantial influence over our business, including matters relating to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. Given such concentration of ownership, our Single Largest Shareholders Group could exert substantial influence over decisions requiring shareholder approval, including mergers, privatization, consolidations, major asset sales, director elections and other significant corporate actions. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Single Largest Shareholders Group may differ from the interests of our other Shareholders. We cannot assure you that our Single Largest Shareholders Group will not exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Forward-looking information in this document is subject to risks and uncertainties.

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "estimate", "expect", "may", "ought to", "should" or "will" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations,

liquidity and capital resources. [**REDACTED**] in our H Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by us that our plans or objectives will be achieved and [**REDACTED**] should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. See "Forward-looking Statements."

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from government publications contained in this document.

Certain facts, forecasts and statistics in this document, particularly in the section titled "Industry Overview", related to the PRC and global economy and the industry in which we operate, are sourced from publicly available sources such as government publications. However, we cannot guarantee the quality or reliability of these sources. The information from official government sources has not been independently verified by our Group, the Sole Sponsor, or any other party involved in the [**REDACTED**], and no representation is made as to its accuracy or completeness. Due to potentially flawed or ineffective sampling, discrepancies between published information and market practice and other issues, the statistics in this document related to the PRC and global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risks and uncertainties and are subject to change based on various factors. You should consider the weight and importance of such facts or statistics and should not place undue reliance on them.

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

The [**REDACTED**] is based solely on the information and representations contained in this Document, which we believe to be true and accurate to the best of our knowledge. Any information not included in this Document should not be relied upon when making an [**REDACTED**] decision regarding the securities being [**REDACTED**]. Prior to the publication of this Document, media coverage about us and the [**REDACTED**] may have included financial information, projections, valuations and other forward-looking statements. You should be aware that third-party sources may have used outdated, incomplete or inaccurate information, and their opinions may not be independent or objective due to potential conflicts of interest. Media coverage of our Company and the [**REDACTED**] may be influenced by various factors, including individual journalist biases, media outlet preferences and advertiser demands. We do not make any representation regarding the appropriateness, accuracy, completeness or reliability of any projections, valuations or other forward-looking information about us. If such statements are inconsistent with or conflict with the information contained in this document, we disclaim responsibility for them. By applying to purchase our H Shares in the [**REDACTED**], you agree that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and, under normal circumstances, at least two of the issuer's 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.

Our core business and operations are substantially based and conducted in the PRC and most of the Company's assets are located in the PRC. Further, all of the Company's executive Directors are based in the PRC, as the Board believes it would be more effective and efficient for its executive Directors to be based in a location where the Company's operations are conducted. It would be practically difficult and commercially unnecessary for us to relocate two of our executive Directors to Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we have put in place the following measures in order to achieve regular communication with the Stock Exchange:

(a) **Authorized Representatives:** we have appointed Mr. Xu, an executive Director, and Ms. CHAN Wing Yan (陳詠欣) ("**Ms. Chan**"), one of our joint company secretaries, as the authorized representatives of our Company (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. The Authorized Representatives will be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange. Although Mr. Xu resides in the PRC, he possesses or can apply for valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong, whilst Ms. Chan ordinarily resides in Hong Kong. Our Company will provide contact details of the Authorized Representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any changes in Authorized Representatives. Accordingly, our Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See "Directors and Senior Management" for further biographical details of our Authorized Representatives;

(b) **Directors:** to facilitate communication with the Stock Exchange, we have provided the Authorized Representatives and the Stock Exchange with the contact details of our Directors (i.e. mobile phone number, office phone number and email address). 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, so that the Authorized Representatives 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; and

(c) **Compliance Advisor:** we have appointed Altus 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 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 our 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/her 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/she 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.

We have appointed Ms. WANG Xixi (王習習) ("**Ms. Wang**") and Ms. Chan as the joint company secretaries of our Company. See "Directors and Senior Management — Joint Company Secretaries" for their biographies. Ms. Chan is a fellow of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), and therefore meets the qualification requirements under Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Accordingly, while Ms. Wang does not possess the qualification required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the basis of the arrangements below:

(a) Ms. Wang 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 [**REDACTED**] issuers from time to time;

(b) Both Ms. Wang and Ms. Chan have confirmed that each of them will attend a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relation as well as the functions and duties of the company secretary of a Hong Kong [**REDACTED**] issuer during each financial year as required under Rule 3.29 of the Listing Rules;

(c) Ms. Chan will assist Ms. Wang to enable her 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. Chan will communicate regularly with Ms. Wang 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. Chan will work closely with Ms. Wang to jointly discharge the duties and responsibilities as a company secretary, including organizing our Company's Board meetings and Shareholders' meetings;

(e) Prior to the expiry of Ms. Wang's initial term of appointment as the company secretary of our Company, we will re-evaluate her experience to determine if she has acquired the qualifications required under Rules 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Ms. Wang'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; and

(f) Our Company has appointed Altus 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 Ms. Wang) as to the compliance with the Listing Rules and all other applicable laws and regulations.

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) Ms. Wang is no longer 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 three-year period, we shall demonstrate to the Stock Exchange's satisfaction and seek its confirmation that Ms. Wang, having had the benefit of Ms. Chan's assistance during the 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]

[REDACTED]

[REDACTED]

[REDACTED]

For further information on our Directors, see "Directors and Senior Management" of this document.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. XU Xin (胥昕)	Room 901, Unit 1, Building 5 Zone 4, Yard 8 Shunsha Road Changping District Beijing PRC	Chinese
Mr. WANG Haomai (王豪邁)	No. 137 Meiquan Road Chashan Street Ouhai District Wenzhou, Zhejiang Province PRC	Chinese
Mr. ZHANG Xuming (張旭明)	7B, Building 2 Xihaiwan Garden No. 7 Chuangye Road Nanshan District Shenzhen, Guangdong Province PRC	Chinese
Ms. FANG Fei (方菲)	Room 1207, Building 6 Huaqing Jiayuan Haidian District Beijing PRC	Chinese
Non-executive Director		
Mr. LIN Lu (林路)	Room 902, Building 5 Nandu Yinzuo Apartment Xihu District Hangzhou, Zhejiang Province PRC	Chinese
Independent non-executive Directors		
Mr. WONG Sincere (黃誠思)	Flat E, 59/F, Block 1 The Harbourside 1 Austin Road West Tsimshatsui KLN Hong Kong	Chinese (Hong Kong)
Mr. LEUNG Wai Yip (梁偉業)	29D, Tower 11, Royal Ascot Fo Tan New Territories Hong Kong	Canadian
Ms. LU Jingxiao (盧菁瀟)	Flat E, 13/F, Tower 7, The Long Beach 8 Hoi Fai Road Tai Kok Tsui, Kowloon Hong Kong	Chinese (Hong Kong)

PARTIES INVOLVED IN THE [REDACTED]

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

[**REDACTED**]

Auditor and Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants and Registered Public Interest Entity Auditor* 35/F One Pacific Place 88 Queensway Hong Kong
Legal Advisors to the Company	*As to Hong Kong and United States laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to PRC laws:* **King & Wood** 18th Floor, East Tower World Financial Center No. 1 Dongsanhuan Zhonglu Chaoyang District Beijing PRC *As to international sanctions laws:* **Jun He Law Offices LLC** Suite 1919 630 Fifth Avenue, 45 Rockefeller Plaza New York, NY 10111 United States

	As to PRC sanctions laws: **JunHe LLP** 26/F, HKRI Centre One HKRI Taikoo Hui 288 Shimen Road (No. 1) Shanghai PRC
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and United States laws:* **Herbert Smith Freehills Kramer** 23rd Floor, Gloucester Tower 15 Queen's Road Central Hong Kong
	As to PRC laws: **Haiwen & Partners** 20/F, Fortune Financial Center 5 Dong San Huan Road Chaoyang District Beijing PRC
Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B Jing'an International Center 88 Puji Road Jing'an District Shanghai PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	Room 101 (F1-F5), Building No. 7 Yard No. 3, Fengxiu Middle Road Yongfeng Industry Base Haidian District Beijing PRC
Headquarters and Principal Place of Business in the PRC	Room 101 (F1-F5), Building No. 7 Yard No. 3, Fengxiu Middle Road Yongfeng Industry Base Haidian District Beijing PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's Website	**www.xsky.com** *(The information contained in this website does not form part of this Document)*
Joint Company Secretaries	**Ms. WANG Xixi (王習習)** Room 101 (F1-F5), Building No. 7 Yard No. 3, Fengxiu Middle Road Yongfeng Industry Base Haidian District Beijing PRC **Ms. CHAN Wing Yan (陳詠欣)** *(Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorized Representatives	**Mr. XU Xin (胥昕)** Room 901, Unit 1, Building 5 Zone 4, Yard 8 Shunsha Road Changping District Beijing PRC **Ms. CHAN Wing Yan (陳詠欣)** 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong

CORPORATE INFORMATION

Audit Committee	Mr. LEUNG Wai Yip (梁偉業) *(Chairperson)* Ms. LU Jingxiao (盧菁瀟) Mr. WONG Sincere (黃誠思)
Remuneration and Appraisal Committee	Ms. LU Jingxiao (盧菁瀟) *(Chairperson)* Mr. LEUNG Wai Yip (梁偉業) Mr. WANG Haomai (王豪邁)
Nomination Committee	Mr. XU Xin (胥昕) *(Chairperson)* Ms. FANG Fei (方菲) Mr. LEUNG Wai Yip (梁偉業) Ms. LU Jingxiao (盧菁瀟) Mr. WONG Sincere (黃誠思)
Compliance Advisor	**Altus Capital Limited** 21 Wing Wo Street Central Hong Kong

[**REDACTED**]

Principal Bank	**China Merchants Bank Co., Ltd., Beijing Zhongguancun Branch** Building A, Digital Plaza No. 2 Zhongguancun South Street Haidian District Beijing PRC

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Consultancy Limited ('CIC'). We engaged CIC to prepare an independent industry report in connection with the [**REDACTED**] *(the 'CIC Report'). The information from official government sources has not been independently verified by us, the Sole Sponsor,* [**REDACTED**]*, any of their respective directors, supervisors and advisors, or any other persons or parties involved in the* [**REDACTED**]*, and no representation is given as to its accuracy.*

OVERVIEW OF AI STORAGE IN CHINA

Overview of AI Infrastructure

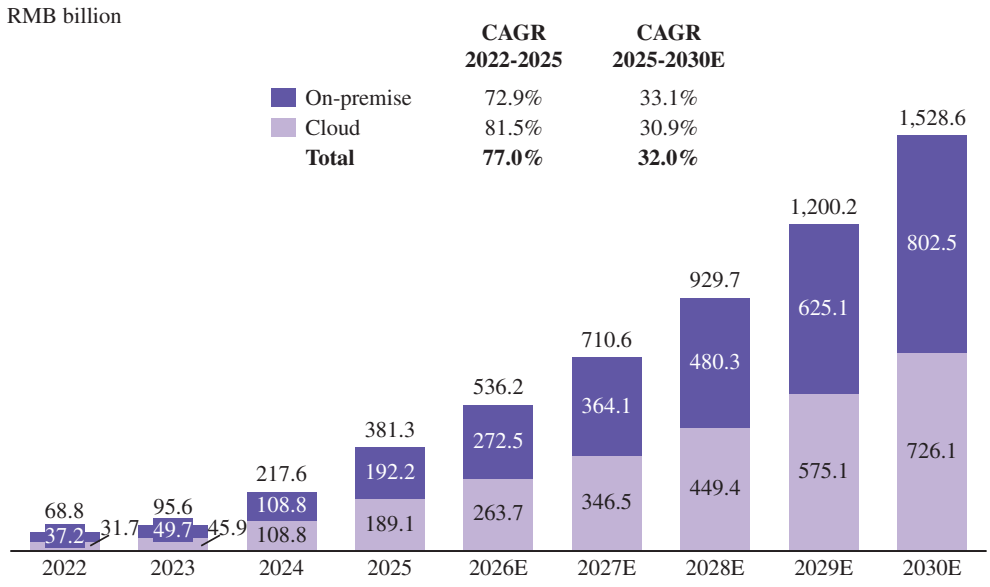
With the advent of a new wave of AI development, LLM training and reasoning require the processing of vast volumes of data and highly intensive concurrent computing, giving rise to increasingly complex and data-intensive AI workloads.

AI workloads refer to the computational and data-intensive tasks involved in AI development and application, including data ingestion and preprocessing, model training, model inference, and reasoning, which are characterized by requirements for massive data throughput, high concurrency, low latency, and intensive computing power.

AI infrastructure refers to the underlying resources deployed to support such AI workloads, primarily computing, storage and networking resources. Based on deployment models, AI infrastructure can be broadly categorized into cloud deployment and on-premise deployment. AI infrastructure deployed on the cloud is operated by third-party cloud service providers, under which users rent computing, storage, and networking resources on an as-needed basis. AI infrastructure with on-premise deployment, by contrast, is installed on enterprises' proprietary or controlled platforms, allowing organizations to maintain full control over infrastructure resources. This model enhances data sovereignty and improves overall system controllability.

According to CIC, the market size of China's AI infrastructure reached RMB381.3 billion in 2025, accounting for approximately 15% of the global AI infrastructure market. It is expected to expand to RMB1,528.6 billion by 2030, representing a CAGR of 32.0%, at which point China's share of the global market is projected to rise to approximately 25%. In particular, the market size of on-premise AI infrastructure is expected to grow from RMB192.2 billion in 2025 to RMB802.5 billion in 2030, representing a CAGR of 33.1%.

Market size of China's AI infrastructure, by deployment type, 2022-2030E



Source: *IDC, Interviews with industry experts, CIC*

Note: Historical data is presented from 2022 onward, as substantive commercial deployment of AI infrastructure and AI storage in China accelerated with the global rise of large language models around 2022, rendering data from this period more relevant and representative.

Overview of data storage

Enterprise customers typically choose different types of storage based on their budget, performance requirements and stage of business development. The table below shows the comparison of different storage types.

Comparison of non-AI storage and AI storage

Storage types	Share, 2025	Product feature	Typical pricing	Target customers
Non-AI storage	78%	Focused on reliability and stability, and relatively stable I/O patterns	Ranging from several hundred to approximately RMB2,000 per TB for on-premise storage, and several hundred RMB per TB per year for cloud storage	General enterprise IT workloads
AI storage	22%	Consisting of cloud and on-premise storage (see below)		

Comparison of cloud and on-premise storage within AI storage

Storage types	Share, 2025	Product feature	Typical pricing	Target customers
AI – Cloud storage	~55%	Optimized for AI workloads; ready-to-use with elastic scalability	Ranging from several hundred to over RMB1,000 per TB per year	Large-scale data processing and compute-intensive AI workloads
AI – On-premise storage	~45%	Consisting of centralized and distributed storage (see below)		

Comparison of centralized and distributed storage within AI on-premise storage

Storage types	Share, 2025	Product feature	Typical pricing	Target customers
AI – On-premise – Centralized storage	~30%	Optimized for AI workloads, but unable to scale flexibly	Ranging from RMB1,000 to RMB3,000 per TB	Small and medium-sized AI laboratories; single-machine inference tasks
AI – On-premise – Distributed storage	~70%	Optimized for AI workloads, able to scale across multiple nodes to adapt to various tasks	Ranging from RMB1,000 to RMB3,000 per TB	Large-scale AI training, multi-cluster inference, enterprise-grade AI platforms

The China data storage market exhibits a layered and relatively fragmented competitive landscape. The top three market players held approximately 30%, 10%, and 10% of the market share in terms of revenue respectively, while the players ranked 4th to 7th each held market shares ranging from approximately 3% to approximately 7%. The remaining share is dispersed across numerous smaller participants with each single player holding less than 2% of the market.

Overview of AI Storage

AI workflows typically encompass data collection and cleansing, model training, and reasoning and application. With rapid growth in data volumes, high-performance and secure storage systems have become a core component of AI infrastructure.

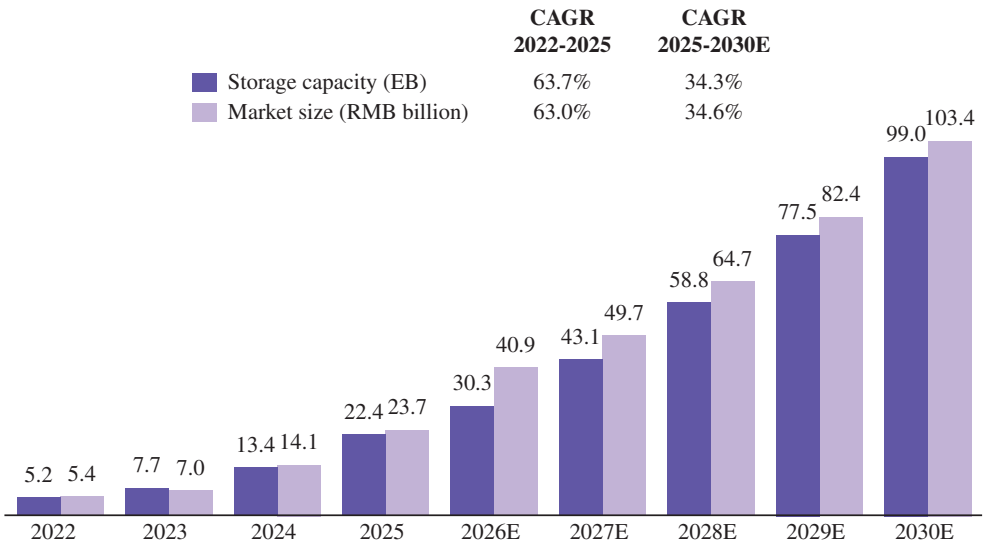
Compared with traditional non-AI storage, which primarily supports general IT workloads with relatively stable and predictable I/O patterns, AI storage is more closely integrated with the end-to-end AI workflow and is required to support continuous data movement across data preparation, training, inference and application stages. As a result, the role of storage in AI infrastructure has evolved from basic capacity management to a performance-enabling data foundation. In particular, AI workloads involve high-concurrency, multi-node data access with strict latency requirements. As a result, the large-scale deployment of AI applications necessitates corresponding evolution in storage systems, shifting demand from basic capacity management toward intelligent data foundations and elevating the strategic importance of AI storage.

AI storage refers to data storage systems that are specifically designed and optimized for AI tasks, with the objective of supporting both massive data retention and high-efficiency data read and write operations which involve retrieving data from, and saving data to, the storage system. On-premise AI storage enables enterprises to manage data in a secure and fully controllable environment, reducing the risk of data leakage or unauthorized third-party use. As such, on-premise AI storage not only safeguards data sovereignty but also serves as a foundational element for sustaining long-term competitive advantage.

Within this layered market, competitive dynamics across subsegments reflect potential overlap as well as distinct barriers. Non-AI storage vendors may extend enterprise solutions to basic AI workloads, AI cloud providers offer elastic alternatives via public cloud ecosystems, and AI on-premise centralized storage providers target entry-level deployments. These segments, however, entail divergent technical requirements, value chains, and customer bases that limit cross-segment migration. Within the distributed AI on-premise storage segment itself, competition centers on scalability across multiple nodes, performance under heavy workloads, and adaptability to diverse AI tasks.

There are more than 500 AI storage vendors in China. According to CIC, on-premise AI storage installed capacity in China reached 22.4 EB in 2025 and is expected to expand to 99.0 EB by 2030, representing a CAGR of 34.6%. Meanwhile, the market size of on-premise AI storage reached RMB23.7 billion in 2025 and is projected to grow to RMB103.4 billion by 2030, representing a CAGR of 34.3%[1].

Storage capacity and market size of China's on-premise AI storage, 2022-2030E



Industrial Chain of AI Storage

The industrial chain of AI storage mainly covers upstream hardware suppliers, mid-stream software and hardware-software integrated solution suppliers and downstream end-users.

Upstream: Providers of essential hardware components for AI storage, including storage media such as HDDs and SSDs, networking equipment, and server racks.

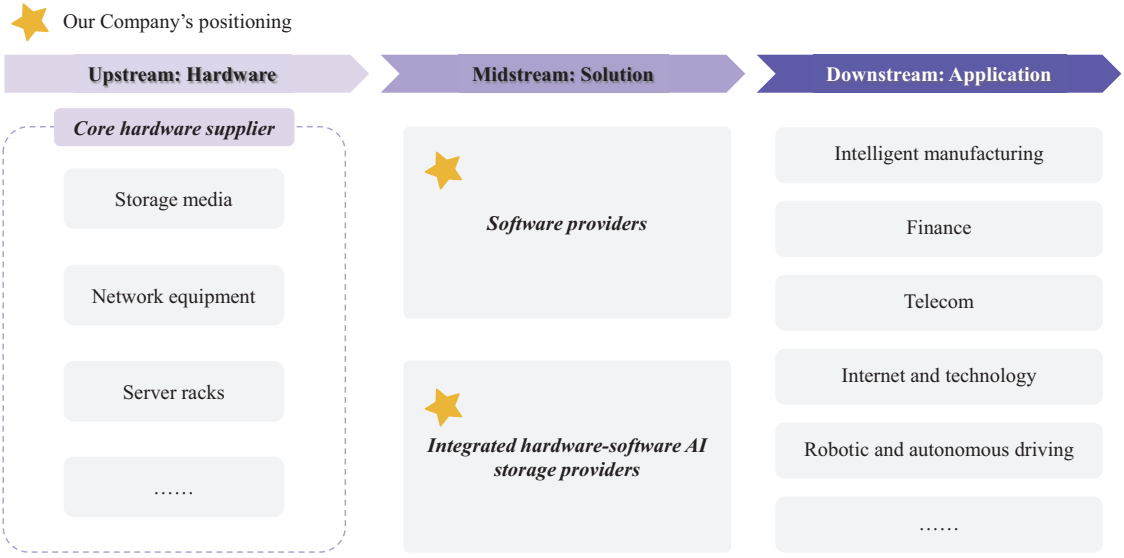
Mid-stream: Suppliers of AI storage solutions, which represent the core value segment of the industrial chain. These providers deliver distributed file systems and underlying system software, including data scheduling and cache management software, while integrating hardware and software resources into comprehensive solutions.

Downstream: End users of AI storage, including enterprises in intelligent manufacturing, finance, telecom, internet and technology, and robotic and autonomous driving sectors, among others. These users typically exhibit high requirements for data sovereignty, as well as high performance and scalability of storage systems.

Source: IDC, CIC

1 1 EB=1,000 PB, 1 PB=1,000 TB.

Industrial chain of AI storage



Source: CIC

OVERVIEW OF DISTRIBUTED AI STORAGE IN CHINA

Challenges of Storage Solutions in Handling AI Tasks

The I/O Wall in training. At present, mainstream LLMs typically contain parameter counts exceeding billions, with training clusters comprising tens of thousands or even hundreds of thousands of AI chips operating concurrently. During training, AI chips must continuously read large volumes of data and periodically write model checkpoints, resulting in intense burst I/O pressure over short periods of time. Conventional storage architectures struggle to support such high-frequency, highly concurrent access patterns, often causing AI chips to remain idle while waiting for data, which in turn leads to a material decline in overall training efficiency.

The Memory Wall in inference. Longer context windows and more complex interaction patterns have become a key trend in LLM inference. To support these capabilities, models must retain large volumes of intermediate results for computation, which are stored as caches and typically reside in the on-chip memory of AI chips to ensure high-speed read and write access. Conventional storage solutions are unable to deliver read and write performance comparable to on-chip memory, forcing enterprises to purchase additional high-cost AI chips primarily to accommodate cache requirements, thereby creating significant room for inference cost optimization.

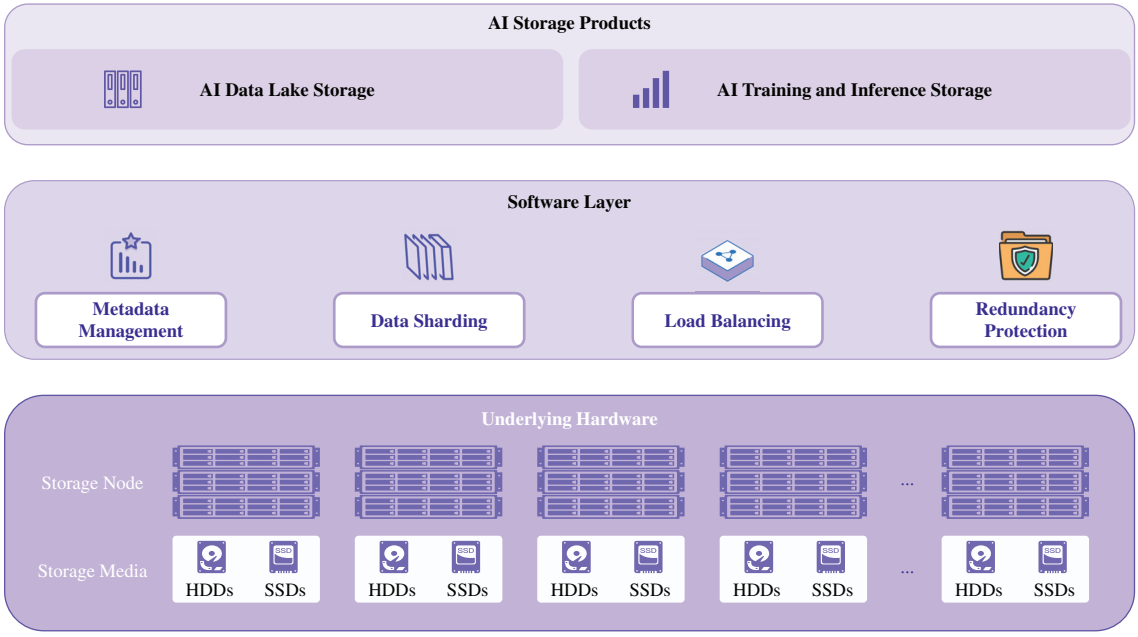
The Data Gravity Wall. In enterprise environments, data is often distributed across multiple systems. Original datasets may reside in large-capacity storage systems, while AI training requires high-performance storage with fast read and write capabilities. Migrating data across these heterogeneous systems is time-consuming and costly, and frequently leads to issues such as data silos and version inconsistency, increasing operational complexity and management overhead.

Distributed Storage as the Preferred Architecture for AI Storage

Based on architectural design, AI storage can be broadly categorized into centralized storage and distributed storage. Centralized storage completes data management and access through a single storage node. With a relatively simple architecture, it is suitable for AI scenarios with smaller data volumes and limited concurrency requirements. However, as performance and scalability demands

increase, centralized storage struggles to meet the needs of large-scale AI workloads. Distributed AI storage, by contrast, shards data across multiple storage nodes operating in coordination, enabling parallel data access and load balancing. This architecture provides both large-scale capacity and high throughput performance, while ensuring system stability and reliability under heavy workloads through data replication and fault-tolerance mechanisms. Distributed storage enables near-linear I/O scaling through horizontal multi-node expansion, supporting TB-PB scale inference caches and high-concurrency workloads across diverse scenarios, offering significant advantages over centralized storage in architectural elasticity, performance scalability, and reliability, making it the preferred architecture for large-scale AI training, multi-cluster inference, and enterprise-grade AI platforms. "Enterprise-grade" is a widely used industry term referring to solutions designed to support large-scale enterprise deployments and complex business environments, typically with high requirements for scalability, reliability, availability, serviceability, quality of service and multi-tenant capability. As a result, distributed storage has become the preferred architectural choice for AI workloads. Distributed AI storage architectures are fundamentally software-defined. The core software layer is responsible for metadata management, data sharding, load balancing, and redundancy protection, while underlying hardware resources are abstracted and centrally orchestrated. This approach enables the creation of a flexible and scalable resource pool, supporting efficient horizontal expansion and streamlined solution delivery.

Architecture of distributed AI storage



Source: CIC

For on-premise storage, the physical deployment architecture is directly visible and tightly coupled to system design, making it meaningful to distinguish between centralized storage and distributed storage. In contrast, cloud storage abstracts the underlying infrastructure from users, and distributed architectures are inherent by default, so this distinction is largely irrelevant from a user or service perspective. Accordingly, the discussion of distributed storage in this context refers exclusively to on-premise storage.

Product Classification of Distributed AI Storage

Distributed AI storage can be categorized into two types based on workload requirements: AI data lake storage and AI training and inference storage.

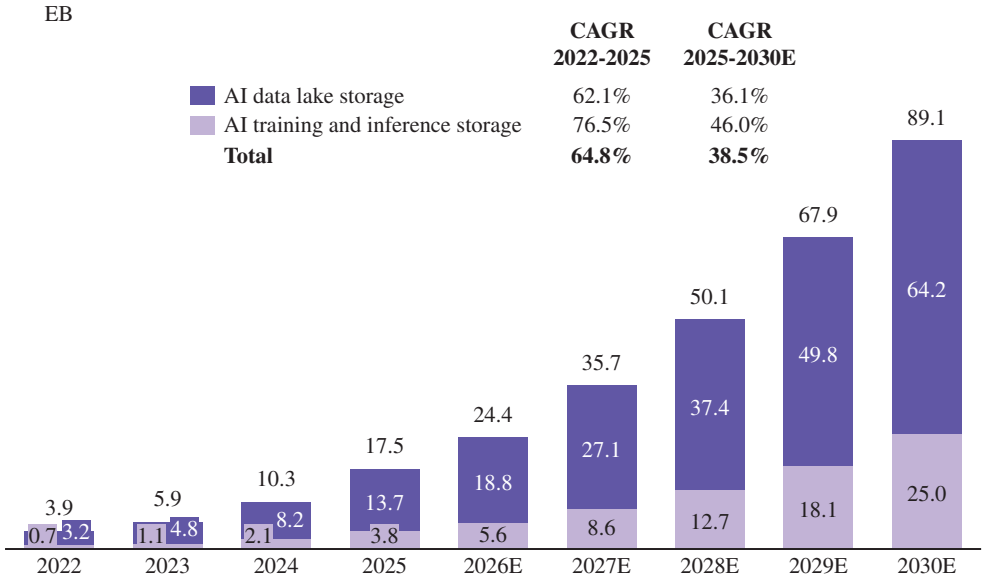
AI Data Lake Storage

AI data lake storage is primarily designed for warm and cold data that must be retained throughout the long-term AI lifecycle, including archived training datasets, historical model versions, log records, and intermediate feature files. These systems emphasize high-capacity density, cost efficiency, and data durability, enabling low-cost data persistence through tiered storage architectures, data compression and erasure coding techniques, and replication mechanisms.

AI Training and Inference Storage

AI training and inference storage is designed to meet the high-concurrency, low-latency access requirements of hot data during model training and inference phases, and serves as a critical component for fully unlocking AI computing performance. Storage architectures in this category typically adopt high-bandwidth interconnects, distributed file systems, and fine-grained data sharding mechanisms to deliver high throughput, low latency, and high access consistency under intensive workloads. According to CIC, the installed capacity of distributed AI storage in China reached 17.5 EB in 2025 and is expected to grow to 89.1 EB by 2030, representing a CAGR of 38.5%. In 2025, AI data lake storage accounted for approximately 78.5% of the market in terms of installed capacity, while AI training and inference storage represented 21.5%. By 2030, these proportions are projected to shift to approximately 72% and 28%, respectively.

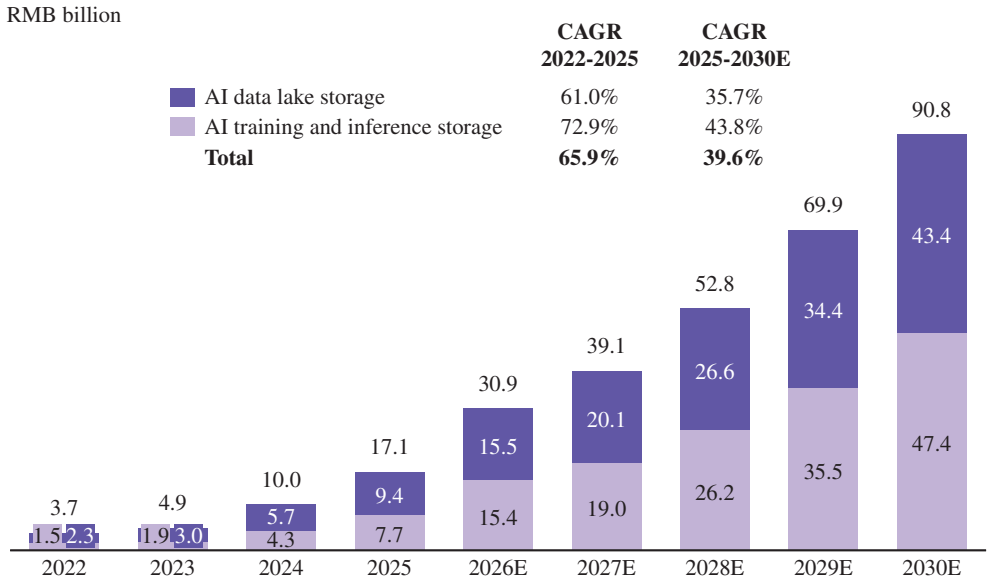
Installed capacity of China's distributed AI storage, by product, 2022-2030E



Source: IDC, CIC

Meanwhile, according to the same source, the market of on-premise distributed AI storage in China in terms of revenue reached RMB17.1 billion in 2025 and is expected to grow to RMB90.8 billion by 2030.

Market size of China's on-premise distributed AI storage, by product, 2022-2030E



Source: IDC, CIC

Delivery Models for Distributed AI Storage

Delivery models for distributed AI storage generally fall into two categories: software-centric turnkey solution delivery and software solution delivery.

Software-centric turnkey solution delivery provides customers with hardware-software integrated storage solutions, in which hardware configurations and network architectures are pre-defined and optimized through software-driven scheduling and orchestration. During system validation, quality control, and compatibility testing, this integrated approach delivers stronger overall stability and consistency, benefiting from deep software–hardware coupling and system-level optimization. It also reduces operational complexity, deployment risks, and post-deployment support challenges for customers.

Software solution delivery, by contrast, provides only the software layer of the storage solution, such as the distributed file system, object storage, and scheduling components, while customers independently procure compliant hardware and complete system integration. This model is typically favored by customers with strong internal IT integration capabilities, mature hardware maintenance teams, or specific hardware vendor preferences.

Market Drivers

Rapid data growth and corresponding storage capacity and performance demands. As AI model parameter sizes and training datasets expand, data volumes in the Chinese Mainland continue to grow rapidly, with unstructured data accounting for an increasingly large share. According to CIC, the volume of data generated in the Chinese Mainland reached approximately 50 ZB in 2025 and is expected to exceed 150 ZB by 2030. This growth directly translates into increasing storage capacity and performance requirements, as large-scale model training, inference, and generative AI applications require storage systems capable of handling massive datasets while supporting high-concurrency access and low-latency data delivery.

Growing demand for cross-platform compatibility and architectural flexibility. Hybrid-cloud and multi-platform environments are becoming increasingly prevalent as enterprises combine public cloud, private cloud and on-premise infrastructure to balance performance, cost efficiency, data security and compliance requirements. According to CIC, approximately 90% of organizations are expected to adopt a hybrid cloud approach through 2027, and data synchronization across hybrid cloud environments has become a key challenge for AI workloads. In such environments, enterprise data is increasingly generated, stored and processed across heterogeneous computing platforms, storage systems and deployment locations, creating demand for unified mechanisms to access, manage, synchronize and migrate data across platforms. Distributed storage, supported by open architectures and modular designs, enables elastic resource scaling and interoperability across diverse systems, thereby helping enterprises reduce data silos and improve cross-platform data mobility.

Compliance and data sovereignty requirements. Strengthening regulations around data security, privacy protection, and industry-specific governance are driving enterprises toward on-premise, self-controlled distributed storage architectures. For example, the Data Security Law of the People's Republic of China regulates data processing activities and establishes a categorized and classified data protection system, and the Personal Information Protection Law of the People's Republic of China sets forth rules for personal information processing and cross-border provision. This approach ensures greater security, sovereignty, and operational control over core data assets while supporting regulatory-compliant local deployment, further accelerating the adoption of distributed AI storage solutions.

COMPETITIVE LANDSCAPE OF CHINA'S DISTRIBUTED AI STORAGE MARKET

Solution providers in China's distributed AI storage market can be broadly classified into independent and non-independent providers. Independent providers refer to vendors that develop and deliver storage solutions capable of being deployed across third-party hardware and are not tied to a single proprietary hardware or software ecosystem. Non-independent providers refer to vendors that offer bundled storage solutions integrated with their own proprietary hardware and vertically controlled software ecosystems, and their storage software is typically compatible only with their own hardware. This independence enables greater openness in ecosystem collaboration and higher flexibility in upstream hardware sourcing. As a result, independent providers can avoid supply chain risks associated with single-vendor hardware dependencies and can assemble optimized hardware-software combinations tailored to specific customer requirements and deployment scenarios. For example, our Company, as a software-based solution provider, can integrate with hardware and servers from various manufacturers without being constrained by proprietary hardware. Therefore, we are an independent provider.

Independent providers and non-independent providers can be broadly distinguished across four key aspects, namely (i) supply chain, (ii) protocols and ecosystems, (iii) system performance, and (iv) delivery model. Independent providers generally adopt more flexible supply chains, support multiple protocols with broader ecosystem compatibility, focus on optimizing storage system performance, and allow for more flexible procurement and deployment arrangements. In

contrast, non-independent providers typically operate under more integrated and proprietary models, with relatively limited flexibility in supply, system architecture and delivery. The table below summarizes the key differences between independent and non-independent distributed AI storage providers.

	Independent Providers	Non-independent Providers
Supply Chain	Multiple and interchangeable supply options	Single-source supply with limited flexibility
Protocols & Ecosystems	Supports multiple protocols, enabling efficient data paths and broad compatibility across diverse application scenarios and ecosystems	Prioritizes proprietary protocols and focuses on building closed, self-owned ecosystems
Performance	Optimizes storage system bandwidth density and capacity efficiency, maintaining alignment with mainstream hardware iteration cycles	Focuses on end-to-end integrated offerings beyond the storage system, often locking customers into proprietary architectures
Delivery	Supports separate procurement with high deployment flexibility	Requires bundled procurement with low flexibility

Given that certain providers, especially independent ones, derive a significant portion of their revenue from software solutions, while others primarily generate revenue from turnkey solutions, revenue is not directly comparable across market players. Storage capacity installed under each providers' software, however, provides a more consistent basis for comparison. According to CIC, the top five distributed AI storage solutions providers in China collectively held a 47.9% market share based on installed capacity in 2025. We are China's second largest distributed AI storage solution provider and the largest independent solution provider based on installed capacity in 2025, with a market share of 10.6%.

Based on revenue in the overall data storage market in the Chinese Mainland in 2025, the Group ranked between 10th and 15th among market participants, with a market share of approximately 0.1%. In the AI on-premise storage market, the Group ranked between 15th and 20th with a market share of approximately 1.1% by revenue in 2025. In the distributed AI storage market, the Group ranked between 10th and 15th with a market share of approximately 2.7% by revenue in 2025.

Companies	Distributed AI Storage Installed Capacity, PB, 2025	Market Share, 2025	Types
Company A	2,050	11.7%	Non-independent
The Company	1,846	10.6%	Independent
Company B	1,588	9.1%	Non-independent
Company C	1,473	8.4%	Non-independent
Company D	1,409	8.1%	Non-independent
Total	**8,367**	**47.9%**	

Source: Annual reports of listed companies, Interviews with industry experts, CIC

Notes:

1. Company A is an ICT solutions provider headquartered in Guangdong Province, China and founded in 1987. It mainly provides ICT infrastructure, cloud computing, digital energy, consumer device, and intelligent automotive solution products and services. It is not a listed company. It is a non-independent solution provider who relies heavily on proprietary hardware and its own server product lines.

2. Company B is an IT infrastructure solutions provider headquartered in Shandong Province, China and founded in 1998. It mainly provides IT infrastructure products, solutions, and related services, including cloud computing, big data, and artificial intelligence solutions. It is a listed company on the Shanghai Stock Exchange. It is a non-independent solution provider who relies heavily on proprietary hardware and its own server product lines.

3. Company C is an ICT solutions provider headquartered in Zhejiang Province, China and founded in 2003. It mainly provides one-stop digital solutions covering cloud computing, big data, artificial intelligence, industrial internet, information security, intelligent connectivity, edge computing, and unified operations, as well as end-to-end technical services. It is not a listed company. It is a non-independent solution provider who relies heavily on proprietary hardware and its own server product lines.

4. Company D is a high-performance computing server manufacturer headquartered in Beijing, China and founded in 1996. It mainly provides high-end computing, storage, security, and data center products. It is a listed company on the Shanghai Stock Exchange. It is a non-independent solution provider who relies heavily on proprietary hardware and its own server product lines.

Meanwhile, we have demonstrated industry leading capabilities across multiple key dimensions of distributed AI storage solutions. Among our peers, we offer the most comprehensive protocol compatibility, are the first player to support heterogeneous chipsets within a single system, and introduced the first distributed storage solution supporting block, object and file storage within a single cluster.

Competitive Barriers

Software Core Capabilities. The core competitiveness of distributed AI storage lies in the maturity of its underlying software algorithms, including scheduling, metadata management, data layout, and resource optimization. These capabilities directly impact data flow efficiency and resource utilization under complex AI tasks. According to CIC, advanced storage software architectures have been shown to improve end-to-end computing power utilization by over 30%, reflecting the direct impact of core software optimization on resource efficiency under AI workloads.

Performance Optimization Capabilities. In high-concurrency, high-throughput scenarios such as AI training, the system must deliver stable read/write performance and low-latency responses. According to CIC, the volume of data generated for AI applications in the Chinese Mainland reached approximately 46.8 EB in 2025 and is expected to increase to approximately 198.5 EB by 2030E, reflecting exponential growth in AI workloads. Such workloads typically involve processing EB-scale unstructured data, with aggregate throughput requirements reaching 100 GB/s to over 500 GB/s. Providers require deep expertise in system-level optimization to ensure sustained and efficient operation of large-scale computing clusters.

Delivery and Service Capabilities. Distributed AI storage often spans hundreds of nodes, requiring careful deployment, integration, and testing across racks, clusters, or even multiple data centers. Additionally, enterprises also differ in data sovereignty, compliance requirements, and deployment environments. Distributed AI storage providers must provide end-to-end delivery and service capabilities, enabling rapid solution deployment, one-stop delivery, and enhanced customer satisfaction.

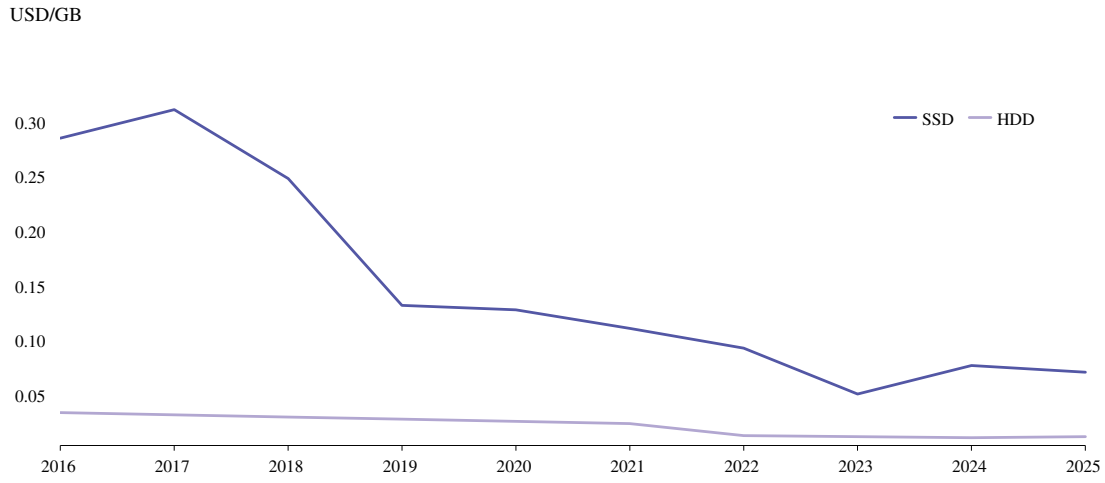
Ecosystem Compatibility. Distributed AI storage must integrate with mainstream AI frameworks and diverse computing platforms, in order to minimize data transfer latency, simplify developer onboarding, enhance scalability of storage architecture, and ensure broad ecosystem compatibility, thereby improving both customer convenience and extensibility.

PRICE AND COST TREND ANALYSIS

The cost structure of distributed AI storage systems primarily consists of (i) raw materials and components such as SSDs, memory modules, HDDs, and network interface cards (NICs), (ii) hardware warranty extensions, and (iii) outsourced services such as data labeling, solutions testing and on-site deployment. Among these, storage media, including SSDs and HDDs, represent the most critical components for system performance and account for the majority of overall hardware costs, typically around 75%. In comparison, other hardware components, including memory modules, network interface cards (NICs), contribute relatively smaller shares of the total cost structure, at approximately 15% and 10%, respectively, while remaining essential for system operation, data transmission and processing capabilities.

Historically, the unit prices of SSDs have demonstrated a clear cyclical pattern, characterized by periods of rapid decline followed by partial recoveries, resulting in relatively higher price volatility over time. In contrast, the unit prices of HDDs have exhibited a more stable trajectory, with gradual and limited adjustments within a narrow range, reflecting their role as a mature and cost-anchoring storage medium. And the prices of NICs and memory module have generally exhibited a declining trend driven by technological advancements and economies of scale, with occasional short-term fluctuations due to supply–demand dynamics and product upgrade cycles.

Price movement of key raw materials (SSDs and HDDs), 2016-2025



The prices of SSDs and HDDs are influenced by the following key factors: (i) technological advancement and product generation cycles, (ii) global supply-demand dynamics and inventory cycles, (iii) raw material and component costs, (iv) downstream demand patterns, and (v) macroeconomic and logistics factors. Looking ahead, as AI workloads continue to demand higher performance and faster data access, the proportion of SSDs, is expected to increase, further reinforcing the importance of storage within the overall cost structure.

SOURCE OF INFORMATION

CIC was commissioned to conduct research, provide an analysis of, and to produce a report on China's AI storage industry, and other related economic data, at a fee of RMB850,000. The commissioned report has been prepared by CIC independently without the influence from the Company or other interested parties. CIC offers industry consulting services, commercial due diligence and strategic consulting. With a consultant team actively tracking the latest market trends in various industries such as TMT, automotive, consumer goods and services, agriculture, chemicals, marketing and advertising, culture and entertainment, energy and industry, finance and services, healthcare and transportation. CIC employed both primary and secondary research methods using a variety of resources. Primary research included interviews with key industry experts and leading participants, while secondary research involved analyzing data from publicly available sources. The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to maintain a stable trend during the forecast period; (ii) certain key industry drivers are expected to continue driving market growth during the forecast period; and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period.

This section sets forth an overview of the current PRC Laws and regulations applicable to the Company and that may have a substantial influence on the Company and its operations. The primary purpose of this overview is to provide potential [**REDACTED**] with a general understanding of the major laws and regulations applicable to the Company.

This overview is not a complete description of all laws and regulations applicable to the Company's business and operations and/or that may be important to potential [**REDACTED**].

REGULATIONS AND POLICIES RELATED TO THE DATA INFRASTRUCTURE INDUSTRY

Guidance Catalogue for Industrial Structure Adjustment

According to the Guidance Catalogue for Industrial Structure Adjustment (2024 Edition) (《產業結構調整指導目錄(2024年本)》) issued by the National Development and Reform Commission of the PRC ("NDRC") on December 27, 2023 and effective on February 1, 2024, big data, cloud computing, software, information technology services, and blockchain information services within the scope permitted by China are encouraged industries.

The 14th Five-Year Plan for the Development of the Software and information technology Services Industry

The 14th Five-Year Plan for the Development of the Software and Information technology Service Industry" (MIIT Regulation [2021] No. 180) (《"十四五"軟件和信息技術服務業發展規劃》工信部規[2021]180號), issued by the Ministry of Industry and Information Technology of the PRC on November 15, 2021, clearly states that the development of software-defined computing, software-defined storage, and software-defined networking should be accelerated, with a focus on the development of emerging software-defined platforms such as industrial internet, cloud computing, big data, artificial intelligence, and autonomous driving.

Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035

The National People's Congress of the PRC promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 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》) on March 11, 2021, and it took effect on the same day. The outline clearly states that China should focus on key areas such as high-end chips, operating systems, key algorithms for artificial intelligence, and sensors, and that China should accelerate technological research and development and promote breakthroughs in basic theories, basic algorithms, and equipment materials.

Policies related to the software industry

In July 2020, the State Council issued the Notice on Issuing Several Policies to Promote the high-quality development of the integrated circuit Industry and the Software Industry in the New Era (Guo Fa [2020] No. 8) (《國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》(國發[2020]8號)), which proposed to further optimize the development environment of the software industry and provide support in terms of fiscal and tax policies, investment and financing policies, R&D and development policies, import and export policies, talent policies, Intellectual Property Rights policies, market application policies and international cooperation policies.

In June 2012, the State Council issued the Opinions on Vigorously Promoting the Development of Informatization and Effectively Safeguarding Information Security (Guo Fa [2012] No. 23) (《國務院關於大力推進信息化發展和切實保障信息安全的若干意見》(國發[2012]23號)), which pointed out the need to vigorously promote the development of informatization and effectively safeguard information security.

In December 2011, the General Office of the State Council issued the Guiding Opinions on Accelerating the Development of technical service (Guo Ban Fa [2011] No. 58) (《國務院辦公廳關於加快發展高技術服務業的指導意見》(國辦發[2011]58號)), which clearly defined information technology services as a technical service and provided policy support in terms of financial and tax support, financing channels, market environment, market demand, innovation capabilities, talent training and external collaborations.

In January 2011, the State Council issued the Notice on Issuing Several Policies to Further Encourage the Development of the Software Industry and the integrated circuit Industry (Guo Fa [2011] No. 4) (《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》(國發[2011]4號)), which proposed to provide support to software enterprises in terms of fiscal and tax policies, investment and financing policies, research and development policies, import and export policies, talent policies, intellectual property rights policies, market policies, and policy implementation.

Regulations related to foreign investment

The Company Law of the PRC (《中華人民共和國公司法》) promulgated by the Standing Committee of the National People's Congress of the People's Republic of China ("NPCSC") on December 29, 1993, and last revised on December 29, 2023, and effective on July 1, 2024, governs the establishment, operation, and management of companies in China (including foreign investment companies). Unless otherwise provided by foreign investment laws, foreign investment companies must comply with the Company Law of the PRC.

Foreign investment in China is subject to the Catalog of Industries Encouraged for foreign investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》) (the "Catalogue") promulgated by the NDRC and the Ministry of Commerce of the PRC ("MOFCOM")" (promulgated on 15 December 2025 with effect from 1 February 2026) and the Special Administrative Measures for the Access to foreign investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "Negative List") (promulgated on 6 September 2024 with effect from 1 November 2024). The Catalogue specifies the industrial sectors in which foreign investment is encouraged, and the Negative List specifies special administrative measures on the sectors where foreign investment is restricted or prohibited, and for the sectors not covered by the Negative List, administration is implemented under the principle of equal treatment for domestic and foreign investment.

The foreign investment law of the People's Republic of China (《中華人民共和國外商投資法》) ("the foreign investment law"), promulgated by the National People's Congress on March 15, 2019, and effective from January 1, 2020, and the Implementing Regulations of the foreign investment law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) ("the Implementation Regulations on the Foreign Investment Law"), promulgated by the State Council on December 26, 2019, and effective from January 1, 2020, are the main existing laws and regulations governing foreign investment in China. The promulgation of the foreign investment law and the Implementation Regulations on the Foreign Investment Law aims to further expand opening up to the outside world, actively promote foreign investment, protect the lawful interest of foreign investment, and regulate the management of foreign investment. According to the foreign investment law and the Implementation Regulations on the Foreign Investment Law, China implements a pre-establishment national treatment plus Negative List management system for foreign investment. Foreign investment not included in the Negative List issued or approved by the State Council is granted national treatment.

On December 30, 2019, the Ministry of Commerce and the State Administration for Market Regulation ("SAMR") promulgated the FI Information Reporting Measures (《外商投資信息報告辦法》) (the "Reporting Measures"), which took effect on January 1, 2020. The Reporting Measures regulate the reporting of information related to foreign investment in China. According to the Reporting Measures, foreign investors and foreign-invested enterprises that directly or indirectly conduct investment activities in China should submit investment information to the competent commerce authorities by submitting initial reports, change reports, cancellation reports, annual reports and so forth.

The Measures for Security Review of foreign investment (《外商投資安全審查辦法》), jointly issued by the National Development and Reform Commission and the Ministry of Commerce on December 19, 2020, and effective on January 18, 2021, stipulates the working mechanism for security review of foreign investment, including the types of investments that must be reviewed, the scope of review, and the procedures. Foreign investors or relevant parties within China shall submit a security review declaration before implementing the following investments: (i) investments in military industry, military supporting industries, and other fields related to national defense security, as well as investments in the vicinity of military facilities and military industrial facilities; and (ii) investments in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and internet products and services, important financial services, key technologies, and other important fields related to national security, and obtain substantial control of the invested enterprises.

Regulations related to overseas listings

On February 17, 2023, the China Securities Regulatory Commission issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures") and five supporting guidelines, which took effect on March 31, 2023. The previous institutional foundations for overseas issuance and listing by domestic enterprises, the Special Provisions on Companies Limited by Shares Issuing Shares and Offshore Public Listing by State Council (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Notice of the State Council on Further Strengthening the Administration of Overseas Share certificates and Listing of Stocks (《國務院關於進一步加強在境外發行股票和上市管理的通知》) were simultaneously repealed on March 31, 2023.

According to the Overseas Listing Trial Measures, Chinese companies seeking to issue securities and list directly or indirectly in overseas markets must complete the filing procedures and submit relevant materials to the China Securities Regulatory Commission. The Overseas Listing Trial Measures stipulates that overseas listing is prohibited under any of the following circumstances: (i) listing and financing are explicitly prohibited by laws, administrative regulations, or relevant national provisions; (ii) overseas listing may endanger national security, as determined by the relevant competent department of the State Council in accordance with the law; (iii) the domestic company or its controlling shareholders or de facto controllers has committed criminal offenses such as embezzlement, bribery, misappropriation of property, or disruption of the socialist market economy order within the past three years; (iv) the domestic company is under investigation for suspected crimes or major violations of laws and regulations, and no clear conclusion has been reached; or (v) there are major ownership disputes regarding the equity interests held by the controlling shareholders or shareholders controlled by the controlling shareholders or de facto controllers.

The Overseas Listing Trial Measures also stipulates that an issuer shall be deemed to be an indirect overseas listing by a domestic enterprise if it meets the following conditions: (i) any one of the following indicators — operating revenue, total profits, total assets, or net assets — of the domestic enterprise in the most recent fiscal year accounts for more than 50% of the relevant data in the issuer's audited consolidated financial statements for the same period; and (ii) the main links

of operating activities are carried out in China or its principal place of business is located in China, or most of its executive officers responsible for operation and management are Chinese citizens or habitually reside in China. When an issuer applies to the relevant overseas regulatory body for an initial public offering, it shall file a record with the CSRC. The Overseas Listing Trial Measures also stipulates that if a major event such as a change of control, voluntary termination of listing, or mandatory termination of listing occurs after the issuer's overseas listing, it shall report the specific circumstances to the China Securities Regulatory Commission.

To strengthen the confidentiality and record management of domestic enterprises' overseas issuance and listing, the China Securities Regulatory Commission, together with the Ministry of Finance, the National Administration of State Secrets Protection, and the State Archives Administration, issued the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (CSRC Announcement [2023] No. 44) (《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》(證監會公告[2023]44號)) on February 24, 2023, which took effect on March 31, 2023. These regulations now cover domestic joint stock companies that directly list overseas and domestic operating entities that indirectly list overseas. They outline procedural requirements and clarify corporate confidentiality responsibilities and accounting record management requirements, consistent with the Overseas Listing Trial Measures.

Regulations related to anti-monopoly and anti-unfair competition

According to the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), adopted by the Standing Committee of the National People's Congress on September 2, 1993, effective on December 1, 1993, most recently revised on June 27, 2025 and implemented on October 15, 2025, unfair competition refers to the actions of business operators in their production and operating activities that violate the provisions of the Anti-Unfair Competition Law of the People's Republic of China, disrupt market competition order, and harm the lawful interests of other business operators or consumers. According to the Anti-Unfair Competition Law of the People's Republic of China, business operators in market transactions should adhere to the principles of voluntariness, equality, fairness, and good faith, and abide by laws and business ethics. Business operators who violate the Anti-Unfair Competition Law of the People's Republic of China should bear corresponding civil, administrative, or criminal liability depending on the specific circumstances.

On February 7, 2021, the State Council Anti-Monopoly Commission issued the Anti-Monopoly Guidelines on the Platform Economy Sector (《關於平台經濟領域的反壟斷指南》). These guidelines outline several behaviors that, if lacking justifiable justification, may constitute an abuse of market dominance. Furthermore, the guidelines explicitly stipulate that mergers involving variable interest entity must also comply with anti-monopoly filing requirements.

On June 24, 2022, the Standing Committee of the National People's Congress passed an amendment to the Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》). The amendment introduced a "safe harbor" rule for vertical monopoly agreements signed by operators whose market share is below a specific threshold stipulated by the State Administration for Market Regulation, granted the State Administration for Market Regulation the power to suspend the calculation of the review period during merger investigations under specific circumstances, and allowed procuratorial organs at the prefecture-level city or above to initiate civil public interests litigation on the grounds of monopolistic behavior. It also significantly increased the penalties for violations of the Anti-Monopoly Law of the People's Republic of China. The amendment emphasized the enforcement of the Anti-Monopoly Law of the People's Republic of China in the internet and other key industries.

On January 22, 2024, the State Council issued the "Provisions on Standards for Declaration of Concentration of Undertakings (《關於經營者集中申報標準的規定》), which further clarified the factors to be considered in determining whether an enterprise has acquired control over other enterprises or may exert decisive influence over other enterprises.

On May 6, 2024, the State Administration for Market Regulation issued the Interim Provisions on Anti-Unfair Competition Online (《網絡反不正當競爭暫行規定》), which took effect on September 1, 2024. These provisions provide a regulatory basis for preventing and stopping unfair competition online, maintaining a fair and competitive market order, encouraging innovation, protecting the lawful interests of businesses and consumers, and promoting the standardized, sustainable, and healthy development of the digital economy.

REGULATIONS RELATED TO CYBERSECURITY AND DATA PROTECTION

On May 18, 2006, the State Council issued the Regulations on the Protection of the Right to Disseminate Information Online (《信息網絡傳播權保護條例》), which was later revised on January 30, 2013, according to the Decision of the State Council on Amending the Regulations on the Protection of the Right to Disseminate Information Online (State Council Decree No. 634) (《國務院關於修改〈信息網絡傳播權保護條例〉的決定》(國務院令第634號)). The regulations stipulate that any organization or individual providing the works, performances, or sound recordings/video recordings of others to the public through information networks must obtain permission from the rights holder and pay remuneration. Network Service Providers that provide information storage space to their users and fulfill their relevant obligations as stipulated are not liable for compensation. If a rights holder believes that the works, performances, or sound recordings/video recordings provided by Network Service Providers infringe upon their right to disseminate information online, they may submit a written notice to the network Service Providers requesting the removal of the work, performance, or sound recording/video recording, or the disconnection of the link to the work.

On June 22, 2007, the Ministry of Public National Administration of State Secrets Protection, the State Council Information Office (now defunct), and the State Cryptography Administration jointly issued the Administrative Measures for Information Security Level Protection (《信息安全等級保護管理辦法》), stipulating that the information system security protection can be divided into five levels. The information system already in operation at Level 2 or above must, within 30 days of their security protection level being determined, have their operating and user units complete the registration procedures with the public security organ at the prefecture-level city or above in their locality. The newly-built information systems at Level 2 or above must, within 30 days of being put into operation, have their operating and user units complete the registration procedures with the public security organ at the prefecture-level city or above in their locality.

On July 16, 2013, the Ministry of Industry and Information Technology promulgated the Regulations on the Protection of Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》), which took effect on September 1, 2013. The regulations stipulate that telecommunications business operators and internet information service providers must adhere to the principles of legality, legitimacy, and necessity when collecting and using users' personal information in the course of services rendered, and are responsible for the security of users' personal information. Telecommunications business operators and internet information Service Providers may not collect or use users' personal information without the user's consent. Telecommunications business operators and internet information Service Providers must take technical measures and other necessary measures to ensure information security and prevent the leakage, damage, or loss of users' personal information.

On February 4, 2016, the State Administration of Press, Publication, Radio, Film and Television of Ministry of Industry and Information Technology of the PRC jointly issued the Regulations on the Administration of Online Publishing Services (《網絡出版服務管理規定》), which took effect on March 10, 2016. According to these regulations, engaging in online publishing services requires approval from the relevant publishing administration department and the acquisition of an Online Publishing Service License. Online publishing service providers must display the Online Publishing Service License number issued by the relevant publishing

administration department on their website homepage. Online publications must not contain content prohibited by laws and administrative regulations. Online publishing service providers must record the content of the published works, along with the publication date, URL, or domain. These records must be retained for 60 days and provided to relevant national departments upon lawful inquiry.

On November 7, 2016, the Standing Committee of the National People's Congress promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "Cybersecurity Law"), which took effect on June 1, 2017 and was amended on October 28, 2025 with effect from January 1, 2026. According to the Cybersecurity Law, the state implements a graded protection system for cybersecurity. Network operators must comply with laws and regulations and fulfill their cybersecurity protection obligations when conducting business and Services rendered. Those who provide services through the network shall, in accordance with the mandatory requirements of laws, regulations, and national standards, take technical measures and other necessary measures to ensure network security and stable operation, effectively respond to cybersecurity incidents, prevent cybercrime, and maintain the integrity, confidentiality, and availability of network data. Personal information and important data collected and generated by operators of critical information infrastructure during their operations within China shall be stored within China. If it is necessary to provide such information to overseas entities due to business needs, a security assessment shall be conducted in accordance with the methods formulated by the State Internet Information Office in conjunction with relevant departments of the State Council; where laws and administrative regulations stipulate otherwise, those provisions shall prevail. The procurement of network products and services by operators of critical information infrastructure that may affect national security shall undergo national security review.

On December 28, 2021, the Cyberspace Administration of China (the "CAC"), together with 12 other departments, jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》) (the "CAC Measures"). The CAC Measures officially took effect on February 15, 2022, replacing the previous version issued on April 13, 2020. The CAC Measures stipulates that: (i) network platform operators conducting data processing activities that affect or may affect national security shall undergo cybersecurity review; (ii) network platform operators possessing the personal information of more than 1 million users must apply for cybersecurity review to the Cybersecurity Review Office before listing overseas; and (iii) operators of critical information infrastructure must also undergo cybersecurity review when procuring network products and services that affect or may affect national security. Given that (i) we are an independent distributed AI storage solution provider in the PRC and our products serve as infrastructure-layer technical tools for data storage, we do not access, process or control the content of data stored by our clients, and the data we process in the ordinary course of business is limited to basic commercial information of our suppliers and customers for internal management purposes, which, with reference to Article 10 of the CAC Measures, does not involve core data, important data or personal information of a large number of users, nor the security of critical information infrastructure; (ii) the proposed [**REDACTED**] in Hong Kong does not constitute "listing abroad" under Article 7 of the CAC Measures; and (iii) we have not been identified as a critical information infrastructure operator by any competent authorities, our PRC Legal Advisor is of the view that we are not subject to the CAC Measures.

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (the "Data Security Law"), which took effect on September 1, 2021. Based on the importance of data in Economic and social development, and the degree of harm that alteration, damage, leakage, or illegal acquisition or use would cause to national security, public interests, or the lawful interests of individuals and organizations, the Data Security Law establishes a data classification and grading protection system. The law also stipulates security review procedures for data activities that may affect national security. Furthermore, the Data Security Law stipulates that processors of important data must designate a data security officer and management organization, implement data security protection responsibilities, and that such processors must conduct regular risk evaluation of their data processing activities and submit risk evaluation reports to the relevant competent authorities.

On July 7, 2022, the CAC issued the Measures for Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which took effect on September 1, 2022. The Measures stipulate that data processors must conduct security assessments when providing important data

collected and generated during operations within China, or personal information that is legally required to undergo security assessment, to overseas recipients. On March 22, 2024, the CAC released the Regulations on Promoting and Regulating Cross-border Data Flow (the "New Data Transfer Regulations"), which also took effect on the same day. The New Data Transfer Regulations state that in case of conflict with the Measures for Security Assessment of Cross-border Data Transfer, the New Data Transfer Regulations shall prevail. The New Data Transfer Regulations clarify the circumstances under which certain obligations related to cross-border data transmission (including passing data transfer security assessments, entering into standard contracts for cross-border personal information transfer, and passing personal information protection certification) can be exempted.

On December 8, 2022, the Ministry of Industry and Information Technology issued the Administrative Measures for Data Security in the Industrial and Information Technology Sector (Trial) (《工業和信息化領域數據安全管理辦法(試行)), which took effect on January 1, 2023. Data processors in the industrial and information technology sector shall bear primary responsibility for the security of their data processing activities, implement graded protection for various types of data, and when different levels of data are processed simultaneously and it is difficult to take separate protection measures, protection shall be implemented according to the highest level of requirements to ensure that the data is continuously under effective protection and can be legally used.

On September 24, 2024, the State Council promulgated the Regulations on Cyber Data Security (《網絡數據安全管理條例》) which has come into effect on January 1, 2025. The Regulations on Cyber Data Security aims to implement the general requirements for data security management in the Cybersecurity Law, the Data Security Law, and the Personal Information Protection Law and reiterate general provisions for data processing activities, rules for personal information protection, protection of important data security, cross-border security management of network data, and the obligations of network platform service providers.

Regulations related to Intellectual Property Rights

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) and the Regulation for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) govern the registration, protection, and use of trademarks in China. The Trademark Law was promulgated on August 23, 1982, and last amended on April 23, 2019, and became effective from November 1, 2019 under the "first-to-file" principle. The Law grants exclusive rights to trademark registrants and is administered by the Trademark Office of the China National Intellectual Property Administration (the "China National Intellectual Property Administration"). A registered trademark is valid for ten years and can be renewed for ten years. Renewal procedures must be made within 12 months prior to the expiration of the term, subject to a grace period of six months. The Trademark Office shall announce the renewal of the registration of the trademark. A trademark registrant may license others by entering into a licensing contract, but the licensing details must be recorded with the Trademark Office. No action may be taken against a bona fide third party without the filing. The licensor shall supervise the product quality, and the licensee shall maintain the product quality when using the registered trademark.

Patent

The Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Regulations 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》) regulate patenting activities in China. The Patent Law was promulgated on March 12, 1984, last amended on October 17, 2020, and shall come into force on June 1, 2021. The China National Intellectual Property Administration oversees patent work across the country. The patent administration departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall be responsible for the administration of patents within their respective administrative regions.

The Patent Law and its Implementation Regulations recognize three types of patents: "invention", "utility model" and "design". Invention patents include new technical solutions proposed for products, methods or their improvements. A utility model patent applies to practical technical solutions proposed for the shape, structure or combination thereof of a product. Design patents protect new aesthetic designs of products, including shapes, patterns and combinations of colors. The term of an invention patent right is 20 years, that of a design patent right is 15 years and that of a utility model patent right is 10 years, calculated from the filing date.

China follows the "first-to-file" principle, granting patent rights to the earliest applicant for the same invention. Inventions and utility models granted patent rights must possess novelty, inventiveness, and industrial applicability. The patentee's rights are protected by law, and others are only permitted to use the patent with proper authorization. Unless otherwise stipulated by law, unauthorized use constitutes patent infringement.

Copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), promulgated by the Standing Committee of the National People's Congress on September 7, 1990, revised on November 11, 2020, and implemented on June 1, 2021, and the Implementing Regulations of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》), promulgated by the State Council on August 2, 2002, revised on January 30, 2013, and implemented on March 1, 2013, works by Chinese citizens, legal persons, or unincorporated organizations, whether published or not, enjoy copyright. A work refers to an original intellectual creation in the fields of literature, art, and science that can be expressed in a certain form, including written works, oral works, photographic works, audiovisual works, computer software, etc. Copyright holders enjoy multiple rights, including the right of publication, the right of attribution, and the right of reproduction.

According to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, and last revised on January 30, 2013, with the latest revised version taking effect on March 1, 2013, Chinese citizens, legal persons, or other organizations enjoy copyright (including the right of publication, the right of attribution, the right of modification, the right of reproduction, the right of distribution, the right of rental, the right of communication to the public via information networks, the right of translation, and other rights that software copyright holders should enjoy) in the software they develop, regardless of whether the software has been published.

According to the Regulations on the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on April 6, 1992, and revised on February 20, 2002, with the latest revision taking effect on the same day, software copyrights, proprietary software copyright licensing agreements, and transfer agreements must be registered. The National Copyright Administration is the competent authority for software copyright registration and has designated the China Copyright Protection Center as the software registration agency. Applications that meet the requirements should be registered, and the China Copyright Protection Center will issue the corresponding registration certificate.

Domain

According to the Internet Domain Management Measures (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 (effective from November 1, 2017) and the Implementation Rules for National Top-Level Domain Registration (《國家頂級域名註冊實施細則》) promulgated by the China Internet Network Information Center on June 18, 2019 (effective from the same date), domain holders must register their domain. The MIIT supervises and manages internet domain in China, while the communications administrations of provinces, autonomous regions, and municipalities directly under the central government supervise and manage domain services within their respective

administrative regions. Domain registration services generally follow the "first-apply, first-register" principle. Applicants should provide accurate information to the domain registration service provider and enter into a registration agreement with them. After completing the registration process, the applicant becomes the domain holder.

Regulations related to Properties leasing

According to the Civil Code of the PRC (《中華人民共和國民法典》), with the lessor's consent, the lessee may sublease the leased property to a third party. If the lessee subleases the property, the lease contract between the lessee and the lessor remains valid; if a third party causes damage to the leased property, the lessee shall compensate for the loss. If the ownership of the leased property changes during the period of possession by the lessee in accordance with the lease contract, the validity of the lease contract shall not be affected.

According to the Urban Real Estate Administration Law of the People's Republic of China (《中華人民共和國城市房地產管理法》) promulgated by the Standing Committee of the National People's Congress on July 5, 1994 and revised on August 26, 2019, and the Measures for the Administration of Commodity Housing Leasing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Ministry of Construction on December 1, 2010 and implemented on February 1, 2011, the parties to a housing lease shall enter into a lease contract in accordance with the law. Within 30 days of signing a house lease contract, the parties to the house lease shall register the house lease with the construction (real estate) authority of the municipal, city, or county people's government where the leased house is located. Those who violate the aforementioned provisions shall be ordered to rectify within a specified period by the construction (real estate) authorities of the municipal, city, or county people's governments; individuals who fail to rectify within the specified period shall be subject to penalty fines up to RMB1,000; entities that fail to rectify within the specified period shall be subject to penalty fines between RMB1,000 and RMB10,000. The Civil Code of the PRC stipulates that the failure of the parties to register and file a lease contract in accordance with the provisions of laws and administrative regulations shall not affect the validity of the contract.

Regulations related to labor and social security

Labor Law and Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》), promulgated on July 5, 1994, and revised on August 27, 2009, and December 29, 2018, employers must establish and improve occupational safety and health systems, strictly implement national occupational safety and health regulations and standards, and provide occupational safety and health education to workers. Occupational safety and health facilities must meet statutory standards. Enterprises and units must provide workers with occupational safety and health conditions that comply with relevant labor protection laws and regulations.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated on June 29, 2007 and revised on December 28, 2012, and the Regulations for the Implementation 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》), promulgated on September 18, 2008, stipulate specific provisions regarding the signing, terms, and termination of labor contracts, as well as the relevant rights and obligations of employees and employers. When recruiting employees, employers must truthfully inform them of the job content, working conditions, work location, occupational hazards, safety production conditions, remuneration, and other information that the employee requests to know.

Social Insurance and Housing Provident Funds

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010, implemented on July 1, 2011, and revised on December 29, 2018, and the Provisional Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which were issued by the State Council on January 22, 1999 and revised on March 24, 2019, employees should participate in basic pension insurance, basic medical insurance, and unemployment insurance. Basic pension insurance, basic medical insurance, and unemployment insurance are jointly paid by employers and employees. Employees should also participate in work injury insurance and maternity insurance. Work injury insurance and maternity insurance premiums are paid by the employer, not by the employee.

According to the Notice of the General Office of the State Council on Issuing the Pilot Program for the Merger of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於印發〈生育保險和職工基本醫療保險合併實施試點方案〉的通知》) issued on January 19, 2017, and the Opinions of the General Office of the State Council on Comprehensively Promoting the Merger of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) issued on March 6, 2019, the merger of maternity insurance and basic medical insurance for employees shall be promoted to achieve simultaneous insurance registration, consolidated operation of funds, unified collection and payment management, unified supervision and management, and integrated handling and services.

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), employers must register for social insurance with the local social insurance agency, provide social insurance for their employees, and withhold and pay relevant social insurance on their behalf. If an employer fails to register for social insurance, the social insurance administrative department shall order it to rectify the situation within a specified period; if it fails to rectify the situation within the specified period, the employer shall be subject to penalty fines between one and three times the amount of social insurance payable. If an employer fails to pay social insurance on time and in full, the social insurance collection agency shall order it to pay or make up the shortfall within a specified period, and impose a late payment fee of 0.05% per day from the date of default; if the employer still fails to pay after the deadline, the competent administrative department shall impose penalty fines of one to three times the amount owed.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated on April 3, 1999 and revised on March 24, 2002 and March 24, 2019, employers shall make timely and full contributions to housing fund and shall not make overdue or under-contributions. Employers should register for housing fund contributions with the housing fund management center. If an employer violates the aforementioned laws and regulations by failing to register for housing fund contributions or failing to establish housing fund accounts for its employees, the housing fund management center shall order it to do so within a specified period; if it fails to do so within the specified period, it shall be subject to penalty fines between RMB10,000 and RMB50,000. If an employer violates these regulations by failing to pay or underpaying housing fund, the housing fund management center shall order it to make the payments within a specified period; if the employer still fails to make the payments after the specified period, the center may apply to the people's court for enforcement.

According to the Interpretation (II) of the Supreme People's Court on Several Issues concerning applicable laws 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)》) promulgated on July 31, 2025 and effective from September 1, 2025, if an employer and an employee agree or the employee promises to the employer not to pay social insurance, the People's Court shall deem the agreement or promise null and void. Furthermore, if an employee terminates their employment contract under the Labor Contract Law of the PRC on the grounds that the employer has failed to pay social insurance in accordance with the law, and requests the employer to pay economic compensation, the People's Court shall support such a request.

Regulations related to PRC Taxes

Income Tax Act

According to the EIT Law of the PRC (《中華人民共和國企業所得税法》), promulgated by the National People's Congress on March 16, 2007, and revised on December 29, 2018, and effective on the same day, and the Implementing Regulations of the Enterprise Income Tax Law of the PRC of the People's Republic of China (《中華人民共和國企業所得税法實施條例》), promulgated by the State Council on December 6, 2007, and revised on December 6, 2024, and effective from January 20, 2025, enterprises are divided into "resident enterprises" and "non-resident enterprises". Resident enterprises refer to enterprises that are legally established in China or that are established in accordance with the laws of a foreign country (region) but whose de facto management body is located in China. Non-resident enterprises refer to enterprises established in accordance with the laws of foreign countries (regions) whose de facto management body is not located in China, but which have established institutions or places of business in China, or which do not have established institutions or places of business in China, but have income derived from China. Resident enterprises are required to pay corporate income tax at a rate of 25% on their domestic and foreign income. Small and micro-profit enterprises that meet the requirements are subject to corporate income tax at a reduced rate of 20%. High-tech enterprises that require key support from the PRC Government are subject to a reduced corporate income tax rate of 15%.

According to the Announcement on Enterprise Income Tax Policy for integrated circuit Design and Software Industries (Announcement No. 68 of 2019) (《關於集成電路設計和軟件產業企業所得税政策的公告》(公告2019年第68號)) issued by the Ministry of Finance and the State Administration of Taxation on May 17, 2019, and effective on the same day, legally established and qualified integrated circuit design and software enterprises are entitled to a preferential period calculated from the profit-making year before December 31, 2018. The enterprise income tax is exempted for the first and second years, and the enterprise income tax is levied at half the statutory tax rate of 25% for the third to fifth years, and this preferential treatment continues until the expiration of the period.

According to the Notice on Issues Concerning Preferential Policies for Enterprise Income Tax in the Software and Integrated Circuit Industries (Cai Shui [2016] No. 49) (《關於軟件和集成電路產業企業所得税優惠政策有關問題的通知》(財税[2016]49號)) issued by the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission, and the Ministry of Industry and Information Technology on May 4, 2016, software and integrated circuit enterprises should calculate the periodic tax reduction and exemption preferential period from the year in which the enterprise makes a profit. If a company does not meet the preferential conditions in a profitable year, it shall enjoy the corresponding tax reduction and exemption benefits for the remaining years of its preferential period, starting from the year in which it first meets the conditions for software and integrated circuit enterprises.

Income tax related to dividend distribution

According to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and related regulations (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), promulgated by the State Administration of Taxation on August 21, 2006 and implemented from December 8, 2006, if a Hong Kong enterprise directly holds no less than 25% of the equity interests of a Chinese company, the dividends distributed shall be subject to withholding tax at a rate of 5%; otherwise, they shall be subject to withholding tax at a rate of 10%.

According to the Administrative Measures for Non-resident Taxpayers to Enjoy Treaty Benefits (《非居民納税人享受協定待遇管理辦法》) promulgated by the State Administration of Taxation on October 14, 2019 and implemented on January 1, 2020, non-resident taxpayers shall

enjoy tax treaty benefits by means of "self-assessment, declaration of enjoyment, and retention of relevant data for future reference". If a non-resident taxpayer determines that he or she meets the conditions for enjoying treaty benefits, he or she may enjoy the treaty benefits on his or her own when filing a tax return or through a withholding agent when filing a withholding return. At the same time, he or she shall collect and retain relevant data for future reference in accordance with regulations and accept subsequent management by the tax authorities.

Value-added Tax

According to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法》) promulgated on December 25, 2024 and effective on January 1, 2026, all entities and individuals that sell goods, services, intangible assets, or immovables, or import goods within China are taxpayers of VAT, and shall pay VAT in accordance with this Law. Unless otherwise specified, taxpayers engaged in services rendered and selling intangible assets shall pay tax at a rate of 6%.

According to the Notice on Fully Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax (Cai Shui [2016] No. 36) (《關於全面推開營業税改徵增值税試點的通知》(財税[2016]36號)) issued by the Ministry of Finance and the State Administration of Taxation on March 23, 2016, effective on May 1, 2016, and revised on July 11, 2017, December 25, 2017, and March 20, 2019 respectively, with the approval of the State Council, the pilot program of replacing business tax with value-added tax was fully implemented nationwide from May 1, 2016. All business tax payers in the construction, real estate, financial, and lifestyle service industries were included in the pilot program and changed from paying business tax to paying value-added tax.

According to the Notice on Relevant Policies on Simplifying Value-added Tax Rates (Cai Shui [2017] No. 37) (《關於簡並增值税税率有關政策的通知》(財税[2017]37號)) issued by the Ministry of Finance and the State Administration of Taxation on April 28, 2017 and implemented from July 1, 2017, the value-added tax rate structure was simplified from July 1, 2017, the 13% value-added tax rate was abolished, and the scope of goods subject to the 11% tax rate and the provisions for deducting input tax were clarified.

According to the Notice of the Ministry of Finance and the State Administration of Taxation State Administration on Adjusting Value-added Tax Rates" (Cai Shui [2018] No. 32) (《財政部、國家税務總局關於調整增值税税率的通知》(財税[2018]32號)) issued on April 4, 2018 and implemented on May 1, 2018, starting from May 1, 2018, for taxpayers who engage in value-added tax taxable sales or import goods, the original applicable tax rates of 17% and 11% are adjusted to 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening value-added tax Reform (Announcement No. 39 of 2019 by the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs) (《關於深化增值税改革有關政策的公告》(財政部、税務總局、海關總署公告2019年第39號)), issued on March 20, 2019, and effective from April 1, 2019, and revised on September 1, 2025, for general value-added tax taxpayers engaging in value-added tax taxable sales or importing goods, the original 16% tax rate shall be adjusted to 13%, and the original 10% tax rate shall be adjusted to 9%.

According to the Notice on value-added tax Policy for Software Products (Cai Shui [2011] No. 100) (《關於軟件產品增值稅政策的通知》(財稅[2011]100號)) issued by the Ministry of Finance and the State Administration of Taxation on October 13, 2011, after a 17% VAT is levied on the sale of software products developed and produced by general value-added tax taxpayers, the portion of their actual value-added tax burden exceeding 3% is subject to an immediate refund policy.

Regulations related to foreign exchange

The main regulations governing China's foreign exchange are the Regulations of the People's Republic of China on Foreign Exchange Management (《中華人民共和國外匯管理條例》), promulgated by the State Council on January 29, 1996, and revised on August 5, 2008. According to this regulation and other Chinese rules and regulations concerning currency exchange, RMB is freely convertible under current account items (such as foreign exchange transactions related to trade and services and dividend payments), but it is not freely convertible under capital account items (such as direct investment, loans or securities investment outside of China) without prior approval from the State Administration of Foreign Exchange (the "State Administration of Foreign Exchange") or its local branches.

According to the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Raised by Domestic Enterprises Listed Overseas (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), promulgated on December 24, 2025 and effective on April 1, 2026, a domestic joint stock company that conducts an overseas listing upon completion of the CSRC filing shall, within 30 working days from the first trading day of the overseas listing, apply to a bank within the province or the city with independent planning status where it is registered (the "local bank") for overseas listing registration, and the local bank will process such registration through the SAFE's digital foreign exchange administration system. In principle, funds raised through an overseas listing shall be remitted back to the PRC in a timely manner. Where such funds are to be retained overseas for overseas direct investment, overseas securities investment, overseas lending or other businesses, the domestic company shall obtain the approval or filing documents from the competent authorities before the completion of the overseas offering and shall comply with the relevant cross-border funds administration provisions. The use of proceeds from an overseas listing shall be consistent with the relevant contents set out in the publicly disclosed documents, such as the document, shareholders' circulars or resolutions of the board of directors or shareholders' meetings. A domestic shareholder who reduces its holding of overseas listed shares shall apply to its local bank for reduction registration before the reduction or within 30 working days thereafter.

According to the Guidelines on Capital Account Foreign Exchange Business (2024 Edition) (《資本項目外匯業務指引(2024年版)》) issued by the State Administration of Foreign Exchange on April 3, 2024, funds raised by domestic companies through overseas listings should, in principle, be repatriated to China in a timely manner, either in RMB or foreign currency. The use of funds should be consistent with the relevant information listed in publicly disclosed documents such as the document, corporate bonds offering document, shareholder circular, Board of Directors or Shareholders' Meeting resolutions. Domestic companies using funds raised from overseas listings to conduct overseas direct investment, overseas securities investment, overseas lending, and other businesses must comply with relevant Foreign Exchange Management regulations.

The State Administration of Foreign Exchange issued the Notice on Further Simplifying and Improving Foreign Exchange Management Policies for 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》) on February 13, 2015, and revised it on December 30, 2019, allowing institutions and individuals to apply for foreign exchange registration with qualified banks. Qualified banks can directly review applications under the supervision of the State Administration of Foreign Exchange. On March 30, 2015, the State Administration of Foreign Exchange issued the Notice on Reforming the Management of Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, which was revised on December 30, 2019. The notice stipulates

that foreign exchange capital of foreign-invested enterprises shall be subject to voluntary settlement. Foreign-invested enterprises may conduct voluntary settlement of foreign exchange capital according to their business needs.

The notice emphasizes that the funds should adhere to the principles of authenticity and self-use within the business scope; they may not be used for expenditures outside the business scopes, securities investments (unless otherwise stipulated), RMB entrusted loans, inter-enterprise lending, or real estate expenses (except for self-use by foreign-invested real estate enterprises).

The State Administration of Foreign Exchange issued the Notice on Further Improving and Adjusting Foreign Exchange Management Policies for Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) ("State Administration of Foreign Exchange Document No. 59") (國家外匯管理局59號文)) on November 19, 2012, which took effect on December 17, 2012, and was last revised on May 4, 2015. This document abolished the administrative approval for foreign exchange registration for direct domestic investment and direct overseas investment, and simplified the procedures for foreign exchange-related registration.

The State Administration of Foreign Exchange issued the Notice on Reforming and Standardizing the Management Policy for Capital Account Settlement (《關於改革和規範資本項目結匯管理政策的通知》) ("State Administration of Foreign Exchange Document No. 16" (國家外匯管理局16號文)) on June 9, 2016, and revised it on December 4, 2023. According to State Administration of Foreign Exchange Document No. 16, companies registered in China may also convert foreign debt from foreign currency into RMB at their own discretion. State Administration of Foreign Exchange Document No. 16 reiterated that RMB transferred from a company's foreign currency capital may not be used directly or indirectly for expenditures outside its business scope or prohibited by the PRC laws and regulations, nor may it be used to issue loans to non-affiliated companies.

On January 26, 2017, the State Administration of Foreign Exchange issued the Notice on Further Promoting Foreign Exchange Management Reform and Improving the Verification of Authenticity and Compliance (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures regarding the remittance of profits from domestic entities to overseas entities, including: (i) banks should verify the Board of Directors' resolutions on profit distribution, original tax filing forms, and audited financial statements related to profit remittances in accordance with the principle of genuine transactions; and (ii) domestic institutions should first make up for previous years' losses in accordance with the law before remitting profits. Furthermore, according to the notice, domestic institutions should provide detailed explanations of the source and use of investment funds and provide Resolutions of the Board of Directors, contracts, and other supporting documents when completing the registration procedures for relevant overseas investments.

On October 23, 2019, the State Administration of Foreign Exchange issued the Notice on Further Facilitating Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which was revised on December 4, 2023. The notice stipulates that all foreign-invested enterprises may use RMB converted from foreign currency capital to make equity investments in China, provided that the equity investments are genuine, do not result in a violation of applicable laws, and comply with the Negative List for foreign investment.

According to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management to Support the Development of Foreign-related Businesses (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by the State Administration of Foreign Exchange on April 10, 2020 and effective on June 1, 2020, the reform of facilitating the payments of capital account income is being promoted nationwide. Provided that the use of funds is genuine and compliant with current regulations on the use of capital account income, eligible enterprises are allowed to use capital account income such as capital, foreign debt and overseas listing income for domestic payments without having to provide proof of authenticity to banks for each transaction in advance.

OVERVIEW

We were founded by Mr. Xu and Mr. Wang, our executive Directors, with our predecessor established as a limited liability company in the PRC in May 2015 under the name of XSKY (Beijing) Data Technology Co., Ltd. (星辰天合(北京)數據科技有限公司) ("**XSKY Limited**"). For biographical details of Mr. Xu and Mr. Wang, see "Directors and Senior Management" in this document. After years of development, we are the largest independent distributed AI storage solution provider in China, as measured by installed capacity in 2025. We focus on delivering enterprise grade AI storage solutions that empower organizations to efficiently integrate data, decision making, and operations at scale. Through our two main solutions, namely AI data lake storage and AI Training and Inference storage solutions, we enable deployment and implementation of AI storage into our enterprise customers' business operations, addressing critical storage needs during their AI-driven transformation.

In December 2021, XSKY Limited was converted from a limited liability company into a joint stock company with limited liabilities, and was renamed Beijing XSKY Technology Co., Ltd. (北京星辰天合科技股份有限公司) (the "**Conversion**").

OUR MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone
2015	XSKY Limited was established under the laws of the PRC as a limited liability company.
2016	We launched XEBS, a product tailored for private cloud scenarios, and XEOS, an enterprise-grade object storage system designed to support the long-term retention, governance and distribution of unstructured datasets.
2017	We launched XEDP, the industry's first unified platform featuring multi-protocol integration and elastic scalability starting with 3 nodes.
2018	We tapped into the mainstream of traditional storage, with our technical services covering major provinces and cities across the country.
2019	We became a member of the Information Technology Application Innovation Working Committee of China.
2020	We rolled out XGFS, an enterprise-grade file storage system.
2021	We launched one of our AI training and inference storage solutions, XGFS V5.
	We were converted from a limited liability company into a joint stock company with limited liabilities, and were renamed Beijing XSKY Technology Co., Ltd. (北京星辰天合科技股份有限公司).
2022	We launched the next-generation object storage V6.
	We unveiled XEOS V6 and XScale architecture, which support up to 100 billion objects per bucket and EB-scale storage.
2023	We launched XSEA, China's first distributed Shared-Everything all-flash storage engine, enabling end-to-end RDMA for high-performance scenarios.

Year	Milestone
2024	We launched EasyData for massive data orchestration and governance, supporting data lake asset and dataset management.
	We were accredited as a National Specialized and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業) by the Ministry of Industry and Information Technology (工業和信息化部).
2025	We developed XSKY AI Data Platform and co-built hybrid cloud storage solutions with leading AI clients to empower enterprise data infrastructure modernization and AI innovation.
2026	We launched MeshFS V7.3 for AI training storage following customer validation, delivering enhanced production-grade AI file capabilities with file performance of up to 4 million IOPS.

OUR SUBSIDIARIES

As of the Latest Practicable Date, the following table sets out the principal business activities, place of establishment and date of establishment of our subsidiaries:

Name	Place of establishment	Date of establishment	Shareholding	Principal business activities
Xiamen XSKY . .	PRC	November 24, 2022	100%	Research and development of AI storage solutions
Wuhan XSKY . . .	PRC	November 23, 2022	100%	Research and development of AI storage solutions

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment of Our Company and Initial Shareholding Changes

On May 13, 2015, XSKY Limited was established as a limited liability company under the laws of the PRC by Mr. Xu and Mr. Wang, with a registered capital of RMB1,000,000. Upon establishment, our Company was owned by Mr. Xu and Mr. Wang as to 49.22% and 50.78%, respectively.

Between October 2015 and November 2018, our Company underwent several rounds of equity transfers and capital increases. As of November 12, 2018, the registered capital of our Company was RMB60,000,000 and its shareholding structure became as follows:

Name of Shareholder	Registered capital subscribed for	Approximate percentage of shareholding
	(RMB)	
Mr. Xu	33,154,200	55.26%
Mr. Wang	14,209,200	23.68%
Mr. Zhai Jing (翟靜)[(1)]	6,174,000	10.29%
Horgos Fenghua Equity Investment Management Partnership Enterprise (Limited Partnership) (霍爾果斯鋒華股權投資管理合夥企業(有限合夥)) ("**Horgos Fenghua**")[(2)]	5,262,600	8.77%

Name of Shareholder	Registered capital subscribed for	Approximate percentage of shareholding
	(RMB)	
Shanghai Qishu Consulting Management Co., Ltd. (上海啟蜀諮詢管理有限公司) ("**Shanghai Qishu**")[2]	1,200,000	2.00%
Total	**60,000,000**	**100.00%**

Notes:

(1) Mr. Zhai Jing is a former director and senior management of our Company. Mr. Zhai Jing ceased to be a Shareholder after his divestment in October 2025 and held indirect interest in our Company in his capacity as a limited partner in XSKY Tianshu with 14.04% partnership interest therein as of the Latest Practicable Date. For further details, see "— Major Shareholding Changes of Our Company — Share Repurchase and Capital Reserve Conversion" in this section.

(2) Horgos Fenghua is a limited liability partnership established under the laws of the PRC as a nominee Shareholder of Northern Light Venture Capital IV, Ltd. ("**Northern Light**"), our Pre-[**REDACTED**] Investor.

Shanghai Qishu is a limited liability company established under the laws of the PRC as a nominee Shareholder of Qiming Venture Partners V, L.P. ("**QIMING VENTURE**") and Qiming Venture Partners V, L.P. ("**QIMING MANAGING DIRECTORS**", together with QIMING VENTURE, "**QIMING**"), each a Pre-[**REDACTED**] Investor.

Horgos Fenghua and Shanghai Qishu acquired and subscribed for our registered capital at nominal value, in order to maintain the stability of the shareholding of Northern Light and QIMING in our Group during the subsistence of the VIE structure of our Company. Horgos Fenghua and Shanghai Qishu ceased to be a Shareholder after the 2021 Restructuring. For further details, see "— Unwinding of the Offshore Structure and Flip-down".

Previous Offshore Corporate Structure

For the purpose of exploring possible financing and listing on overseas markets, we underwent a series of restructurings (the "**2015 Restructuring**") from September 2015 to October 2015 and adopted an offshore red-chip holding structure, pursuant to which the then Shareholders indirectly held interests in our Company through XSKY COOPERATION, an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 18, 2015. At the early stage of the Company's establishment, taking into account its then developing business plans and as a prudent preparatory measure for attracting potential foreign investors and facilitating potential overseas listing application, in December 2015, we also adopted a VIE structure (the "**2015 Contractual Arrangements**"), pursuant to which we were able to, through XSKY COOPERATION (through its wholly-owned subsidiaries XSKY (HONG KONG) LIMITED ("**XSKY HK**") and XSKY Huachuang (Beijing) Technology Co., Ltd. (星辰華創(北京)科技有限公司) ("**XSKY Huachuang**")), exercise control over and enjoy all the economic benefits to be derived from the operations of our business in the PRC.

We went through several rounds of Pre-[**REDACTED**] Investments at the level of XSKY COOPERATION from December 2015 to June 2020 with details set forth below:

Name of Pre-[REDACTED] Investors[1]	Number of shares of XSKY COOPERATION held	Consideration
Series A Financing		
Northern Light	25,000,000 Series A preferred shares	US$2,500,000
Series B Financing		
Redpoint Ventures VI HK Limited ("**Redpoint Ventures**")	29,100,000 Series B preferred shares	US$4,656,000

Name of Pre-[REDACTED] Investors[1]	Number of shares of XSKY COOPERATION held	Consideration
Redpoint Associates VI, LLC ("**Redpoint Associates**")	900,000 Series B preferred shares	US$144,000
Northern Light	7,500,000 Series B preferred shares	US$1,200,000
Series C Financing		
QIMING VENTURE	23,349,438 Series C preferred shares	US$7,759,198
QIMING MANAGING DIRECTORS	724,456 Series C preferred shares	US$240,742
Redpoint Ventures	7,005,731 Series C preferred shares	US$2,328,058
Redpoint Associates	216,672 Series C preferred shares	US$72,002
Northern Light	7,824,074 Series C preferred shares	US$2,600,000
Series D Financing		
New Enterprise Associates 16, L.P. ("**NEA 16**")	24,095,054 Series D preferred shares	US$16,970,000
NEA Ventures 2018, L.P. ("**NEA 2018**")	42,596 Series D preferred shares	US$30,000
QIMING VENTURE	4,604,115 Series D preferred shares	US$3,242,650
QIMING MANAGING DIRECTORS	142,850 Series D preferred shares	US$100,609
Redpoint Ventures	5,272,684 Series D preferred shares	US$3,713,520
Redpoint Associates	163,073 Series D preferred shares	US$114,851
Northern Light	5,435,757 Series D preferred shares	US$3,828,371
Series D+ Financing		
Guohu Investment Limited (國湖投資有限公司)[2]	24,430,823 Series D+ preferred shares	US$20,000,000
NEA 16	1,221,541 Series D+ preferred shares	US$1,000,000
QIMING VENTURE	2,369,790 Series D+ preferred shares	US$1,940,000
QIMING MANAGING DIRECTORS	73,292 Series D+ preferred shares	US$60,000

Notes:

(1) Among these entities, some served as the offshore holding vehicles of our pre-[**REDACTED**] investors at the level of XSKY COOPERATION. During the Flip-down, based on their respective internal shareholding arrangements, such entities were changed to the current holding vehicles of the Company. See "— Pre-[**REDACTED**] Investments — Information relating to our key Pre-[**REDACTED**] Investors" in this section.

(2) Guohu Investment Limited is an offshore holding vehicle of Shenzhen Jianwei before the Flip-down.

Unwinding of the Offshore Structure and Flip-down

In view of our business and strategic focus on the domestic market and our then A-share listing plan following the introduction of the STAR Market on the Shanghai Stock Exchange as well as the implementation of the registration based listing regime in the PRC, in February 2021, we decided to unwind our offshore red-chip holding structure and terminate the 2015 Contractual Arrangements (the "**2021 Restructuring**") to adjust our shareholding structure to facilitate a proposed domestic listing. After completion of the 2021 Restructuring in April 2021, including termination of the 2015 Contractual Arrangements, our Company became the holding company of all operating entities of our Group, and the shareholding in XSKY COOPERATION was flipped down (the "**Flip-down**") to the level of our Company. Subsequently, XSKY COOPERATION, XSKY HK and XSKY Huachuang were deregistered. After the adoption of the 2015 Contractual Arrangements (which was later terminated), we did not engage in any foreign investment restricted

or prohibited business. The Special Management 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**"), issued by the NDRC and the MOFCOM, universally sets out the special administrative measures regarding the acceptance of foreign investments, and sectors not included in the Negative List are administered under the principle of equal treatment between domestic and foreign investment. Our Group is principally engaged in providing enterprise clients with AI data storage solutions, comprising two core product categories, namely AI data lake storage and AI training, inference and data processing storage. Our Group's principal business activities do not fall within any restricted or prohibited category under the Negative List. As advised by our PRC Legal Advisor, our Group's businesses are not subject to foreign investment restrictions under the Negative List.

Each of the 2015 Restructuring and the 2021 Restructuring was merely recapitalization of XSKY Limited and XSKY COOPERATION without change in the ownership of our Group's business before and after the 2015 Restructuring and the 2021 Restructuring. Our PRC Legal Advisor has confirmed that the aforesaid 2015 Restructuring and 2021 Restructuring have been legally completed and we obtained the requisite legal approvals from the PRC competent authorities or made all necessary registration or filings with the relevant local branch of the State Administration for Market Regulation (國家市場監督管理總局) in all material respects. The 2015 Contractual Arrangements have been effectively unwound as of April 2021.

During the Flip-down and as part of the 2021 Restructuring, we underwent one round of capital reduction in March 2021 and two rounds of capital increases in April and August 2021, including (i) capital reduction in the registered capital of our Company from RMB60 million to RMB1,671,700 by Mr. Xu, Mr. Wang, Mr. Zhai Jing, Horgos Fenghua and Shanghai Qishu, upon completion of which each of Horgos Fenghua and Shanghai Qishu ceased to be a Shareholder; (ii) subscription for the increased registered capital of RMB798,291 by XSKY Tianshu, Tianjin XSKY Tianji Enterprise Management Partnership (Limited Partnership) (天津星辰天機企業管理合夥企業(有限合夥)) ("**XSKY Tianji**"), Tianjin XSKY Tianquan Enterprise Management Partnership (Limited Partnership) (天津星辰天權企業管理合夥企業(有限合夥)) ("**XSKY Tianquan**"), Tianjin XSKY Tianxuan Enterprise Management Partnership (Limited Partnership) (天津星辰天璇企業管理合夥企業(有限合夥)) ("**XSKY Tianxuan**"), Tianjin XSKY Kaiyang Enterprise Management Partnership (Limited Partnership) (天津星辰開洋企業管理合夥企業(有限合夥)) ("**XSKY Kaiyang**"), Tianjin XSKY Yaoguang Enterprise Management Partnership (Limited Partnership) (天津星辰瑤光企業管理合夥企業(有限合夥)) ("**XSKY Yaoguang**") and Tianjin XSKY Yuheng Enterprise Management Partnership (Limited Partnership) (天津星辰玉衡企業管理合夥企業(有限合夥)) ("**XSKY Yuheng**"); and (iii) subscription for the increased registered capital of RMB3,807,791 by our Series A, Series B, Series C, Series D and Series D+ Pre-[**REDACTED**] Investors, through their investment entities. In addition, as part of the 2021 Restructuring, all agreements and arrangements at XSKY COOPERATION level with the then Pre-[**REDACTED**] Investors had been terminated. Upon completion of the aforementioned transactions, our Company had a registered capital of RMB6,277,797, and the shareholding of our Company became as follows:

No.	Name of Shareholder	Registered capital subscribed for	Approximate percentage of shareholding
		(RMB)	
1.	Mr. Xu	1,000,000	15.93%
2.	Mr. Wang	409,751	6.53%
3.	XSKY Tianshu [(1)]	270,191	4.30%
Sub-total		1,679,942	26.76%
4.	Immense Vantage Limited (焯俊有限公司) ("**Immense Vantage**")	1,028,158	16.38%
5.	Redpoint Ventures	958,468	15.28%
6.	QM188 Limited	702,456	11.20%

No.	Name of Shareholder	Registered capital subscribed for	Approximate percentage of shareholding
		(RMB)	
7.	NEA 16 XSKY (Beijing) Data Technology, Ltd. ("**NEA 16 (Beijing)**")	568,827	9.06%
8.	Shenzhen Jianwei Investment Partnership (Limited Partnership) (深圳見微投資合夥企業(有限合夥)) ("**Shenzhen Jianwei**")	548,925	8.74%
9.	Mr. Zhai Jing	261,964	4.17%
10.	XSKY Tianxuan	224,910	3.58%
11.	XSKY Yuheng	139,304	2.22%
12.	XSKY Tianquan	53,022	0.84%
13.	XSKY Kaiyang	49,198	0.78%
14.	XSKY Yaoguang	34,368	0.55%
15.	XSKY Tianji	27,298	0.43%
16.	NEA Ventures 2018 XSKY (Beijing) Data Technology, Ltd. ("**NEA 2018 (Beijing)**")	957	0.02%
Total		**6,277,797**	**100.00%**

Note:

(1) XSKY Tianshu is established in the PRC as a limited partnership as a shareholding platform. As of the Latest Practicable Date, the general partner of XSKY Tianshu was Mr. Xu with approximately 64.00% partnership interest therein and held as to approximately 21.96% and 14.04% by Mr. Wang and Mr. Zhai Jing as its limited partners.

Partial Equity Transfers by Pre-[REDACTED] Investors in August 2021 and Equity Purchase by Series E Pre-[REDACTED] Investors in September 2021

In conjunction with our 2021 Restructuring and Flip-Down and considering the funding needs for implementation of the 2021 Restructuring, after negotiation with our then existing Shareholders, our Company sought to introduce new investors through a combination of (i) a partial transfer of equity interests by certain existing shareholders to the new investors; and (ii) the subscription for newly issued registered capital of the Company by the new investors. In August 2021, our Pre-[**REDACTED**] Investors (which have been flipped down from our offshore structure to onshore structure), namely Immense Vantage, Redpoint Ventures, QM188 Limited, NEA 16 (Beijing) and NEA 2018 (Beijing) entered into an equity transfer agreement with Kaiyuan Tianlu (Beijing) Technology Co., Ltd. (開源天路(北京)科技有限公司) ("**Kaiyuan Tianlu**"), pursuant to which each of the aforementioned Pre-[**REDACTED**] Investors agreed to transfer and Kaiyuan Tianlu agreed to acquire a total of RMB1,531,668 registered share capital of our Company (representing partial equity interest of such Pre-[**REDACTED**] Investors in our Company).

In September 2021, our Series E Pre-[**REDACTED**] Investors invested in our Company by (i) acquiring RMB1,531,668 registered share capital of the Company from Kaiyuan Tianlu; and (ii) subscription of increased registered capital of our Company. For details of the subscription of increased registered share capital by Series E Pre-[**REDACTED**] Investors, see "– Major Shareholding Changes of Our Company – Capital Increase Subscribed by Series E Pre-[**REDACTED**] Investors" in this section.

Details of the partial equity transfer by the transferring Pre-[**REDACTED**] Investors and purchase of such corresponding equity interest by our Series E Pre-[**REDACTED**] Investors, in which case, through Kaiyuan Tianlu, are set forth as follows:

Partial Equity Transfers by Pre-*[REDACTED] *Investors in August 2021

Name of the transferring Pre-[REDACTED] Investor	Registered share capital transferred	Consideration
	(RMB)	*(RMB)*
Immense Vantage	483,235	157,799,265
Redpoint Ventures	450,479	147,102,869
QM188 Limited	330,155	107,811,347
NEA 16 (Beijing)	267,349	87,302,194
NEA 2018 (Beijing)	450	146,946
Total	**1,531,668**	**500,162,621[(2)]**



Relevant Party Facilitating the Equity Transfer
Kaiyuan Tianlu[(1)]

Equity Purchase by Series E Pre-*[REDACTED] *Investors in September 2021

Name of the Series E Pre-[REDACTED] Investor	Registered share capital acquired	Consideration
	(RMB)	*(RMB)*
Suzhou Jichuang Xinyuan Venture Capital Partnership (Limited Partnership) (蘇州極創欣源創業投資合夥企業(有限合夥)) ("**Jichuang Xinyuan**")[(3)]	107,864	35,222,720
Beijing Qiming Rongxin Equity Investment Partnership (Limited Partnership) (北京啟明融新股權投資合夥企業(有限合夥)) ("**Beijing Qiming**")	107,864	35,222,720
Nanjing Xingcheng Equity Investment Partnership Enterprise (Limited Partnership) (南京星成股權投資合夥企業(有限合夥)) ("**Nanjing Xingcheng**")	43,146	14,089,088
Boyu Capital Phase III (Shanghai) Equity Investment Partnership (Limited Partnership) (博裕三期(上海)股權投資合夥企業(有限合夥)) ("**Boyu Capital**")	539,320	176,113,599
CICC Alpha (Qingdao) Intelligent Internet Industry Equity Investment Fund (Limited Partnership)(青島中 金甲子智能互聯產業股權投資基金(有限合夥)) ("**CICC Alpha**")	215,728	70,445,439
Beijing Kunlun Internet Intelligent Industry Investment Fund Partnership Enterprise (Limited Partnership) (北京昆侖互聯網智能產業投資基金合夥企業 (有限合夥)) ("**Beijing Kunlun**")	64,718	21,133,632

Name of the Series E Pre-[REDACTED] Investor	Registered share capital acquired	Consideration
	(RMB)	*(RMB)*
Legend Capital Shengyuan Equity Investment Partnership (Limited Partnership) (北京君聯晟源股權投資合夥企業(有限合夥)) ("**Legend Capital Shengyuan**")	215,728	70,445,439
Suzhou Yishang Equity Investment Partnership Enterprise (Limited Partnership) (蘇州毅商股權投資合夥企業(有限合夥)) ("**Suzhou Yishang**")	64,718	21,133,632
Zhangjiagang Broad Vision Venture Capital Partnership Enterprise (Limited Partnership (張家港博華創業投資合夥企業(有限合夥)) ("**Zhangjiagang Broad Vision**")	172,582	56,356,352
Total	**1,531,668**	**500,162,621**

Notes:

(1) Kaiyuan Tianlu is a limited liability company established under the laws of PRC in 2015, which was owned as to 89.23% by Mr. Xu, 8.77% by Horgos Fenghua and 2.00% by Shanghai Qishu. Kaiyuan Tianlu is a consolidated entity of the Company pursuant to the contractual agreement entered into by, among others, Kaiyuan Tianlu and XSKY Huachuang, which was used by our Company as the temporary intermediary vehicle in August 2021 to facilitate our then Pre-[**REDACTED**] Investors' partial sale as described above indirectly to our Series E Pre-[**REDACTED**] Investors in conjunction with our Series E Financing. The equity interest transferred by relevant Pre-[**REDACTED**] Investors had been acquired by them under different historical financing rounds at varying investment costs. In order to facilitate an orderly implementation of the equity transfer and to ensure consistent and equitable treatment among new investors, the relevant equity interest was first purchased by and transferred to Kaiyuan Tianlu, which was funded by an interest-free loan of approximately RMB500.2 million provided by the Company (the "**Equity Purchase Loan**"). The equity interest held by Kaiyuan Tianlu was subsequently allocated and transferred to our Series E Pre-[**REDACTED**] Investors in accordance with the number of Shares they subscribed in September 2021 at the same transfer price. The payment obligations of the Series E Pre-[**REDACTED**] Investors to Kaiyuan Tianlu in respect of such onward transfer, and Kaiyuan Tianlu's corresponding repayment obligation to our Company under the Equity Purchase Loan, were settled via a tripartite debt set-off arrangement among our Company, Kaiyuan Tianlu and the relevant Series E Pre-[**REDACTED**] Investors. Accordingly, Kaiyuan Tianlu served as a temporary intermediary vehicle to facilitate the efficient and orderly transfer and allocation of the relevant equity interests, and did not retain any economic benefit from such arrangement. Kaiyuan Tianlu was deregistered thereafter. As advised by our PRC legal advisor, the Equity Purchase Loan and the partial equity transfers by Pre-[**REDACTED**] investors in August 2021 are in compliance with the relevant laws and regulations in the PRC.

(2) The total consideration payable by Kaiyuan Tianlu for the registered share capital transferred was fully discharged and settled upon completion of the equity interest purchase by Series E Pre-[**REDACTED**] Investors in September 2021 by way of back-to-back settlement arrangement using the purchase price paid by Series E Pre-[**REDACTED**] Investors for the corresponding registered share capital acquired by them.

(3) In September 2021, Jichuang Xinyuan transferred the registered capital of our Company of RMB41,898 to Chongqing Jichuang Fengyuan Private Equity Investment Fund Partnership (Limited Partnership) (重慶極創澧源私募股權投資基金合夥企業(有限合夥)) ("**Jichuang Fengyuan**") at a consideration of RMB14,297,970 due to the investors' internal shareholding arrangements.

Capital Increase Subscribed by Series E Pre-[REDACTED] Investors

In September 2021, the Series E Pre-[**REDACTED**] Investors as set out below, invested in our Company by subscription of increased registered capital of our Company. Upon completion of the subscriptions, the registered capital of our Company increased from RMB6,277,797 to RMB6,826,678. Details are set forth below:

Name of the Series E Pre-[REDACTED] Investor	Registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Jichuang Xinyuan	38,654	14,777,280
Beijing Qiming	38,654	14,777,280
Nanjing Xingcheng	15,461	5,910,912
Boyu Capital	193,268	73,886,401
CICC Alpha	77,307	29,554,561
Beijing Kunlun	23,192	8,866,368
Legend Capital Shengyuan	77,307	29,554,561
Suzhou Yishang	23,192	8,866,368
Zhangjiagang Broad Vision	61,846	23,643,648
Total	**548,881**	**209,837,379**

Series F Financing and Equity Transfers in October 2021

In September 2021, Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司) ("**Tencent Guangxi**") and Suzhou Yuanming Venture Capital Center (Limited Partnership) (蘇州源明創業投資中心(有限合夥)) ("**Suzhou Yuanming**") subscribed for RMB467,581 and RMB187,032 of our registered capital at the consideration of RMB250,000,000 and RMB100,000,000, respectively. In addition, Mr. Xu, Mr. Wang and Mr. Zhai Jing subscribed for RMB138,409, RMB56,713 and RMB36,258 at nominal value for incentive purpose. Upon completion of the subscriptions, the registered capital of our Company increased from RMB6,826,678 to RMB7,712,671.

In October 2021, each of Mr. Xu, Mr. Wang and Mr. Zhai Jing transferred the registered capital of our Company of RMB23,138 to Suzhou V Fund Investment Management Partnership Enterprise (Limited Partnership) (蘇州雲暉投資管理合夥企業(有限合夥)) ("**Suzhou V Fund**") at the consideration of RMB12,371,127. The consideration of such equity transfer was determined based on arm's length negotiation between the parties and the equity transfer was approved by our then shareholders. To the best knowledge of our Company, the consideration of such equity transfer had been settled by October 27, 2021.

The Conversion and Capital Increase

In contemplation of our then A-share listing plan, pursuant to shareholders' resolutions and a promoters' agreement dated December 13, 2021 entered into by all our existing Shareholders, on December 21, 2021, our Company was converted from a limited liability company to a joint stock company with limited liability and was renamed Beijing XSKY Technology Co., Ltd. (北京星辰天合科技股份有限公司). Upon completion of the Conversion, the registered capital of our Company was RMB7,712,671 divided into 7,712,671 Shares with a nominal value of RMB1.00 each, which were subscribed by all our existing Shareholders in proportion to their respective interests in XSKY Limited before the Conversion.

On December 22, 2021, the then Shareholders passed a resolution and approved the capitalization of the capital reserve of our Company by way of applying a total of RMB352,287,329 of our capital reserve to the then existing shareholders on a pro rata basis, upon the completion of which the total registered capital of our Company increased from RMB7,712,671 to RMB360,000,000.00 divided into 360,000,000.00 Shares with a nominal value of RMB1.00 each.

Upon completion of the Conversion and the above capital increase, the shareholding structure of our Company became as follows:

No.	Name of Shareholder	Number of Shares	Approximate percentage of shareholding
1.	Mr. Xu	52,056,877	14.46%
2.	Mr. Wang	20,692,878	5.75%
3.	XSKY Tianshu	12,611,553	3.50%
Sub-total		85,361,308	23.71%
4.	Boyu Capital	34,194,597	9.50%
5.	Shenzhen Jianwei	25,621,863	7.12%
6.	Immense Vantage	25,435,064	7.07%
7.	Redpoint Ventures	23,711,116	6.59%
8.	Tencent Guangxi	21,825,015	6.06%
9.	QM188 Limited	17,377,684	4.83%
10.	NEA 16 (Beijing)	14,071,919	3.91%
11.	Legend Capital Shengyuan	13,677,830	3.80%
12.	CICC Alpha	13,677,830	3.80%

No.	Name of Shareholder	Number of Shares	Approximate percentage of shareholding
13.	Mr. Zhai Jing	12,839,941	3.56%
14.	Zhangjiagang Broad Vision	10,942,264	3.04%
15.	XSKY Tianxuan	10,497,997	2.91%
16.	Suzhou Yuanming	8,729,987	2.43%
17.	Beijing Qiming	6,838,938	1.90%
18.	XSKY Yuheng	6,502,214	1.80%
19.	Jichuang Xinyuan	4,883,289	1.36%
20.	Beijing Kunlun	4,103,326	1.14%
21.	Suzhou Yishang	4,103,326	1.14%
22.	Suzhou V Fund	3,239,998	0.90%
23.	Nanjing Xingcheng	2,735,566	0.76%
24.	XSKY Tianquan	2,474,878	0.69%
25.	XSKY Kaiyang	2,296,387	0.64%
26.	Jichuang Fengyuan	1,955,649	0.54%
27.	XSKY Yaoguang	1,604,176	0.44%
28.	XSKY Tianji	1,274,173	0.35%
29.	NEA 2018 (Beijing)	23,665	0.01%
Total		**360,000,000**	**100.00%**

Series F+ Financing

In December 2022, Shanghai Guoxin Venture Capital Co., Ltd. (上海國鑫創業投資有限公司) ("**Shanghai Guoxin**") subscribed for 6,400,000 Shares at the consideration of RMB80,000,000. Upon completion of the subscription, the registered capital of our Company increased from RMB360,000,000 to RMB366,400,000.

Share Repurchase and Capital Reserve Conversion

On August 12, 2025, our Company entered into an agreement on targeted capital reduction and capital reserve conversion with Mr. Xu, Mr. Wang, Mr. Zhai Jing and relevant Pre-[**REDACTED**] investors, pursuant to which our Company agreed to (i) repurchase 12,839,941 Shares from Mr. Zhai Jing at the consideration of RMB275,084, which was determined after arm's negotiation with reference to his original investment in our Company. Due to personal health reasons, Mr. Zhai Jing resigned as a director of the Company in January 2025 and ceased to be a direct Shareholder of the Company after the aforementioned repurchase. He also formally withdrew from all concert party arrangements under the 2021 Concert Party Agreement after his divestment; (ii) repurchase 12,205,824 Shares from relevant Pre-[**REDACTED**] investors at the consideration of RMB132,000,000, which was determined after arm's negotiation with reference to the original investment amounts in our Company by such Pre-[**REDACTED**] investors; (iii) convert the capital reserve of our Company of RMB12,839,941 into our registered share capital to issue and allot 12,839,941 new Shares to Mr. Xu, Mr. Wang and relevant Pre-[**REDACTED**] Investors with details set forth below. We conducted the share repurchase from and the issuance of Shares by way of capital reserve conversion to relevant Pre-[**REDACTED**] Investors (the "**Investment Adjustment**") with the objectives of (a) providing fair treatment to our investors after taking into consideration the prevailing market conditions, among other things, the overall capital markets conditions and the valuation expectations of potential investors in the market, (b) rewarding them for their long-term commitment to our Company, and (c) making appropriate adjustments to the initial valuation of the investors' respective investments through share compensation.

Name of Shareholders	Number of Shares repurchased	Number of Shares issued and allotted to
Mr. Xu	–	2,866,140
Boyu Capital	1,203,741	1,069,978
Shenzhen Jianwei	–	929,829
Tencent Guangxi	3,608,250	1,750,003
Mr. Wang	–	2,866,139
QM188 Limited	–	49,281
NEA 16 (Beijing)	–	24,640
Legend Capital Shengyuan	481,494	427,990
CICC Alpha	481,494	427,990
Mr. Zhai Jing	12,839,941	–
Zhangjiagang Broad Vision	385,200	342,392
Suzhou Yuanming	1,443,294	700,000
Beijing Qiming	240,753	213,996
Shanghai Guoxin	3,200,000	355,383
Jichuang Xinyuan	171,910	152,801
Beijing Kunlun	144,447	128,396
Suzhou Yishang	144,447	128,396
Suzhou V Fund	535,657	259,794
Nanjing Xingcheng	96,294	85,598
Jichuang Fengyuan	68,843	61,195

Share Transfer in 2026

In May 2026, Gongqingcheng Chenmei Venture Capital Partnership (Limited Partnership) (共青城辰美創業投資合夥企業(有限合夥)) ("**Gongqingcheng Chenmei**") entered into a share transfer agreement with, among others, Mr. Xu and Mr. Wang, pursuant to which Mr. Xu and Mr. Wang transferred 2,217,200 Shares and 1,103,370 Shares to Gongqingcheng Chenmei at the consideration of RMB30,047,264 and RMB14,952,736, respectively.

For details of the shareholding structure of our Company upon completion of the above shareholding changes, see "Capitalization of our Company" in this section.

OUR INCENTIVE PLANS AND EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to motivate the proactiveness and creativity of management and employees, our Company has adopted (i) an employee shareholding scheme (the "**Employee Shareholding Scheme**") on March 2, 2026 and (ii) a share option scheme (the "**Share Option Scheme**") on August 20, 2026. The Employee Shareholding Scheme shall be subject to the administration of Mr. Xu in his capacity as the administrator of the Employee Shareholding Scheme currently. For the details of the Employee Shareholding Scheme and the Share Option Scheme, please refer to the sections headed "Appendix VI Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — Employee Shareholding Scheme and Share Option Scheme".

To streamline the management of share incentives and effectively segregate different batches granted to eligible participants, and after considering the restriction on the number of limited partners of a limited partnership under the relevant PRC law, as of the Latest Practicable Date, we established six limited partnerships as our employee shareholding platforms (the "**ESOP Platforms**"), namely XSKY Tianji, XSKY Tianquan, XSKY Tianxuan, XSKY Kaiyang, XSKY Yaoguang and XSKY Yuheng. According to the Employee Shareholding Scheme and the relevant partnership agreements, our certain employees were granted awards and registered as the limited partners of the relevant ESOP Platforms upon grants of their awards. All management and voting

powers of the ESOP Platforms are exercised by their respective sole general partner (details of which are as set out below). As of the Latest Practicable Date, the ESOP Platforms held 24,649,825 Shares, representing approximately 6.96% of the total issued share capital of the Company. Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme), the ESOP Platforms will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company. Given that the Shares have already been issued to the ESOP Platforms as of the Latest Practicable Date, there will not be any dilutive effect to the issued Shares upon the vesting of the awards under the Employee Shareholding Scheme.

XSKY Tianji

XSKY Tianji was established in the PRC as a limited partnership on March 11, 2021. As of the Latest Practicable Date, XSKY Tianji was owned as to approximately (i) 29.22% by Mr. Wang Xiaoliang (王曉亮) as its general partner, a current employee of the Group; (ii) 37.04% by Mr. Qu Tianshan (瞿天善) as its limited partner; and (iii) 33.74% by the remaining five limited partners, each of them held less than 30% interest in XSKY Tianji. All the general partner and limited partners are current employees of the Group.

XSKY Tianquan

XSKY Tianquan was established in the PRC as a limited partnership on March 11, 2021. As of the Latest Practicable Date, XSKY Tianquan was owned as to approximately (i) 47.46% by Mr. Wang Xiaoliang as its general partner, a current employee of the Group; (ii) 6.36% by Ms. Fang Fei (方菲) as its limited partner, our executive Director, general counsel and senior vice president of our Company; and (iii) 46.18% by the remaining 19 limited partners, each of them is a current employee of the Group and held less than 30% interest in XSKY Tianquan.

XSKY Tianxuan

XSKY Tianxuan was established in the PRC as a limited partnership on March 11, 2021. As of the Latest Practicable Date, XSKY Tianxuan was owned as to approximately (i) 19.88% by Ms. Han Qi (韓琪) as its general partner, the supervisor of Xiamen XSKY and Wuhan XSKY; (ii) 29.97% by Mr. Zhang Xuming (張旭明) as its limited partner, our executive Director, vice general manager and chief operating officer of our Company; and (iii) 50.15% by the remaining ten limited partners, each of them is a current employee of the Group and held less than 30% interest in XSKY Tianxuan.

XSKY Kaiyang

XSKY Kaiyang was established in the PRC as a limited partnership on March 11, 2021. As of the Latest Practicable Date, XSKY Kaiyang was owned as to approximately (i) 30.59% by Ms. Han Qi as its general partner; (ii) 8.68% by Ms. Wang Xixi (王習習) as its limited partner, the Board secretary and chief financial officer of our Company; and (iii) 60.73% by the remaining 30 limited partners, each of them is a current employee of the Group and held less than 30% interest in XSKY Kaiyang.

XSKY Yaoguang

XSKY Yaoguang was established in the PRC as a limited partnership on March 11, 2021. As of the Latest Practicable Date, XSKY Yaoguang was owned as to approximately (i) 18.95% by Mr. Wang Xiaoliang as its general partner; (ii) 6.54% by Ms. Fang Fei as its limited partner; (iii) 3.27% by Ms. Wang Xixi as its limited partner; and (iv) 71.24% by the remaining 26 limited partners, each of them is a current employee of the Group and held less than 30% interest in XSKY Yaoguang.

XSKY Yuheng

XSKY Yuheng was established in the PRC as a limited partnership on March 11, 2021. As of the Latest Practicable Date, XSKY Yuheng was owned as to approximately (i) 54.68% by Mr. Wang Xiaoliang as its general partner; (ii) 1.61% by Ms. Wang Xixi as its limited partner; (iii) 1.13% by Ms. Fang Fei as its limited partner; and (iv) 42.58% by the remaining 27 limited partners, each of them is a current employee of the Group and held less than 30% interest in XSKY Yuheng.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had no major acquisitions, disposals or mergers.

ACTING-IN-CONCERT ARRANGEMENT

With a view to consolidating control of our Company and exert greater influence on its management and operation, Mr. Xu, Mr. Wang, Mr. Zhai Jing and XSKY Tianshu entered into a concert party agreement on April 20, 2021 (the "**2021 Concert Party Agreement**"), pursuant to which, among others, they were obligated to vote unanimously at all shareholders' meetings and Board's meetings of the Company. They shall act in concert in respect of the business operations and other key matters of the Company which shall be decided by the Shareholders according to the Articles of Association of the Company. Mr. Wang, Mr. Zhai Jing and XSKY Tianshu shall act in accordance with the direction of Mr. Xu.

Mr. Zhai Jing ceased to be a direct Shareholder of our Company since October 2025. For details regarding Mr. Zhai Jing's divestment, see "— Major Shareholding Changes of Our Company — Share Repurchase and Capital Reserve Conversion" in this section. To maintain continuity and stability of the ownership of the Company, on October 24, 2025, Mr. Xu, Mr. Wang and XSKY Tianshu entered into a supplemental agreement to the 2021 Concert Party Agreement, pursuant to which Mr. Zhai Jing formally withdrew from all concert party arrangements under the 2021 Concert Party Agreement, and Mr. Xu, Mr. Wang and XSKY Tianshu shall continue to strictly perform all rights and obligations under the 2021 Concert Party Agreement and they shall still continue to act in accordance with the direction of Mr. Xu. The Concert Party Agreements shall remain effective within at least 36 months (or such longer period as required by laws and regulations or by regulators) after the [**REDACTED**].

PREVIOUS A-SHARE LISTING ATTEMPT

Our Company previously considered the possibility of seeking A-share listing on the Shanghai Stock Exchange STAR Market (the "**Previous A-Share Listing Attempt**"). On January 20, 2022, we engaged China International Capital Corporation Limited ("**CICC**") to provide tutoring and preliminary compliance advice in relation to the requirements of the CSRC. Upon mutual agreement and in light of the extended timetable and resource management considerations, our Company terminated the engagement with CICC on February 9, 2023 and the termination was reported to Beijing Regulatory Bureau of the CSRC (中國證券監督管理委員會北京監管局) ("**Beijing CSRC**") on the same date. Subsequently, we engaged Huatai United Securities Co., Ltd. ("**Huatai United Securities**") as our tutoring agency, an affiliate of the Sole Sponsor, to provide tutoring in relation to our Previous A-Share Listing Attempt on February 15, 2023, and made a preliminary filing (上市輔導備案) with Beijing CSRC on the same date. As advised by our PRC Legal Advisor, the tutoring and preliminary filing under the Previous A-Share Listing Attempt did not constitute a listing application under applicable PRC laws. We voluntarily decided to pursue a [**REDACTED**] in Hong Kong to raise additional capital for enhancing R&D capabilities, enriching our AI storage solution portfolio and expansion of sales coverage, and considering that the Stock Exchange would provide us with an international platform to access foreign capital and attract diverse overseas [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]" for more details. Considering the overall development plan of the Company and its focus to the [**REDACTED**] for the

[**REDACTED**], the Company and Huatai United Securities terminated the tutoring agreement on December 12, 2025. As of the Latest Practicable Date, we have not submitted any application for A-share listing. To the best of our Directors' knowledge and belief, our Directors confirm that (i) the Company did not receive any material comments or inquiries from the CSRC; (ii) they were not aware of any material matters relating to the Previous A-Share Listing Attempt that might materially and adversely affect the Company's suitability for the [**REDACTED**]; (iii) there were no disagreements between the Company and the then tutoring agencies, namely CICC and Huatai United Securities, or any other professional parties; and (iv) there are no other matters that should be brought to the attention to the Stock Exchange in relation to the tutoring and preliminary filing under the Previous A-Share Listing Attempt.

Based on the due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that contradicts the Directors' view disclosed above regarding the Previous A-Share Listing Attempt.

PRE-[REDACTED] INVESTMENTS

As of the Latest Practicable Date, we have received several rounds of Pre-[**REDACTED**] Investments since our establishment. The following table summarizes the key terms of the Pre-[**REDACTED**] Investments to our Company made by the Pre-[**REDACTED**] Investors:

Pre-[REDACTED] Investment	Series A Financing	Series B Financing	Series C Financing	Series D Financing	Series D+ Financing	Equity Purchase in September 2021 and Series E Financing	Series F Financing and Equity Transfers in October 2021	Series F+ Financing	Share Transfer in 2026
Date of first investment	December 9, 2015	May 18, 2016	May 10, 2017	April 27, 2018	June 29, 2020	September 1, 2021	September 30, 2021	December 26, 2022	May 30, 2026
Settlement Date[1]	December 15, 2015	May 19, 2016	May 11, 2017	April 30, 2018	November 6, 2020	September 2, 2021	October 20, 2021	December 28, 2022	June 2, 2026
Total shares or amount of registered capital subscribed for/transferred	25,000,000[2]	37,500,000[2]	39,120,371[2]	39,756,129[2]	28,095,446[2]	RMB2,080,549	RMB955,407	RMB6,400,000	RMB3,320,570
Cost per Share[3]	RMB1.26	RMB2.02	RMB4.19	RMB8.87	RMB5.62[4]	RMB8.03[4]	RMB10.45[4]	RMB11.25[4]	RMB13.55
Discount (Premium) to the [**REDACTED**][5]	[**REDACTED**]% discount to the [**REDACTED**]	[**REDACTED**]% discount to the [**REDACTED**]	[**REDACTED**]% discount to the [**REDACTED**]	[**REDACTED**]% discount to the [**REDACTED**]	[**REDACTED**]% discount to the [**REDACTED**]	[**REDACTED**]% discount to the [**REDACTED**]	[**REDACTED**]% discount to the [**REDACTED**]	[**REDACTED**]% discount to the [**REDACTED**]	[**REDACTED**]% premium to the [**REDACTED**]
Amount of consideration	US$2,500,000	US$6,000,000	US$13,000,000.00	US$28,000,000	US$23,000,000	RMB710,000,000[6]	RMB387,113,381[7]	RMB80,000,000	RMB45,000,000
Implied pre-money valuations[8]	US$10,000,000	US$20,000,000	US$54,000,000	US$142,000,000	US$210,000,000	RMB1,900,000,000	RMB3,736,886,619	RMB4,500,000,000	RMB4,800,000,000
Implied post-money Valuation[9]	US$12,500,000	US$26,000,000	US$67,000,000	US$170,000,000	US$233,000,000	RMB2,610,000,000	RMB4,124,000,000	RMB4,580,000,000	RMB4,800,000,000
Use of proceeds from the Pre-[**REDACTED**] Investments	As of the Latest Practicable Date, 90% gross proceeds from the Pre-[**REDACTED**] Investments have been utilised for the development and operation of our business, including without limitation, research and development on technologies and products, marketing, employee recruitment, and daily operating expenses.								
Strategic benefits the Pre-[**REDACTED**] Investments brought to our Company	At the time of the relevant Pre-[**REDACTED**] Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors' investments in our Company, and that the Pre-[**REDACTED**] Investors' investments in our Company demonstrated their confidence in our Group's operations and served as an endorsement of our Company's performance, strengths and prospects.								
Basis of determining the consideration paid	The consideration of each of the Pre-[**REDACTED**] Investments was determined after arm's length negotiations between us and each of the Pre-[**REDACTED**] Investors with reference to the timing of such investments and the status and prospect of our business.								
Lock-up period	Pursuant to the applicable PRC laws, each of the existing Shareholders of the Company (including the Pre-[**REDACTED**] Investors) are not permitted to dispose of any of the Shares held by them within the 12 months immediately following the [**REDACTED**].								

Pre-[REDACTED] Investment	Series A Financing	Series B Financing	Series C Financing	Series D Financing	Series D+ Financing	Equity Purchase in September 2021 and Series E Financing	Series F Financing and Equity Transfers in October 2021	Series F+ Financing	Share Transfer in 2026
Reasons for fluctuations in valuation as compared to the immediate previous round of Pre-[**REDACTED**] Investment.	The fluctuations in valuation were due to the general business status of our Group, and in particular, the launch and commercialization of our specialist technology products, the advancement of our R&D, and the prevailing market sentiment amongst the venture capital markets at the time when the investments were made as detailed below: The increase in the valuation of the Company in Series B Financing in 2016 compared with Series A Financing in 2015 was because Northern Light, one of our early institutional investors, invested in our Company in Series A Financing in 2015, which demonstrated investors' confidence, which also attracted further investments. The increase in the valuation of the Company in Series C Financing in 2017 compared with Series B Financing in 2016 was due to the progress made in the business development of the Group, for example, we launched the first version of XEBS and XEOS in 2016. The increase in the valuation of the Company in Series D Financing in 2018 compared with Series C Financing in 2017 was due to the considerable progress made in the R&D of the products of the Group, for example, we launched XEDP in 2017 and subsequently commenced its full-scale commercialization. The increase in the valuation of the Company in Series D+ Financing in 2020 compared with Series D Financing in 2018 was due to the then business development of the Group, for example, we ranked first nationwide in the object storage market for the third consecutive year, with contract value exceeding RMB100 million in 2019. The increase in the valuation of the Company in Series E Financing and Series F Financing in 2021 compared with Series D+ Financing in 2020 was due to the significant progress made in the R&D of the products of the Group, for example, we launched one of AI training and inference storage solutions, XGFS V5 in 2021. The increase in the valuation of the Company in Series F+ Financing in 2022 compared with Series F Financing in 2021 was due to the successful launch of one of our data lake storage solutions, XEOS V6 in 2022, featuring the XScale technology. The increase in the valuation of the Company in the Share Transfer in 2026 compared with Series F+ Financing was due to our business development and considerable progress made in the R&D of the products from 2022 to 2026. For example, we introduced AIMesh, further advancing protocol unification and enabling data flow from data lakes to AI computing clusters, in 2026.							
Reasons for fluctuations in valuation as compared between the valuation in the [**REDACTED**] and the valuation in Share Transfer in 2026, being the latest round of Pre-[**REDACTED**] Investment.	The reason for the fluctuation was primarily due to the commercial valuation as agreed with the Pre-[**REDACTED**] investor, taking into account the timing of the investment, industry prospects and the outlook and growth potential of our Group and continuous expansion of our product portfolio and business operation.								

Notes:

(1) Refers to the settlement date of the first investment in XSKY COOPERATION or XSKY Limited by relevant Pre-[**REDACTED**] Investors, as applicable.

(2) Refers to the shares of XSKY COOPERATION held by the relevant Pre-[**REDACTED**] Investors after completion of the corresponding round of Pre-[**REDACTED**] Investment at the level of XSKY COOPERATION before the Flip-down. See "— Major Shareholding Changes of Our Company — Unwinding of the Offshore Structure and Flip-down" in this section for details of the (or through their investment entities, as applicable) respective shareholding of such Pre-[**REDACTED**] Investors in our Company after the Flip-down.

(3) Calculated with reference to the averaged central parity exchange rate published by the PBOC on the respective settlement date, and adjusted to reflect subsequent Flip-down, equity transfers, the Conversion or capital injections and the Investment Adjustment, as applicable.

(4) Adjusted to reflect the Investment Adjustment. For further details, see "— Major Shareholding Changes of Our Company — Share Repurchase and Capital Reserve Conversion" in this section.

(5) The discount (premium) to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per [**REDACTED**] being the mid-point of the indicative [**REDACTED**] range.

(6) Representing RMB500,162,621 and RMB209,837,379 paid by our Series E Pre-[**REDACTED**] Investors for equity purchase and capital subscription in September 2021, respectively.

(7) Representing (a) RMB350,000,000 paid by Tencent Guangxi and Suzhou Yuanming for capital subscription in September 2021; and (b) RMB12,371,127 paid by Suzhou V Fund for equity purchase in October 2021.

(8) The implied pre-money valuation is the equity valuation of the Company at which the investors of the corresponding round agreed to invest in the Company immediately prior to the funding.

(9) The implied post-money valuation is the sum of (i) the pre-money valuation for the corresponding round of Pre-[**REDACTED**] Investment and (ii) the total funds received by the Company from the corresponding round of Pre-[**REDACTED**] Investment.

Special rights of the Pre-[REDACTED] Investors

Pursuant to the shareholders' agreements entered in connection with the Pre-[**REDACTED**] Investments among the Company and the Pre-[**REDACTED**] Investors, the Pre-[**REDACTED**] Investors had been granted certain special rights in relation to the Company. In connection with the Conversion, on December 13, 2021, the then Shareholders entered into a shareholders' agreement, pursuant to which, among others, the Company's obligation in respect of the redemption rights granted to the Pre-[**REDACTED**] Investors was irrecoverably terminated and shall be void ab initio with effect from October 31, 2021. Such rights shall not be reinstated in any event. Following such termination, the redemption obligation (to the extent applicable) are undertaken solely by the founder Shareholders, namely Mr. Xu, Mr. Wang and Mr. Zhai Jing without any guarantee provided by the Group and any side agreement. Accordingly, no financial liability regarding the redemption obligation undertaken by the founder Shareholders was recorded by the Company during the Track Record Period. In anticipation of the proposed [**REDACTED**] and in order to comply with relevant requirements of the Listing Rules, on January 23, 2026, the Shareholders entered into a supplemental agreement to the shareholders' agreements, pursuant to which, among others, the redemption rights (against the founder Shareholders, namely Mr. Xu and Mr. Wang) and liquidation rights granted to the Pre-[**REDACTED**] Investors under the shareholders' agreements have been terminated on the date preceding the first submission of the [**REDACTED**] to the Stock Exchange for the purpose of the [**REDACTED**], and will be automatically reinstated and restated if (i) the Company voluntarily withdraws its [**REDACTED**] to the Stock Exchange or the CSRC; (ii) the Company's [**REDACTED**] is terminated from review, rejected, returned, denied or not accepted by the Stock Exchange or any other securities regulatory authority; (iii) the [**REDACTED**] does not take place within 15 months from the date of the first submission of the [**REDACTED**] (or within 18 months provided that if we obtain the CSRC filing notice within 15 months from the date of the first submission of the [**REDACTED**] to the Stock Exchange); or (iv) the Company does not re-submit its [**REDACTED**] within six months after the previous [**REDACTED**] lapses. All other special rights under the Pre-[**REDACTED**] Investments, including but not limited to restrictions on share transfers, pre-emptive right, co-sale right, anti-dilution right, dividend right and information right, shall cease to be effective and be terminated upon [**REDACTED**] in accordance with Chapter 4.2 of the Guide for New Listing Applicants.

Compliance with the Guide for New Listing Applicants

On the basis that (i) the consideration for the last Pre-[**REDACTED**] Investment was irrevocably settled on a date, which is more than 28 days before the date of the first submission of the first [**REDACTED**], and (ii) the special rights granted to the Pre-[**REDACTED**] Investors will be terminated before filing of a [**REDACTED**] and/or shall cease to be effective and be discontinued upon [**REDACTED**], the Sole Sponsor confirms that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

PRC Legal Advisor's confirmation

Our PRC Legal Advisor has confirmed that we have legally completed, settled, and obtained the requisite legal approvals from the PRC competent authorities or made all necessary registration or filings with the relevant local branch of the State Administration for Market Regulation (國家市場監督管理總局) with respect to all the aforesaid Pre-[**REDACTED**] Investments, capital reduction and increases and equity transfers in all material respects.

Information relating to our key Pre-[REDACTED] Investors

Set out below is a description of our Sophisticated Independent Investors (as defined in Chapter 2.5 of the Guide for New Listing Applicants issued by the Stock Exchange, "**SIIs**"). We have six SIIs, all of which respectively holds more than 3% of the total issued Shares of the Company as of the Latest Practicable Date. Save for being a Shareholder of our Company and as disclosed otherwise, each of our SII is independent from and not connected with any Director, chief executive or substantial shareholder of our Company, its subsidiaries or any of their respective

associates (within the meaning of the Listing Rules). Save as disclosed herein, each of the Pre-[**REDACTED**] Investors is independent from each other. Each of the Pre-[**REDACTED**] Investors and their respective ultimate beneficial owners is an Independent Third Party of our Company.

Our Pathfinder SIIs

(a) Boyu Capital

Boyu Capital is a limited liability partnership established in the PRC in December 2016. Boyu Capital is managed by its general partner Boyu Jingtai (Shanghai) Enterprise Management Co., Ltd. (博裕景泰(上海)企業管理有限公司) ("**Boyu Jingtai Shanghai**"). Save for Boyu Jingtai (Shanghai) Equity Investment Partnership (Limited Partnership) (博裕景泰(上海)股權投資合夥企業(有限合夥)) holding approximately 77.14% thereof, none of the other 11 limited partner contribute more than one-third of the capital of Boyu Capital. Boyu Jingtai Shanghai is wholly owned by Boyu Jingtai (Ningbo) Investment Management Co., Ltd. (博裕景泰(寧波)投資管理有限公司) ("**Boyu Jingtai**"), which is held as to 50% by Tao Rong (陶融) and 50% by Huang Ailian (黃愛蓮), respectively.

We became acquainted with Boyu Capital during our Series E Financing. The AUM of Boyu Jingtai was approximately RMB28.2 billion and RMB14.9 billion as of September 30, 2025 and as of December 31, 2020 (being a date not more than six months prior to the date on which such investor signed definitive agreement for its investment in our Company), respectively. In compliance with Rule 18C.05 of the Listing Rules, Boyu Capital held approximately 9.62% and 9.33% of the total issued share capital of our Company, as of January 26, 2026 (being the date of submission of the Company's first [**REDACTED**]) and January 26, 2025 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

(b) Immense Vantage

Immense Vantage is a limited company incorporated in Hong Kong in April 2013 and it was owned as to (i) approximately 91.23% by Northern Light Venture Fund IV, L.P. ("**NLVF**"), (ii) approximately 7.50% by Northern Light Strategic Fund IV, L.P. ("**NLSF**") and (iii) approximately 1.27% by Northern Light Partners Fund IV, L.P. ("**NLPF**", together with NLVF and NLSF, the "**NLVC Entities**"). Each of the NLVC Entities is an exempted limited partnership established in the Cayman Islands, and is ultimately managed by Northern Light Venture Capital IV, Ltd. ("**NLVC**") as the general partner, a venture capital firm ultimately controlled by Deng Feng. NLVF has 26 limited partners, each of whom holds less than one-third of the interests therein. NLSF has four limited partners where Greylock XIV Limited Partnership, which is ultimately controlled by William W. Helman, Reid Hoffman, Donald A. Sullivan, David Sze and Asheem Chandna, holds more than one-third of the interests therein and each of the rest holds less than one-third of the interests therein. NLPF has eight limited partners where the D & H Family Trust Dated December 7th, 2001, the trustee of which is Deng Feng and Hu Birong, holds more than one-third of the interests therein and each of the rest holds less than one-third of the interests therein. The limited partners holding more than one-third of interests in NLSF and NLPF respectively do not overlap. The limited partners of the NLVC Entities comprise mainly institutional investors such as pension and endowment funds who are Independent Third Parties. NLVC was founded by Deng Feng in 2005 and is a venture capital firm focusing on early-stage technology innovation companies. None of the limited partners holds more than one-third of the NLVC Entities. Since 2005, NLVC has invested in over 400 companies, targeting early-stage opportunities in technology enterprise, healthcare, and consumer sectors. Its investment portfolio includes multiple listed companies.

We became acquainted with NLVC during our Series A Financing. The AUM of NLVC was over HK$20 billion and over HK$30 billion as of September 30, 2025 and as of June 30, 2021 (being a date not more than six months prior to the date on which such investor signed definitive agreement for its investment in our Company), respectively. In compliance with Rule 18C.05 of the Listing Rules, Immense Vantage held approximately 7.18% and 6.94% of the total issued share capital of our Company, as of January 26, 2026 (being the date of submission of the Company's first [**REDACTED**]) and January 26, 2025 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

(c) QM188 Limited

QM188 Limited is a company incorporated under the laws of Hong Kong and is owned by Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P.. Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P. are exempted limited partnerships registered under the laws of the Cayman Islands. Qiming GP V, L.P. is the general partner of Qiming Venture Partners V, L.P., whereas Qiming Corporate GP V, Ltd. is the general partner of Qiming GP V, L.P. and Qiming Managing Directors Fund V, L.P.. Both Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P. are venture capital funds operated under Qiming Venture Partners.

We became acquainted with Qiming Venture Partners during our Series C Financing. Qiming Venture Partners is a leading venture capital firm in China with over US$9.0 billion (equivalent to over HK$70.0 billion) and over US$5.5 billion (equivalent to over HK$43.0 billion) of assets under management as of September 30, 2025 and as of June 30, 2021 (being a date not more than six months prior to the date on which such investor signed definitive agreement for its investment in our Company), respectively. In compliance with Rule 18C.05 of the Listing Rules, QM188 Limited held approximately 4.92% and 4.74% of the total issued share capital of our Company, as of January 26, 2026 (being the date of submission of the Company's first [**REDACTED**]) and January 26, 2025 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

(d) Legend Capital Shengyuan

Legend Capital Shengyuan is a limited liability partnership established in the PRC in June 2018. Legend Capital Shengyuan is managed by its general partner Lhasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司) ("**Lhasa Junqi**"), which is wholly owned by Legend Capital Management Co., Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**"). Save for the National Council for Social Security Fund (全國社會保障基金理事會) which is affiliated with the State Council of the PRC, holding approximately 35.71% thereof, none of the other 20 limited partners contribute more than one-third of the capital of Legend Capital Shengyuan. Legend Capital is owned as to 80.00% by Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) ("**Juncheng Hezhong**"), and as to 20% by Legend Holdings Corporation (聯想控股股份有限公司), the shares of which are listed on the Stock Exchange (stock code: 03396). Juncheng Hezhong is controlled by its general partner Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司) ("**Beijing Junqi**"), which is owned by Chen Hao (陳浩) as to 40% and none of the other shareholders holds 30% or more interest therein. The remaining interest in Juncheng Hezhong is held as to (i) 58.12% by Tianjin Huizhi No.1 Enterprise Management Consulting Partnership (Limited Partnership) (天津匯智壹號企業管理諮詢合夥企業(有限合夥)), which is managed by its general partner, Beijing Junqi, and save for ZHU Linan (朱立南), none of its other 13 limited partners contribute more than one-third of the interest therein; and (ii) 41.87% by Tianjin Legend Capital Jieyou Enterprise Management Consulting Partnership (Limited Partnership) (天津君聯傑佑企業管理諮詢合夥企業(有限合夥)), which is also managed by its general partner, Beijing Junqi and save for CHEN Hao (陳浩), none of its other 15 limited partners contribute more than one-third of the interest therein.

We became acquainted with Legend Capital during our Series E Financing. The AUM of Legend Capital was approximately RMB51.91 billion and RMB39.71 billion as of September 30, 2025 and as of March 31, 2021 (being a date not more than six months prior to the date on which such investor signed definitive agreement for its investment in our Company), respectively. In compliance with Rule 18C.05 of the Listing Rules, Legend Capital Shengyuan held approximately 3.85% and 3.73% of the total issued share capital of our Company, as of January 26, 2026 (being the date of submission of the Company's first [**REDACTED**]) and January 26, 2025 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

Our Pathfinder SIIs, in aggregate, held approximately 25.57% and 24.74% of the total issued share capital of our Company, as of January 26, 2026 (being the date of submission of the Company's first [**REDACTED**]) and January 26, 2025 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

Our Other SIIs

(e) Shenzhen Jianwei

Shenzhen Jianwei is a limited liability partnership established in the PRC in July 2019. The general partner of Shenzhen Jianwei is China Reform Venture Capital Investment (Shenzhen) Co., Ltd. (國新風險投資管理(深圳)有限公司) ("**CRVC**"). CRVC is wholly owned by Shenzhen China Reform Investment Partnership (Limited Partnership) (深圳國新投資合夥企業(有限合夥)) ("**SZCR**"), which is managed by its general partner, China Reform (Shenzhen) Investment Co., Ltd. (國新(深圳)投資有限公司) ("**CRSZ**"). SZCR is owned as to 90% by China Reform Fund Management Corporation Ltd. (中國國新基金管理有限公司) ("**CRFMC**") as its largest limited partner and the remaining one limited partner contributes no more than one-third of the interest therein. Each of CRSZ and CRFMC is wholly owned by China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司). Save as China Venture Capital Fund Corporation Ltd. (中國國有資本風險投資基金股份有限公司) ("**CVC**") holding approximately 99.18% thereof, none of the other three limited partner contributes more than one-third of the interest of Shenzhen Jianwei. CVC is responsible for the investment decisions of Shenzhen Jianwei through fund investment committee. Save as CRSZ holding 35.29% of the shares therein, none of the other shareholders held more than one-third of the shares of CVC. CVC is a limited liability company established in the PRC, primarily engaged in equity investment across a broad range of industries, with a portfolio comprising over 70 projects. Its investments cover, among others, new energy, advanced equipment, new materials, biopharmaceuticals and next-generation information technology. CVC's investment portfolio includes a number of companies focusing on new energy and next-generation information technology, including but not limited to Minmetals New Energy Materials (Hunan) Co., Ltd. (五礦新能源材料(湖南)股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688779), Beijing Huafeng Test & Control Technology Co., Ltd. (北京華峰測控技術股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688200), Loongson Technology Corporation Limited (龍芯中科技術股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688047), Halo Microelectronics Co., Ltd. (希荻微電子集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688173), Cambricon Technologies Corporation Limited (中科寒武紀科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688256) and Shenzhen CECport Technologies Co., Ltd. (深圳中電港技術股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 001287).

We became acquainted with CVC during our Series D+ Financing. The AUM of CVC was over RMB100 billion as of September 30, 2025 and as of June 30, 2021 (being a date not more than six months prior to the date on which such investor signed definitive agreement for its investment in our Company), respectively. In compliance with Rule 18C.05 of the Listing Rules, Shenzhen Jianwei held approximately 7.50% and 6.99% of the total issued share capital of our Company, as of January 26, 2026 (being the date of submission of the Company's first [**REDACTED**]) and January 26, 2025 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

(f) Tencent Guangxi

Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司) ("**Tencent Guangxi**") is a limited liability company established in the PRC in January 2020. Tencent Guangxi is wholly owned by Shenzhen Tencent Ruijian Investment Co., Ltd. (深圳市騰訊睿見投資有限公司), which is a subsidiary of Tencent Holdings Limited ("**Tencent**") (stock code: 0700.HK (HKD counter) and 80700.HK (RMB counter)). Tencent is principally engaged in the provision of communication, social, digital content, games, marketing, fintech and business services in the PRC.

We became acquainted with Tencent during our Series F Financing. Tencent had an investment portfolio of approximately RMB957 billion and RMB844 billion as of December 31, 2025, and June 30, 2021 (being a date not more than six months prior to the date on which Tencent Guangxi signed definitive agreement for its investment in our Company), respectively. In compliance with Rule 18C.05 of the Listing Rules, Tencent Guangxi held approximately 5.64% and 5.96% of the total issued share capital of our Company, as of January 26, 2026 (being the date of submission of the Company's first [**REDACTED**]) and January 26, 2025 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

Other Key Pre-*[REDACTED] *Investors

(a) Redpoint Ventures

Redpoint Ventures is a limited company incorporated under the laws of Hong Kong and is principally engaged in venture capital investment. Redpoint Ventures is held as to 97% and 3% by Redpoint Ventures VI, L.P. and Redpoint Associates. The general partner of Redpoint Ventures VI, L.P. is Redpoint Ventures VI, LLC, which is ultimately controlled by its Managers: Alexander Bard, Jeffrey D. Brody, Satish Dharmaraj, Christopher B. Moore, Scott C. Raney and David Yuan. Redpoint Ventures VI, L.P. has 47 limited partners, each holding less than one-third partnership interest therein.

(b) NEA 16 (Beijing)

NEA 16 (Beijing) is an exempted company incorporated under the laws of the Cayman Islands and is principally engaged in equity investment. It is wholly- owned by NEA 16. The sole general partner of NEA 16 is NEA Partners 16, L.P. ("**NEA Partners 16**"). The sole general partner of NEA Partners 16 is NEA 16 GP, LLC ("**NEA 16 GP**"), which is controlled by Forest Baskett, Ali Behbahani, Carmen Chang, Anthony Florence, Mohamad Makhzoumi, Scott Sandell and Paul Walker. NEA 16 and NEA Partners 16 have 243 and 79 limited partners, respectively, and none of their limited partners hold more than one-third of the respective partnership interests. As of the Latest Practicable Date, NEA16 (Beijing) held approximately 3.98% of the total issued share capital of the Company.

(c) CICC Alpha

CICC Alpha is a limited liability partnership established in the PRC and is principally engaged in equity investment. The general partner of CICC Alpha is CICC Alpha (Beijing) Investment Fund Management Co., Ltd. (中金甲子(北京)私募投資基金管理有限公司), which is owned as to 51% by CICC Capital Operation Co., Ltd. (中金資本運營有限公司) ("**CICC Capital Operation**") and 49% by Jiazi Wanhui (Beijing) Consulting Co., Ltd. (甲子萬匯(北京)諮詢有限公司) ("**Jiazi Wanhui**"). CICC Capital Operation is wholly-owned by China International Capital Corporation Limited, the H shares and A shares of which are listed on the Stock Exchange (stock code: 3908) and the Shanghai Stock Exchange (stock code: 601995). Jiazi Wanhui is wholly-owned by Sun Zhaoxiao (孫朝霞). CICC Alpha is owned by 20 limited partners, none of which holds one-third or more of the partnership interest therein. As of the Latest Practicable Date, CICC Alpha held approximately 3.85% of the total issued share capital of the Company.

(d) Zhangjiagang Broad Vision

Zhangjiagang Broad Vision is a limited liability partnership established in the PRC and is principally engaged in equity investment. The general partner of Zhangjiagang Broad Vision is Zhangjiagang Broad Vision Yaoshi Investment Partnership Enterprise (Limited Partnership) (張家港博華耀世投資合夥企業(有限合夥)) ("**Broad Vision Yaoshi**") and none of its 13 limited partners of Zhangjiagang Broad Vision holds one-third or more of the partnership interest therein. Broad Vision Yaoshi is managed by Beijing Broad Vision Capital Co., Ltd. (北京博華資本有限公司), which is ultimately controlled by Xu Wenbo (徐文博). Broad Vision Yaoshi has three limited partners and is owned as to 34% by Xu Wenbo as the largest limited partner. None of the remaining limited partners of Broad Vision Yaoshi holds one-third or more of the partnership interest therein. As of the Latest Practicable Date, Zhangjiagang Broad Vision held approximately 3.08% of the total issued share capital of the Company.

(e) Suzhou Yuanming

Suzhou Yuanming is a limited liability partnership established in the PRC and is principally engaged in venture capital investment. The general partner of Suzyou Yuanming is Nanjing Yuanxin Management Consulting Co., Ltd. (南京源芯管理諮詢有限公司) ("**Nanjing Yuanxin**"), which is ultimately controlled by Cao Yi (曹毅). Suzhou Yuanming has four limited partners. The largest limited partners are Nanjing Yuanling Equity Investment Partnership Enterprise (Limited Partnership) (南京源嶺股權投資合夥企業(有限合夥)) (which is ultimately controlled by Cao Yi) and Shenzhen Yuanzhi Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (北京源為股權投資合夥企業(有限合夥)) (which is ultimately controlled by Cao Yi), holding 44.93% and 38.42% of the partnership interest in Suzhou Yuanming, respectively. The remaining limited partner of Suzhou Yuanming hold less than one-third of the partnership interest therein. As of the Latest Practicable Date, Suzhou Yuanming held approximately 2.25% of the total issued share capital of the Company.

(f) Beijing Qiming

Beijing Qiming is an investment vehicle established in the PRC as a limited partnership on March 23, 2020. Beijing Qiming is owned as to approximately 1.01% by Beijing Qiyao Investment Management Partnership (Limited Partnership) (北京啟耀投資管理合夥企業(有限合夥)) ("**Beijing Qiyao**") as its general partner, and 32 limited partners, all of whom are private investors or institutional investors, all being Independent Third Parties with each holding less than one-third of the limited partnership interest of Beijing Qiming. The general partner of Beijing Qiyao is Suzhou Qiman Investment Management Co., Ltd. (蘇州啟滿投資管理有限公司), which is owned by Yu Jia (于佳) and Xu Jing (徐靜), both of whom are Independent Third Parties, as to 50% and 50%, respectively.

(g) Jichuang Xinyuan and Jichuang Fengyuan

Jichuang Xinyuan is a limited partnership incorporated under the laws of PRC and is principally engaged in equity investment. The general partner of Jichuang Xinyuan is Suzhou Peiyuan Venture Capital Partnership (Limited Partnership) (蘇州沛源創業投資合夥企業(有限合夥)) ("**Suzhou Peiyuan**"). Suzhou Peiyuan is managed by Suzhou Tongyuan Venture Capital Management Co., Ltd. (蘇州同源創業投資管理有限公司) ("**Suzhou Tongyuan**") as the general partner with 10% partnership interest therein and is owned by Zhang Pengpeng (張朋朋) and Song Gaoguang (宋高廣) as the limited partners as to 45% and 45%, respectively. Suzhou Tongyuan is ultimately controlled by Zhang Pengpeng. Jichuang Xinyuan has 21 limited partners, none of which holds one-third or more of the partnership interest therein.

Jichuang Fengyuan is a limited partnership incorporated under the laws of PRC and is principally engaged in venture capital investment. The general partner of Jichuang Fengyuan is Chongqing Jichuang Liyuan Private Equity Investment Fund Management Partnership (Limited Partnership) (重慶極創瀝源私募股權投資基金管理合夥企業(有限合夥)) ("**Chongqing Jichuang**"). Chongqing Jichuang is managed by Suzhou Tongyuan as the general partner with 20% partnership interest therein and is owned by Wu Feng (吳峰) and Yu Fang (于芳) as limited partners as to 40% and 40%, respectively. Jichuang Fengyuan has eight limited partners, none of which holds one-third or more of the partnership interest therein.

As of the Latest Practicable Date, Jichuang Xinyuan and Jichuang Fengyuan held approximately 1.37% and 0.55% of the total issued share capital of the Company.

(h) Beijing Kunlun

Beijing Kunlun is a limited partnership established in the PRC and is principally engaged in equity and venture capital investment. The general partner of Beijing Kunlun is Beijing Wuji Investment Management Partnership Enterprise (Limited Partnership) (北京昆侖屋脊投資管理合夥企業(有限合夥)) ("**Kunlun Wuji**"). Kunlun Wuji is managed by its general partner Beijing Kunnuo Private Equity Investment Management Co., Ltd. (北京昆諾私募基金投資管理有限公司) ("**Beijing Kunnuo**"), which is wholly owned by Horgos Kunnuo Tianqin Venture Capital Co., Ltd. (霍爾果斯昆諾天勤創業投資有限公司) ("**Horgos Kunnuo**"), and the remaining 99% of its limited partner interest is held by Horgos Kunnuo. Horgos Kunnuo is wholly owned by Kunlun Tech Co., Ltd. (昆侖萬維科技股份有限公司) ("**Kunlun Tech**"), a company listed on the Shenzhen Stock Exchange (stock code: 300418). Beijing Kunlun has 12 limited partners. The largest limited partners are Beijing Huayu Tianhong Entrepreneurship Investment Management Co., Ltd. (北京華宇天宏創業投資管理有限公司) (which is ultimately controlled by Wang Xue (王雪)) and Xizang Kunnuo Yingzhan Venture Capital Co., Ltd. (西藏昆諾贏展創業投資有限責任公司) (which is ultimately controlled by Kunlun Tech), holding approximately 33.84% and 30.86% of the partnership interest in Beijing Kunlun, respectively. None of the remaining limited partners of Beijing Kunlun holds one-third or more of the partnership interest therein. As of the Latest Practicable Date, Beijing Kunlun held approximately 1.15% of the total issued share capital of the Company.

(i) Suzhou Yishang

Suzhou Yishang is a limited partnership established in the PRC and is principally engaged in equity and venture capital investment. The general partner of Suzhou Yishang is Suzhou Fengyi Yuanda Equity Investment Fund Management Co., Ltd. (蘇州峰毅遠達股權投資基金管理有限公司), which is controlled by Qian Wensheng (錢文勝). The limited partner of Suzhou Yishang is Jiangsu Lianfeng Investment Development Co., Ltd. (江蘇聯峰投資發展有限公司), holding 99.00% of the partnership interest therein, which is controlled by Wu Yaofang (吳耀芳). As of the Latest Practicable Date, Suzhou Yishang held approximately 1.15% of the total issued share capital of the Company.

(j) Shanghai Guoxin

Shanghai Guoxin is a limited liability company established in the PRC and is principally engaged in venture capital investment. Shanghai Guoxin is wholly-owned by Shanghai State-owned Assets Operation Co., Ltd. (上海國有資產經營有限公司), which in turn is ultimately wholly-owned by Shanghai Municipal State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會). As of the Latest Practicable Date, Shanghai Guoxin held approximately 1.00% of the total issued share capital of the Company.

(k) Suzhou V Fund

Suzhou V Fund is a limited partnership established in the PRC and is principally engaged in equity investment. Suzhou V Fund is managed by Beijing V Fund Private Equity Fund Management Co. Ltd. (北京雲暉私募基金管理有限公司), which is owned by Zhu feng (朱鋒), Duan Aimin (段愛民), Xiong Yanpin (熊焱嬪) and Li Xing (李星), each holding 25% of the interest therein. Suzhou V Fund has 14 limited partners, none of which holds one-third or more of the partnership interest therein. As of the Latest Practicable Date, Suzhou V Fund held approximately 0.84% of the total issued share capital of the Company.

(l) Nanjing Xingcheng

Nanjing Xingcheng is a limited partnership established in the PRC and is principally engaged in private equity investment. The general partner of Nanjing Xingcheng is Hangzhou Yima Investment Management Co., Ltd. (杭州翌馬私募基金管理有限公司) ("**Hangzhou Yima**"), which is wholly-owned by Hundsun Technologies Inc. (恒生電子股份有限公司) ("**Hundsun**"), a company listed on the Shanghai Stock Exchange (stock code: 600570). Nanjing Xingcheng has two limited partners and is owned as to approximately 54.40% by Hundsun and 39.60% by Ningbo Hengxinghui Equity Investment Partnership Enterprise (Limited Partnership) (寧波恒星匯股權投資合夥企業(有限合夥)) ("**Ningbo Hengxinghui**"). The general partner of Ningbo Hengxinghui is Hangzhou Yima and none of the limited partners of Ningbo Hengxinghui holds one-third or more of the partnership interest therein. As of the Latest Practicable Date, Nanjing Xingcheng held approximately 0.77% of the total issued share capital of the Company.

(m) NEA 2018 (Beijing)

NEA 2018 (Beijing) is an exempted company incorporated under the laws of the Cayman Islands and is principally engaged in equity investment. It is wholly-owned by NEA 2018, which is ultimately controlled by Karen Welsh. NEA 2018 has 71 limited partners and none of its limited partners hold more than one-third of the partnership interests. As of the Latest Practicable Date, NEA 2018 (Beijing) held approximately 0.01% of the total issued share capital of the Company.

Meaningful investment from SIIs

We have received investments from our Pathfinder SIIs as identified above, each having invested in the Group for at least 12 months prior to the first submission of our [**REDACTED**] to the Stock Exchange for the purpose of the [**REDACTED**]. In accordance with Chapter 2.5 of the Guide for New Listing Applicants issued by the Stock Exchange, each of Boyu Capital, Immense Vantage, QM188 Limited and Legend Capital Shengyuan holds more than 3%, and in aggregate more than 10%, of the issued share capital of the Company as of the date of our [**REDACTED**] and throughout the pre-[**REDACTED**] 12-month period. For details of the ownership percentage of shareholding in our Company's share capital of each of the SIIs, see "— Capitalization of Our Company."

As of the Latest Practicable Date, our SIIs held, in aggregate, approximately 38.71% in the total issued share capital of our Company. At [**REDACTED**], such SIIs will hold, in aggregate, [**REDACTED**]% in the total issued share capital of our Company, which satisfies the minimum total investment from all SII (being [**REDACTED**]%) as a percentage of our issued share capital at the time of [**REDACTED**] assuming that our expected market capitalization at the time of [**REDACTED**] will exceed HK$[**REDACTED**] but less than HK$[**REDACTED**].

CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure (a) as of the Latest Practicable Date and (b) immediately upon the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme):

		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 and no additional Shares are issued pursuant to the Share Option Scheme)					
No.	Name of Shareholder	Number of Unlisted Shares	Shareholding in the total issued share capital	Number of Unlisted Shares	Shareholding in the Unlisted Shares	Number of H Shares	Shareholding in the H Shares	Number of Total Shares	Shareholding in the total issued share capital
Single Largest Shareholders Group									
1.	Mr. Xu[A]	52,705,817	14.88%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2.	Mr. Wang[A]	22,455,647	6.34%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3.	XSKY Tianshu[A]	12,611,553	3.56%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Sub-total	***87,773,017***	***24.78%***	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pathfinder SIIs									
4.	Boyu Capital[C]	34,060,834	9.62%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5.	Immense Vantage[C]	25,435,064	7.18%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6.	QM188 Limited[C]	17,426,965	4.92%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7.	Legend Capital Shengyuan[C]	13,624,326	3.85%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Sub-total	***90,547,189***	***25.57%***	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other SIIs									
8.	Shenzhen Jianwei[C]	26,551,692	7.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
9.	Tecent Guangxi[C]	19,966,768	5.64%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Sub-total	***46,518,460***	***13.14%***	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other Pre-[REDACTED] shareholders									
10.	Redpoint Ventures[C]	23,711,116	6.69%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
11.	NEA 16 (Beijing)[C]	14,096,559	3.98%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
12.	CICC Alpha[C]	13,624,326	3.85%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
13.	Zhangjiagang Broad Vision[C]	10,899,456	3.08%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
14.	Suzhou Yuanming[C]	7,986,693	2.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
15.	Beijing Qiming[C]	6,812,181	1.92%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
16.	Jichuang Xinyuan[C]	4,864,180	1.37%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
17.	Jichuang Fengyuan[C]	1,948,001	0.55%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
18.	Beijing Kunlun[C]	4,087,275	1.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
19.	Suzhou Yishang[C]	4,087,275	1.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
20.	Shanghai Guoxin[C]	3,555,383	1.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
21	Gongqingcheng Chenmei[C]	3,320,570	0.94%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
22.	Suzhou V Fund[C]	2,964,135	0.84%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
23.	Nanjing Xingcheng[C]	2,724,870	0.77%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
24.	NEA 2018 (Beijing)[C]	23,665	0.01%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Sub-total	***104,705,685***	***29.55%***	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
ESOP Platforms									
25.	XSKY Tianxuan[A]	10,497,997	2.96%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
26.	XSKY Yuheng[A]	6,502,214	1.84%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
27.	XSKY Tianquan[A]	2,474,878	0.70%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
28.	XSKY Kaiyang[A]	2,296,387	0.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
29.	XSKY Yaoguang[A]	1,604,176	0.45%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
30.	XSKY Tianji[A]	1,274,173	0.36%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Sub-total	***24,649,825***	***6.96%***	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
31.	Investors taking part in the [**REDACTED**]	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Total	**354,194,176**	**100.00%**	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

"A" indicates Shares which are held by our core connected persons, and therefore will not be counted as part of the public float.

"B" indicates part of the Unlisted Shares held by such Shareholders will not be converted into H Shares, and therefore will not be counted as part of the public float.

"C" indicates the Unlisted Shares held by such Shareholders will be converted into H Shares and [**REDACTED**] on the Stock Exchange, and therefore will be counted as part of the public float.

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

Pursuant to Rule 19A.13A(1) of the Listing Rules, (i) based on the [**REDACTED**] of HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**] (being the low-end and the mid-point of the indicative [**REDACTED**], respectively), the expected market capitalization of our Company would be approximately HK$[**REDACTED**] and HK$[**REDACTED**] respectively, the minimum prescribed percentage of H Shares held by public at the time of [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme) would be [**REDACTED**]%; (ii) based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the high-end of the indicative [**REDACTED**], respectively), the expected market capitalization of our Company would be approximately HK$[**REDACTED**], the minimum prescribed percentage of H Shares held by public at the time of [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme) would be the higher of (i) the percentage that would result in the expected market value of H Shares held by the public to be HK$[**REDACTED**] at the time of [**REDACTED**], which would be [**REDACTED**]%; and (ii) [**REDACTED**]%.

Immediately upon completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme), the Company will have [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares, among which:

(i) [**REDACTED**] Unlisted Shares (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme) will not be considered as part of the public float as such Unlisted Shares will not be converted into H Shares;

(ii) the [**REDACTED**] H Shares held by Mr. Xu, Mr. Wang, XSKY Tianshu and the ESOP Platforms to be converted from Unlisted Shares pursuant to the Conversion of Unlisted Shares into H Shares and [**REDACTED**] on the Stock Exchange (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme) will not be counted towards the public float for the purpose of Rule 19A.13A(1) of the Listing Rules after the [**REDACTED**] as the aforesaid Shareholders are core connected persons of our Company;

(iii) the [**REDACTED**] H Shares by our Pre-[**REDACTED**] Investors to be converted from Unlisted Shares pursuant to the Conversion of Unlisted Shares into H Shares and [**REDACTED**] on the Stock Exchange (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme) and will be counted towards the public float for the purpose of Rule 19A.13A(1) of the Listing Rules after the [**REDACTED**] as these Shareholders will not be core connected persons of our Company upon [**REDACTED**] nor are they accustomed to take instructions from the Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by the Company's core connected persons; and

(iv) [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme) will be [**REDACTED**] pursuant to the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme).

In light of above, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme), the total number of the H Shares expected to be held by the public represents approximately [**REDACTED**]% of the total issued share capital of our Company with market values in approximately HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] respectively (calculated based on the low-end, the mid-point and the upper-end of the indicative [**REDACTED**], respectively), thereby satisfying the public float requirement under Rule 19A.13A(1) of the Listing Rules.

Satisfaction of the Free Float Requirement

Rule 19A.13C(1) of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) cannot dispose of any of the Shares held by them. As such, H Shares held by the existing Shareholders as of the date of this document shall not be counted towards the free float of the H Shares of the Company at the time of [**REDACTED**]. Based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the low-end of the indicative [**REDACTED**] range), the Company will satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules.

LOCK-UP PERIODS

Pursuant to the PRC Company Law, each of the existing Shareholders of the Company as of the Latest Practicable Date is not permitted to dispose of any of the Shares held by them within the 12 months immediately following the [**REDACTED**]. The table below sets out the list of persons who are, together with their respective close associates, subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules:

Name	Position/Capacity	Aggregate number of Shares held immediately following the completion of the [REDACTED][(1)]	Approximate shareholding percentage immediately following completion of the [REDACTED][(1)]	Lock-up period for a Commercial Company
Key Persons and their close associates				
Mr. Xu	Executive Director, chairman of the Board, general manager and chief executive officer	52,705,817	[**REDACTED**]%	The period commencing on the date of this document and ending on the date which is 12 months from the [**REDACTED**] (i.e. [**REDACTED**])

Name	Position/Capacity	Aggregate number of Shares held immediately following the completion of the [REDACTED][(1)]	Approximate shareholding percentage immediately following completion of the [REDACTED][(1)]	Lock-up period for a Commercial Company
Mr. Wang	Executive Director, vice general manager and chief technology officer	22,455,647	[REDACTED]%	
XSKY Tianshu	Shareholding platform controlled by Mr. Xu	12,611,553	[REDACTED]%	
Mr. ZHANG Xuming	Executive Director, vice general manager and chief operating officer	3,146,253[(2)]	[REDACTED]%[(2)]	
Ms. FANG Fei	Executive Director, general counsel and senior vice president	335,562[(2)]	[REDACTED]%[(2)]	
Ms. WANG Xixi	Board secretary and chief financial officer	356,528[(2)]	[REDACTED]%[(2)]	
Mr. LU Jiafu (魯加福)	Core R&D team member	1,258,499[(2)]	[REDACTED]%[(2)]	
Mr. QU Tianshan (瞿天善)	Core R&D team member	471,915[(2)]	[REDACTED]%[(2)]	
Mr. CHI Xinze (池信澤)	Core R&D team member	576,810[(2)]	[REDACTED]%[(2)]	
Mr. LI Erlang (李二郎)	Core R&D team member	545,349[(2)]	[REDACTED]%[(2)]	
Mr. LIU Mingxin (劉名欣)	Core R&D team member	283,149[(2)]	[REDACTED]%[(2)]	
Mr. YANG Ruifeng (楊瑞峰)	Core R&D team member	241,212[(2)]	[REDACTED]%[(2)]	
Pathfinder SIIs				
Boyu Capital	Pathfinder SII	34,060,834	[REDACTED]%	The period commencing on the date of this document and ending on the date which is 6 months from the [REDACTED] (i.e. [REDACTED])[(3)]
Immense Vantage Limited	Pathfinder SII	25,435,064	[REDACTED]%	
QM188 Limited	Pathfinder SII	17,426,965	[REDACTED]%	
Legend Capital Shengyuan	Pathfinder SII	13,624,326	[REDACTED]%	

Notes:

(1) Assuming that the Conversion of Unlisted Shares into H Shares is completed and the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme.

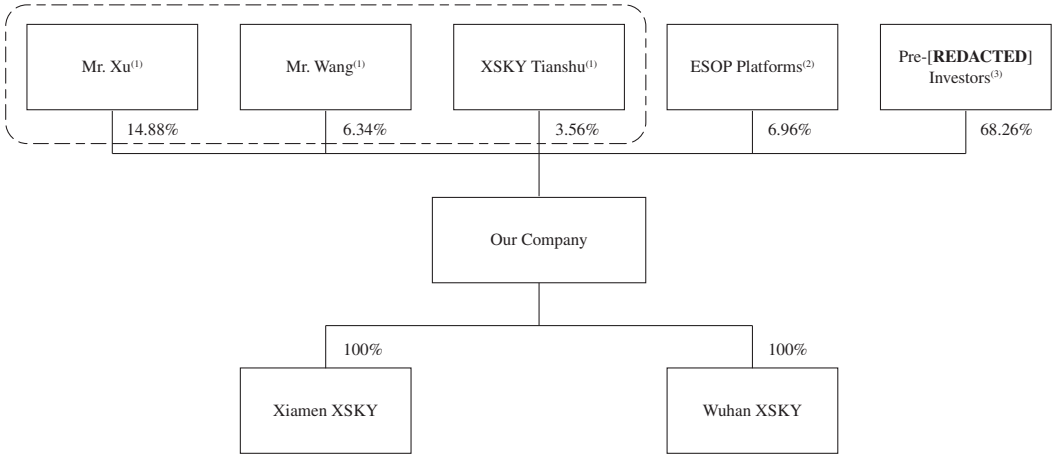
(2) Holding indirect interest in our Company via partnership interest in the ESOP Platforms. As of the Latest Practicable Date, the ESOP Platforms held, in aggregate, 24,649,825 Shares (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme), where, among other employees, the Company's executive Directors, senior management and core R&D team members held partnership interest and subject to a 12-month pursuant to relevant PRC laws which are consistent with the lock-up requirements under Rule 18C.14 of the Listing Rules. See "— Our Incentive Plans and Employee Shareholding Platforms" and "— Capitalization of Our Company" in this section for details of the respective shareholding of each of the ESOP Platforms in our Company and the partnership interest of the aforementioned persons therein.

(3) Pursuant to Rule 18C.14 of the Listing Rules, the Shares held by the Pathfinder SIIs are subject to a 6-month lock-up period; pursuant to relevant PRC laws, the Shares issued prior to the [**REDACTED**] of the Company (including the Shares held by the Pathfinder SIIs) are subject to a 12-month lock-up period.

CORPORATE STRUCTURE

Corporate Structure immediately prior to the completion of the [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Company immediately prior to the completion of the [**REDACTED**]:



Notes:

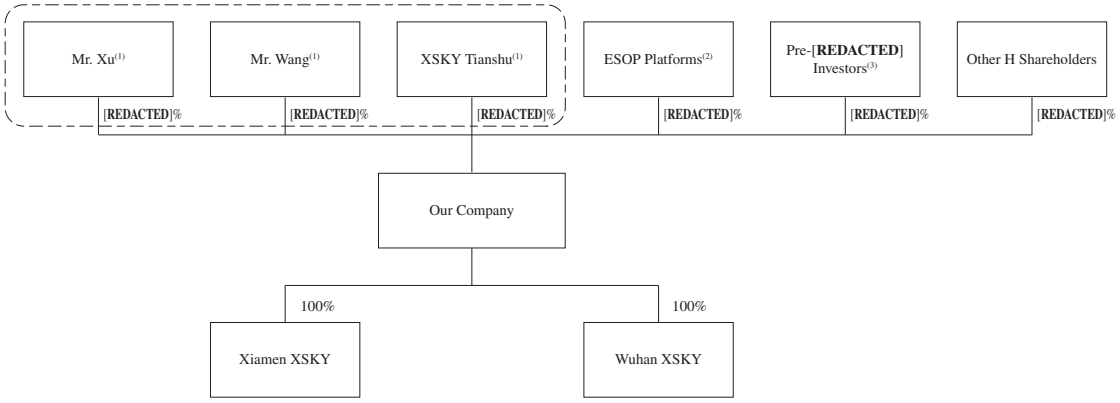
(1) As of the Latest Practicable Date, Mr. Xu, Mr. Wang and XSKY Tianshu, as a group of Shareholders, were collectively entitled to control the voting rights attaching to approximately 24.78% of the total issued Shares of our Company by virtue of the Concert Party Agreements. See "Relationship with Our Single Largest Shareholders Group" for details.

(2) See "— Our Incentive Plans and Employee Shareholding Platforms" and "— Capitalization of Our Company" above for details of the ESOP Platforms and their respective shareholding in our Company.

(3) See "— Pre-[**REDACTED**] Investments" and "— Capitalization of Our Company" above for details of the Pre-[**REDACTED**] Shareholders and their respective shareholding in our Company.

Corporate Structure immediately following the [REDACTED]

The following diagram illustrates the simplified corporate and shareholding structure of our Company immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme):



Notes: (1)-(3): See the respective notes under "Corporate Structure immediately prior to the completion of the [**REDACTED**]".

OVERVIEW

Who We Are

We are the largest independent distributed AI storage solution provider in China, as measured by installed capacity in 2025. We focus on delivering enterprise-grade AI storage solutions that empower organizations to efficiently integrate data, decision-making, and operations at scale. We have developed our proprietary XSEA technology focusing on making data storage fast, resilient and efficient at scale, as well as our proprietary XScale technology focusing on managing large volumes of data in a flexible and scalable way. Leveraging these two proprietary technologies, we have developed our two main solutions, namely data lake storage solutions and storage solutions for Training and Inference ("**T&I**"), through which we enable deployment and implementation of AI storage into our enterprise customers' business operations, addressing critical storage needs during their AI-driven transformation. The top five distributed AI storage solution providers in China accounted for a combined market share of 47.9% by installed capacity in 2025, with us representing 10.6% of the market, and standing as China's second-largest distributed AI storage solution provider and the largest independent distributed AI storage solution provider.

We are highly focused on developing an independent, inclusive and compatible ecosystem for AI data infrastructure, with solutions deployed across multiple industry verticals. As of June 30, 2026, we had served more than 1,600 enterprise customers across key industry verticals, including intelligent manufacturers, telecommunications operators, internet and technology companies. Our solutions support diverse application scenarios such as AI LLMs, machine learning, high-performance computing, large-scale data analytics, scientific research, and retrieval-augmented generation (RAG). As of June 30, 2026, we had served 100 out of China's Top 500 largest companies by 2024 revenue. See "— Our Competitive Strengths Diversified and Retentive Customer Base Across the AI Value Chain." Our overall net dollar retention rate reached 160.0% in the six months ended June 30, 2026.

Our Journey

Since our founding in 2015, we have consistently placed technological innovation at the core of our strategy. Through independent research and development, we have built technological advantages. At the early stage of our founding in 2015, we strategically chose to enter the private cloud and virtualization market. During this phase, we developed early cloud storage products XEBS (block storage) and XEOS (object storage) systems, establishing the core roadmap of "software-defined" architecture and provided solutions to our first lighthouse customers. In 2017, we introduced our XEDP (Unified Data Platform) that broke down data silos by enabling interoperability across block, file, and object storage protocols, setting the standard of "one data center, one storage architecture" for our customers, reducing IT operation and maintenance complexity and improving data management efficiency. Since July 2022, we shifted towards building end-to-end AI data infrastructure. Our file system XGFS and object storage system XEOS have been integrated into the full lifecycle of AI training and inference, providing a solid data foundation for enterprises undergoing AI transformation. In January 2026, we launched AIMesh which further unified data access protocols and enables data flow from AI data lakes to T&I environments, providing a more efficient and unified data foundation for AI data infrastructure.

Our Market Opportunities

Against the backdrop of the rapid growth of China's AI infrastructure market, storage lies at the foundation of AI infrastructure. With AI workloads driving exponential growth in storage demand, traditional storage solutions face three major bottlenecks:

- The "I/O Wall": caused by high-concurrency read/write operations during AI training.
- The "Memory Wall": resulting from limited GPU memory capacity during AI inference.
- The "Gravity Wall": arising from high migration costs and inefficiencies when data is scattered across multiple systems, including different storage types and deployment environments.

Compared to legacy storage solutions, distributed storage solutions address these challenges through multi-node parallel read/write, data sharding with load balancing and redundancy for fault tolerance, delivering linear scalability in performance, capacity and reliability. This architecture transforms distributed storage from a general-purpose infrastructure into a critical AI enabler, unlocking significant market opportunities. China's distributed AI storage solution market reached RMB10.0 billion by 2024 revenue, and is expected to grow to RMB63.1 billion by 2030, representing a CAGR of 35.9%. Beyond the technical bottlenecks described above, the explosive growth of AI technologies has also triggered structural supply-demand imbalances and persistent price increases since the fourth quarter of 2025. To manage these rising hardware costs of traditional storage architectures, enterprises must adopt more cost-effective, scalable storage solutions.

Our Commercialization Path

We focus on serving leading enterprises in key industries by delivering customer-centric AI storage solutions. See "— Our Solutions." We have extended our focus on industry-leading customers across sectors including intelligent manufacturing, financial institutions, telecommunications operators and technology enterprises, which allows us to gain deeper insights into sector-specific challenges and attract more customers in a broad range of industry sectors. The number of enterprise end customers that entered into contracts with us increased modestly from 2023 to 2024, exceeded 520 in 2025, and reached over 260 in the six months ended June 30, 2026. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded revenue of RMB166.8 million, RMB172.5 million, RMB267.0 million, RMB99.5 million and RMB185.8 million, respectively, demonstrating a proven record of our commercialization strategy to date and the recognition of our solutions by enterprise customers.

OUR COMPETITIVE STRENGTHS

An Independent Distributed AI Storage Solution Provider in China with Competitive Barriers that Safeguard Sustainable Growth

We are the largest independent distributed AI storage solution provider in China as measured by installed capacity in 2025. As of June 30, 2026, we had been focusing on distributed storage for over a decade, with our technologies and products applied in cloud computing. We launched the industry's first distributed storage platform supporting all major protocols and the earliest to enable block, object, and file storage within a single cluster. We also introduced the industry's first distributed storage platform supporting heterogeneous chips within a single system.

Our capabilities and solutions have been recognized by various authoritative institutions and top industry associations. See "— Awards and Recognitions." We actively participate in national standard-setting and have contributed to several key standards, including *GB/T 37737-2019 Distributed Block Storage System Technical Requirements*, *GB/T 37732-2019 Cloud Storage System Service Interface Functions*, *GB/T 44271-2024 Edge Cloud General Technical Requirements*, and *GB/T 17966-2024 Floating-Point Operations for Microprocessor Systems*. In addition, we have led and participated in drafting multiple industry standards for object storage and distributed storage, continuously promoting standardization and technological advancement.

As the AI industry continues to develop, our capabilities, solutions and technical experience in AI data infrastructure support our competitive position and market participation.

AI-Driven Independent R&D Capabilities as the Foundation for Innovation

During the Track Record Period, we have focused on developing our storage solutions for AI applications, leveraging a decade of experience in distributed storage as well as a robust architectural foundation which enables us to build technologies tailored for AI scenarios. Specifically, as generative AI evolves toward inference-driven AI, we developed storage architectures that combine object storage as the core of the data lake featuring high throughput and scalability, layered with file systems for interface compatibility. Our tiered storage design places hot, warm, and cold data in separate pools, namely cache, and object storage, balancing performance and cost effectively.

We maintain an R&D strategy focused on distributed storage architecture and large-scale data management technologies. Our key storage solutions, which were all developed in-house, incorporate capabilities across storage engines, large-scale network transmission and scalable metadata management. See "— Our Proprietary Technologies." Our technologies benefit our customers by enabling faster AI model training, smoother operations for large-scale applications, and lower infrastructure complexity. By reducing delays and simplifying data management, our solutions help customers save time, cut costs, and unlock the full value of their data assets.

Building on this technological foundation, we introduced our data lake storage solutions and storage solutions for T&I, which support our customers' data access requirements for large-model training and real-time inference. In January 2026, we launched AIMesh. See "— Our Solutions — Commercialization — Strategic Role within AIMesh." AIMesh unifies data, memory, and compute resources in a single architecture to meet the unique demands of T&I at scale. It ensures that processes run efficiently without bottlenecks, reducing training time, improving inference speed, and lowering overall costs. It also simplifies operations by providing a single, consistent foundation for managing data across the entire AI lifecycle, enabling businesses to deploy AI solutions faster and more reliably.

Through more than a decade of continuous R&D and large-scale deployments, we have developed a unified R&D process that spans product design, development, testing, deployment, upgrades, and operations. This process, which was developed through the evolution of our products from XEBS, XEOS and XGFS to our all-flash XEBS-XINFINI products, increases our R&D efficiency by allowing cross-product sharing of foundational technical capabilities. Such R&D process also ensures consistent reliability, scalability, and operational experience across block, object, file, and all-flash products, forming a critical competitive advantage in the AI infrastructure market.

As of June 30, 2026, we operated R&D centers in Beijing, Shenzhen, Chengdu, Wuhan and Xiamen, with technical staff accounting for over 40% of our total employee headcount. We have applied for and obtained more than 570 intellectual property rights. Our core team members come from leading internet companies, cloud providers, and global storage leaders such as EMC, NetApp, and Huawei, bringing extensive experience in distributed storage and enterprise-grade product development.

Full-Protocol, Cross-Scenario Solutions Covering the Entire AI Data Lifecycle

Built on our self-developed capabilities on high-concurrency storage architecture, elastic metadata engine, and DataOS for heterogeneous hardware, our AI storage solutions offer full-protocol compatibility across block, file and object systems. This ensures compatibility across AI T&I, machine learning, high-performance computing, large-scale data analytics, scientific research, and retrieval-augmented generation (RAG). Our full-protocol, cross-scenario capability enables unified and consistent data foundations across diverse compute architectures, workloads, and deployment models, significantly reducing integration and migration costs.

Our unified data platform supports the entire AI data lifecycle from ingestion and cleansing to T&I, allowing data to flow freely across different stages of the AI data lifecycle such as data lakes, training, and inference after being written only once and maximizing data value throughout its lifecycle. Historically, these layers were often operated as separate silos, and customers frequently had to create duplicate copies of the same dataset. By supporting multiple access protocols within a unified platform and namespace, our solutions allow the same underlying data to be accessed directly for training without requiring such copying, enabling datasets to be used more quickly by GPU clusters and improving overall efficiency.

Independent and Highly Compatible Ecosystem

We have built an ecosystem that combines the performance of an integrated platform with the flexibility of a compatible standard and establishes an ecosystem barrier which we believe is hard to replicate by new industry entrants.

- **Multi-Compute Adaptability:** our AI storage solutions support compatibility with different types of computing chips, such as Nvidia, Hygon, and Ascend. This flexibility is highly valued by our customers who often use a mix of hardware from different vendors. Our technology provides a compatible, future-ready storage foundation that supports diverse computing environments without locking customers into a single vendor.

- **Cloud-Native & Sovereign:** Our solutions integrate with cloud-native environments while ensuring that data remains fully under the customers' sovereignty — an essential requirement for regulated sectors such as intelligent manufacturing and financial institutions. Customers gain the agility and scalability of a cloud-like experience on-premises, without compromising security or compliance.

- **Industry Ecosystem Collaboration:** We work with major computing ecosystem partners and our products integrate smoothly with mainstream architectures such as Intel and AMD. This compatibility and scalability enable our storage solutions to adapt naturally to diverse computing environments, supporting key workloads such as high-performance data analytics and improving customers overall data processing efficiency.

Together, these capabilities create an ecosystem that supports both domestic and global mainstream computing platforms. For customers, this means they can confidently build core AI data infrastructure that works across hybrid cloud environments and demanding scenarios like autonomous driving, large-model training, industrial AI, and financial technology. Our solutions help enterprises solve key challenges such as data ingestion, storage, management, retrieval, protection, and mobility, unlocking the full value of their data and making it dynamic and actionable.

Diversified and Retentive Customer Base Across the AI Value Chain

Through years of R&D and business operations, we have established industry recognition for our technologies and product capabilities through landmark projects for industry leaders, enabling us to expand our customer base across the entire AI value chain, from upstream model and computing power providers to downstream software developers and industry customers. We strategically focus on serving leading large-model companies, top research labs, and major software developers. Our customer portfolio includes multiple China Top 500 enterprises across intelligent manufacturing, telecommunications operators and technology enterprises. Besides, given the infrastructure nature of our AI storage solutions, our products are deeply embedded in customers' core data workflows, resulting in high switching costs and high deployment-level customer stickiness. Such stickiness is reflected in our overall net dollar retention rate of 160.0% in the six months ended June 30, 2026.

As of June 30, 2026, our customer base covered three of the top five LCD panel manufacturers, four of the top ten power battery manufacturers, three of the top five photovoltaic manufacturers in China by their 2025 revenue; in the financial sector, our customer base covered five of 12 joint-stock banks, 13 of 33 banks with assets over RMB1.0 trillion as of June 30, 2026, and four of the top ten life insurers in China by their 2025 revenue.

We have achieved large-scale commercial deployment in core AI applications such as autonomous driving, large-model training and industrial AI. For example, in autonomous driving, we support the full workflow from production-line storage to R&D and road test data processing. In large-model training, we provide file systems and hybrid cloud data mobility for clusters ranging from thousands to tens of thousands of GPUs. In industrial AI, we are deeply embedded in core production processes of leading panel and semiconductor customers.

Through continuous software updates, extended services, and ecosystem integration, we address enterprise needs for system stability and long-term operational support, reinforcing our position as a trusted AI infrastructure partner.

Experienced Management Team and Diverse Investor Base

Our management team brings deep expertise in AI storage and AI infrastructure. Our Chairman and Founder, Mr. Xu Xin, has been involved in China's open-source cloud computing sector since its early development and is a co-founder of China's first OpenStack vendor, with nearly a decade of technical and managerial experience. He is recognized as a Zhongguancun High-End Talent, a Beijing Science and Technology Commission expert, and a Haidian Youth Federation member. Our Director and CTO, Mr. Wang Haomai, previously led storage platform development at UnitedStack, establishing China's first unified framework for cloud block storage and driving industry standards for distributed storage.

As of the Latest Practicable Date, we had completed eight rounds of financing, attracting a diverse group of institutional investors, including Boyu Capital, Northern Light Venture Capital, China Reform Venture Capital, Qiming Venture Partners, Redpoint, Tencent, NEA, CICC Alpha, Legend Capital, Broad Vision Funds, Source Code Capital, Kunlun, Yishang, Shanghai Guoxin, V Fund and Hundsun Technologies. Multiple investors, including Northern Light, Qiming, and Redpoint, have participated in successive rounds, underscoring their confidence in our long-term growth potential. Backed by these investors' deep industry insights and resources, we are well-positioned to capture growth opportunities, strengthen our market leadership, and deliver sustainable success.

OUR STRATEGIES

We have formulated the following development strategies:

Strengthen R&D Capabilities and Attract Top Talent

Our strategy on R&D and talent attraction is designed to address the evolving enterprise storage needs in the age of AI, breaking through traditional bottlenecks in scale, performance, and latency, and advancing toward AI-native data platforms. Specifically, our R&D efforts will focus on the following areas:

- ***R&D for next-generation AI-native storage platform.*** We will continue to develop next-generation AI-native storage platforms for large-model training, AI inference and online services. This initiative represents an upgrade of our existing offerings, including MeshFS, MeshFusion, which form part of AIMesh, an upgraded iteration of our existing software products, and is intended to help customers manage and use massive AI datasets more efficiently, improve GPU utilization, shorten model training cycles and reduce infrastructure costs. See "— Our Solutions — Commercialization — Strategic Role within AIMesh." Specifically, we plan to achieve sustained throughput at the TB/s level within a single cluster, reduce training data cache access latency to as low as approximately 20 microseconds, and progressively support the storage needs of ultra-large clusters with up to 100,000 GPUs. We also plan to build a unified object and file storage foundation, enabling customers to support AI applications such as online inference, vector search and content generation through a simpler storage architecture, with less data movement and higher deployment efficiency.

- ***R&D for expansion and vertical adaptation of AI storage portfolio.*** We will expand our AI storage solution portfolio and adapt our solutions to key industries and typical use cases such as financial services, intelligent manufacturing, media video cloud and scientific research. We also plan to enhance our data management and migration capabilities in multi-cloud and hybrid-cloud environments and develop edge AI storage products and lightweight solutions, enabling customers to manage and use AI data more flexibly across on-premises, cloud and edge environments.

- ***R&D for ecosystem compatibility development.*** We will improve the compatibility of our products with mainstream hardware, cloud platforms and AI software frameworks through ecosystem adaptation and validation of our existing solution offerings, lowering the barriers for customers to deploy, integrate and operate AI storage solutions. We also plan to build new platform capabilities, including an API/SDK-based developer integration platform to enable third-party developers and ISVs to integrate with and extend our storage platform more easily.

To that end, we will continue investing in next-generation AI-native storage platforms, distributed high-performance storage engines, and data management capabilities tailored for emerging AI scenarios such as large-model T&I, AIGC, and multimodal applications. Our goal is to enhance our product portfolio across object storage, distributed file storage, and block storage, and further develop our AI storage infrastructure capabilities.

We also plan to recruit more talents across various technical fields, including large models, distributed systems, cloud-native storage, data lakes, and high-performance computing. By attracting experienced architects from leading internet companies, cloud vendors, and research institutions, and improving our expert and engineer career development pathways, we aim to build an experienced R&D team which we believe is key to maintaining our long-term competitive barriers and achieving sustainable growth.

Expand and Optimize Our Solution Portfolio

We will continuously enrich our solution portfolio and broaden our coverage of AI storage application scenarios to meet the real-world technical needs and business scenarios of customers in different industries and at various stages of development with a focus on next-generation AI-native storage platform development and related vertical expansion and adaptation. By tailoring solutions to industry-specific requirements and standardizing them into ready-to-use products, we expect to significantly enhance delivery speed, reduce implementation complexity, and improve replicability. We expect this approach to accelerate the adoption of our AI storage solutions in key industries, enabling enterprises to deploy them more quickly, cost-effectively, and easily.

We will also systematically upgrade our XSEA and XScale technology foundations to adapt to large-model training, inference, and multimodal workloads. Specifically, under our AIMesh strategy, we will focus on unifying the "AI data and memory plane" that integrates data, memory, and compute. AIMesh is designed to unify data and memory into a more integrated layer that sits closer to the computing environment. By adopting a converged compute-and-storage approach, AIMesh shortens the data access path and simplifies the overall system stack, improving performance efficiency and reliability for mission-critical AI workloads.

Expand Sales Channels and Build Industry-Focused Teams

We will strengthen investments in sales and delivery teams, shifting from a traditional geography-based model to an industry-focused approach. Through a "key account list" strategy, we will prioritize sectors with AI infrastructure demand, such as intelligent manufacturing, financial institutions, telecommunications operators and technology enterprises. In support of this strategy, we intend to expand sales coverage by building vertical-focused sales, pre-sales and delivery teams with expertise (i) for the finance sector, in financial workloads and AI infrastructure performance requirements; (ii) for the internet sector, in large-model training and inference across the AI lifecycle; and (iii) for the manufacturing sector, in industrial AI, machine vision and data-intensive workloads. In parallel, we plan to extend our compatibility and strengthen our performance validation across diverse chipset platforms by procuring representative systems, testing system specifications and performance benchmarks, and conducting performance tuning, with the objective of forming repeatable best practices that can be applied across mainstream hardware environments.

We also plan to deepen ecosystem cooperation around the AI T&I framework by engaging broadly with framework providers, being developers and maintainers of mainstream AI model training and inference software frameworks, and industry partners. We intend to co-develop and standardize interfaces (including through SDKs where appropriate) to facilitate integration, encourage partners and downstream developers to build add-on features on top of our platform, and introduce incentive programs to support third-party development and accelerate ecosystem adoption.

We will cultivate AI-focused sales capabilities by co-creating storage solutions with leading large-model vendors and independent software vendors (ISVs), enabling our teams to gain deep insights into AI training, inference workflows, and data lake management. This will help us build a sales force with hybrid expertise in both industry and technology. Additionally, we will expand localized sales and delivery teams to strengthen our full-cycle services capabilities for key customers and ecosystem partners, accelerating solution deployment and customer stickiness.

We will also deepen collaboration with leading AI technology companies and cloud service providers by engaging in joint application scenarios development, testing, and ecosystem building, which we believe will accelerate our own product refinement and technology iteration, as well as foster industry-wide collaboration.

We also plan to establish an AI infrastructure customer demonstration and ecosystem validation center, which will be used to (i) host live demonstrations of large-scale AI infrastructure in real operating environments, showcasing the high-throughput and low-latency performance of our storage systems under full AI training workloads; (ii) support regional sales and marketing teams by providing localized services covering POC testing, solution presentations and on-site delivery of integrated systems; and (iii) organize developer salons and AI technology forums, bringing customers' algorithm engineers together with our storage experts to facilitate direct technical engagement and strengthen our market presence.

Build an Inclusive and Compatible Ecosystem

We will continue enhancing product compatibility and technical adaptability across heterogeneous compute environments, creating a highly interoperable AI data infrastructure platform. Our ecosystem strategy will cover diverse hardware systems, broad industry scenarios, and key partners, enabling deployment in demanding environments such as intelligent manufacturing, financial institutions, telecommunications operators and technology enterprises.

We will maintain collaboration with upstream and downstream partners to apply distributed storage, data lakes, and AI T&I technologies in more application scenarios. By building a compatible platform for ecosystem partners and developers, we will support third-party applications and AI platforms to integrate and innovate on our storage foundation, creating network effects.

Our inclusive ecosystem approach compatibility in both technology and partnerships. Through sustained investment in core software capabilities and cross-ecosystem compatibility, we aim to establish a future-ready, inclusive and compatible AI data infrastructure platform.

OUR SOLUTIONS

We primarily offer (i) AI storage solutions, comprising our data lake storage solutions and storage solutions for T&I, which may be offered either on a standalone basis or as a bundled offering, depending on the customer's specific needs, (ii) AI storage services, including tail-end warranty, maintenance or renewals services that accompany our AI storage solutions. The use of "AI" in our solution names is because our storage solutions are specifically optimized for AI workloads, and not because they are storage products embedding AI algorithms or performing autonomous learning or decision-making functions.

AI Storage Solutions

A simple way to explain the difference between and the primary roles of our two AI storage solutions, namely Data Lake Storage Solutions and Storage Solutions for T&I, is through a comparison of these solutions to the process through which a personal computer stores data. A personal computer typically has a (i) large-capacity drive (commonly known as "hard drive") that keeps all files (including photos, videos and documents) for the long term at relatively low cost, and (ii) a smaller-capacity but much faster drive, such as a random access memory (RAM) or cache, that holds the files being actively worked on when a software is actively running on the computer. Our AI data lake storage solutions play a role broadly similar to the former at enterprise scale: they store, organize and govern an enterprise's large volumes of data for the long term, keeping such data ready for AI and other business use. Our storage solutions for T&I play a role broadly similar to the latter: they deliver data at very high speed to GPU computing clusters while AI models are being trained or are generating inference outputs. The two segments are often deployed together, with data flowing from the data lake to T&I scenarios as and when needed. This analogy is a simplified illustration only: it does not seek to imply that we develop or sell these personal computer related products or solutions. Rather, our solutions are enterprise-grade distributed systems deployed across large numbers of servers, with capacity, performance and reliability requirements far beyond those of personal computing devices.

Within each of our Data Lake Storage Solutions and Storage Solutions for T&I categories, we further offer various types of sub-solutions depending on customers' data usage scenarios and the storage formats required. Enterprise data is stored and accessed in three basic formats, and the choice among them depends on how the data is used.

- **Block storage** divides storage capacity into fixed-size "blocks" made directly available to an application, in the way a computer uses its internal disk; it is the fastest format with the lowest latency and is typically used by databases, virtual machines and other performance-critical systems.

- **File storage** organizes data as files within folders, in the way documents are kept on a shared office drive; multiple users and systems access the same files through familiar directory paths, which suits collaboration scenarios and AI training datasets that are read file by file.

- **Object storage** keeps each piece of data as an independent "object" with a unique identifier and descriptive tags in a flat structure without folder hierarchies, similar to the way a cloud photo album manages a massive number of items; it scales almost without limit and is best suited for very large volumes of unstructured data such as images, videos, backups and archives.

The following table summarizes the key functions and features of each of our business segments and their respective sub-segments:

Business segment	Subsegment	Key functions, features and differentiation	Specific value added along the data lifecycle/type of processing applied to data	Relevant quantitative supporting metrics
1. AI storage solutions				
(1) Data lake storage solutions	**Overall segment**	Helps enterprise customers collect, store, organize and manage large volumes of raw and unstructured data before such data is used for AI training, analytics or other business applications. It is differentiated from AI T&I storage solutions because it focuses on long-term data retention, organization, governance and lifecycle management, rather than real-time high-speed access during model training or inference.	Adds value at the data ingestion, storage, preparation and governance stages. It helps customers consolidate scattered data, manage different data formats, reduce data silos, and prepare data for future AI use.	See below
	XEOS	An enterprise-grade object storage solution for long-term storage of large volumes of unstructured data, such as images, videos and documents. It is differentiated from XEDP and EasyData because it mainly focuses on object storage and long-term retention, which means data is stored as individual units in a flat structure, making it easier to manage large volumes of unstructured data, and is particularly suited for use cases such as content repositories, backups and archival storage, as compared to file storage and block storage.	Adds value at the data storage, retention, governance and distribution stages. It stores raw and unstructured data, supports backup and archiving, prevents data loss through object lock and version control, optimizes small-file storage, and automatically moves data among hot, warm and cold storage tiers (with hot, warm and cold determined based on access frequency of data following rules set by customers), thus lowering the cost of long-term data retention for customers while keeping data accessible.	Validated in hundred-PB single-cluster production deployments; supports a single bucket scaling to hundreds of billions of objects; supports stable throughput and latency; supports policy-driven hot/warm/cold tiering.

Business segment	Subsegment	Key functions, features and differentiation	Specific value added along the data lifecycle/type of processing applied to data	Relevant quantitative supporting metrics
	XEDP	A unified data storage platform integrating file, object and block storage into one system. It is differentiated from XEOS because it is not limited to object storage, and is differentiated from EasyData because it focuses more on unified storage infrastructure rather than data collection and preparation.	Adds value at the data consolidation and management stage. It allows customers to manage file, object and block data under one platform, so data used by different departments or systems can be stored and accessed under consistent policies.	Supports file, object and block storage in one system; works together with XEOS, XGFS and XEBS to provide unified data infrastructure. Its performance metrics may vary depending on the specific deployment architecture and customer workload profile.
	EasyData	A data management platform for handling large volumes of unstructured data from diverse sources. It is differentiated from XEOS and XEDP because it focuses on data ingestion, metadata management and data preparation, rather than underlying storage capacity or unified storage infrastructure.	Adds value at the data ingestion, preparation and utilization stages. It automatically collects data from different devices and systems, unifies metadata management, supports search and access control, and applies processing such as tagging, image analysis, data labeling and format conversion when instructed by customers.	EasyData has been tested on a single bucket with two billion unstructured objects. It allows users to manage all this data in a unified way, organize it with tags, and quickly search across it using flexible search methods, with results returned in seconds. It also allows up to 300 different user groups, so access to data can be controlled and managed securely.
(2) Storage solutions for T&I	**Overall segment**	Provides fast and reliable data access for AI model training and inference. It is differentiated from AI data lake storage solutions because it focuses on using and delivering data at high speed during GPU-based training and inference tasks, rather than storing and governing data for long-term use.	Adds value at the model training, inference and high-performance data access stages. It helps feed processed and performance-critical datasets to GPUs and computing clusters, reducing bottlenecks such as insufficient I/O performance and memory limitations.	See below
	XEBS-XINFINI	A fully SSD-based block storage solution for mission-critical and performance-intensive workloads, such as large-scale AI training, real-time inference, vector databases, distributed databases and enterprise cloud platforms. It is differentiated from XEBS because it is designed for more demanding and latency-sensitive workloads, while XEBS is designed for general-purpose applications with more balanced requirements on performance, scalability and cost efficiency.	Adds value at the real-time data access, AI training, AI inference and vector search stages. It enables many systems to access storage in parallel with low latency, reduces data-access delays, and supports high-speed workloads that require predictable performance, such as large-scale AI training, real-time inference, vector databases, distributed databases and enterprise cloud platforms.	Provides high IOPS and microsecond-level latency; read and write latency can be as low as approximately 100 microseconds; built on a Shared-Everything architecture where every server node can directly access all storage devices in the cluster; uses all-flash SSD pools and supports high throughput.

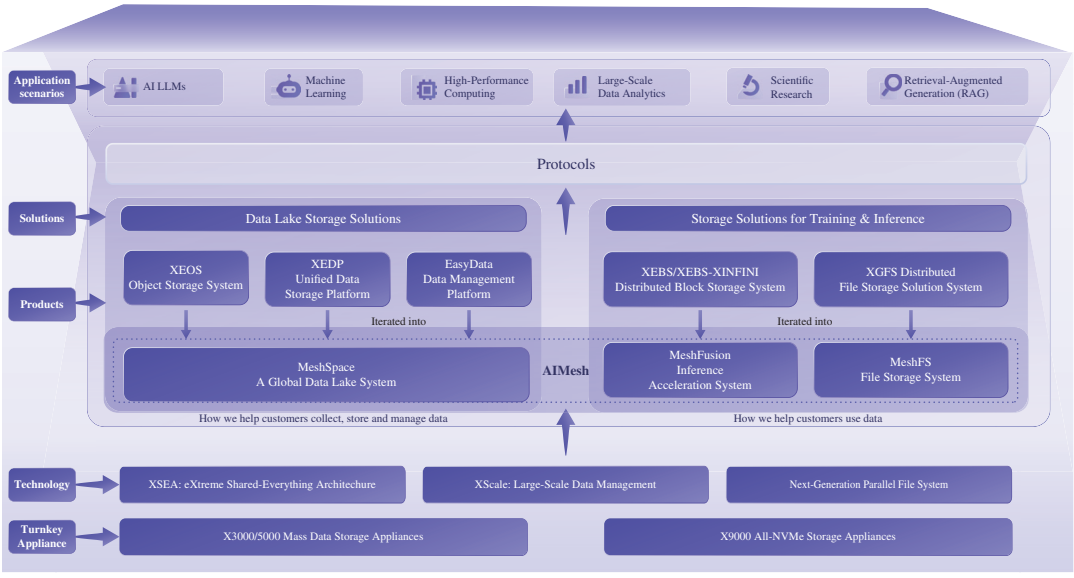
Business segment	Subsegment	Key functions, features and differentiation	Specific value added along the data lifecycle/type of processing applied to data	Relevant quantitative supporting metrics
	XEBS	A distributed block storage solution supporting virtualization, databases, containers and hybrid cloud environments. It is differentiated from XEBS-XINFINI because XEBS is positioned as a general-purpose block storage solution for core enterprise applications, while XEBS-XINFINI is an all-flash, ultra-low-latency solution for mission-critical AI and high-speed workloads.	Adds value at the enterprise application and database data-access stage. It provides stable block storage for systems that require reliable low-latency operation, such as databases, virtualized environments and hybrid cloud applications.	In a performance test using three servers and a high-speed network, XEBS was able to handle a large number of data operations at once. It achieved over 110,000 small write operations per second and nearly 500,000 read operations per second, with 12 users generating the workload simultaneously.
	XGFS	A distributed file storage system for AI training, big data processing and other data-intensive workloads. It is differentiated from XEBS-XINFINI and XEBS because XGFS is a file storage solution, while XEBS-XINFINI and XEBS are block storage solutions, with file storage organizing data in hierarchical file systems for shared access and content management, typically used for AI training datasets, big data processing and collaborative workloads, whereas block storage stores data in fixed-size blocks for high-performance, low-latency transactional workloads such as databases and enterprise applications.	Adds value at the large-dataset access and AI training stage. It supports unified file access, broad protocol compatibility and high-concurrency access to large datasets, helping GPU clusters and data-intensive applications read and write many files efficiently.	Supports high throughput and low latency when handling billions of files; scalable to thousands of nodes; supports multiple data access protocols and domestic hardware ecosystems.
2. AI storage services	**Tail-end warranty, maintenance and renewals services**	Provides post-deployment support for customers that have purchased AI storage solutions. It is differentiated from AI storage solutions because it does not primarily involve initial system deployment, but supports system continuity after delivery.	Adds value at the post-deployment operation, maintenance and expansion stage. It helps customers keep deployed systems stable, renew warranties or maintenance arrangements, and expand storage capacity when business data increases.	Customers who purchase our AI storage solutions are also provided with AI storage services.

AI infrastructure today faces three structural challenges known as the "Three Walls", including the "I/O Wall", the "Memory Wall" and the "Gravity Wall". In addition, the global AI storage industry is also facing increasingly severe supply-chain challenges since the fourth quarter of 2025. The explosive growth of AI technologies has triggered intense demand for high-performance storage media, such as enterprise-grade NAND Flash and DRAM, leading to structural supply-demand imbalances and persistent price increases. This places heavy cost pressure on traditional storage architectures that rely on low efficiency and high redundancy. To manage these rising hardware costs, enterprises must improve storage-density efficiency and adopt more cost-effective, scalable storage solutions.

Against this backdrop, our AI storage solutions fall into two complementary categories, each addressing a different part of the AI pipeline:

Aspect	Data Lake Storage Solutions	Storage Solutions for T&I
Main Goal	Long-term data retention, organization, and governance	Fast data delivery for AI model T&I
Data Type	Raw, unstructured and diverse datasets	Processed, performance-critical and small working datasets
Key Optimization Focus	Scalability, cost-efficiency and lifecycle management	Throughput, latency, cache expansion and real-time access
Typical Use Case	Storing and preparing data for future AI use	Providing access to data for GPU-based T&I tasks

The following chart illustrates the relationship among our technology layer, product layer and solution offerings:

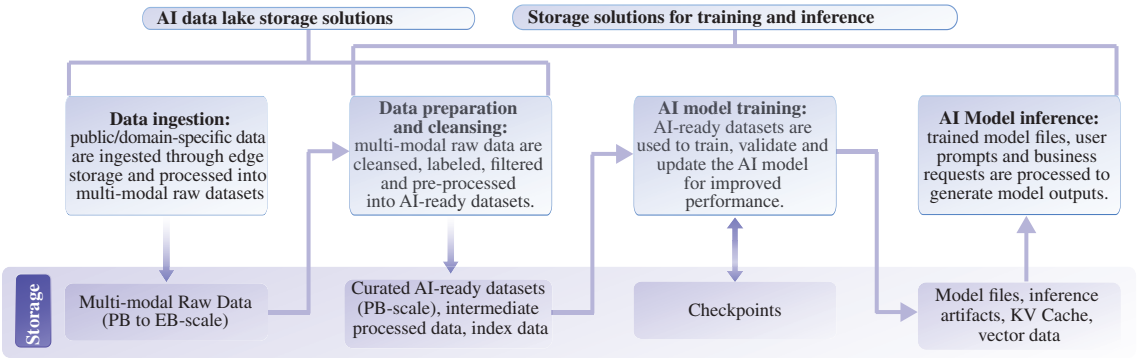


Our products can be configured and combined into solution offerings, including data lake storage solutions and storage solutions for T&I, which are the commercialized solutions delivered to customers. Our AI storage solutions may consist of software sold independently or as part of integrated hardware appliances, and customers may elect to procure either software-only solutions or turnkey appliances under each business subsegment. When delivering software alone, customers

are required to procure hardware themselves that meets our specific technical requirements. For turnkey appliance deliveries, we source hardware from third-party suppliers and perform development and customization work to embed our proprietary software.

Our Solutions and AI Data Lifecycle

The following chart illustrates a standard AI data lifecycle, from data ingestion and preparation to model T&I, with a feedback loop whereby inference results may be fed back into earlier stages for continuous optimization. In practice, customers are not required to adopt our solutions for all stages of the AI data lifecycle, nor are they required to follow the entire workflow depicted. Customers may deploy our products selectively, in combination with their existing infrastructure or third-party solutions, depending on their technical architecture, business needs and operational preferences. The AI data lifecycle illustrated in the chart is typically implemented and operated within customers' own environments.



Our AI storage solutions streamline the entire data lifecycle, from data ingestion and storage to management and utilization, by providing an integrated platform designed to meet the requirements of AI applications, such as high throughput, low latency and scalability for massive datasets.

(i) **Data ingestion:** Raw unstructured data from multiple sources is automatically aggregated into the AI storage system without the need for manual scripting. The system continuously monitors source-side file changes and moves new data into centralized storage, which is commonly called "AI data lake", according to user-defined schedules. This process ensures timely, efficient and consistent ingestion of large and diverse datasets into AI data lake required for AI workloads;

(ii) **Storage:** Our AI storage solutions provide a unified and scalable repository capable of handling massive volumes of data across diverse AI-driven applications. Unlike traditional storage solutions that operate in silos, our solutions enable better resource sharing. They also include built-in features like lossless compression and image optimization, which help reduce storage space and overall cost without compromising data quality;

(iii) **Management:** Our centralized management method allows customers to monitor and allocate resources across both file and object storage clusters. Our customers can also use the platform to schedule data collection tasks, automate data tiering based on usage patterns and manage user access permissions, all from a single interface, which is essential to maintaining data availability and governance in AI environments; and

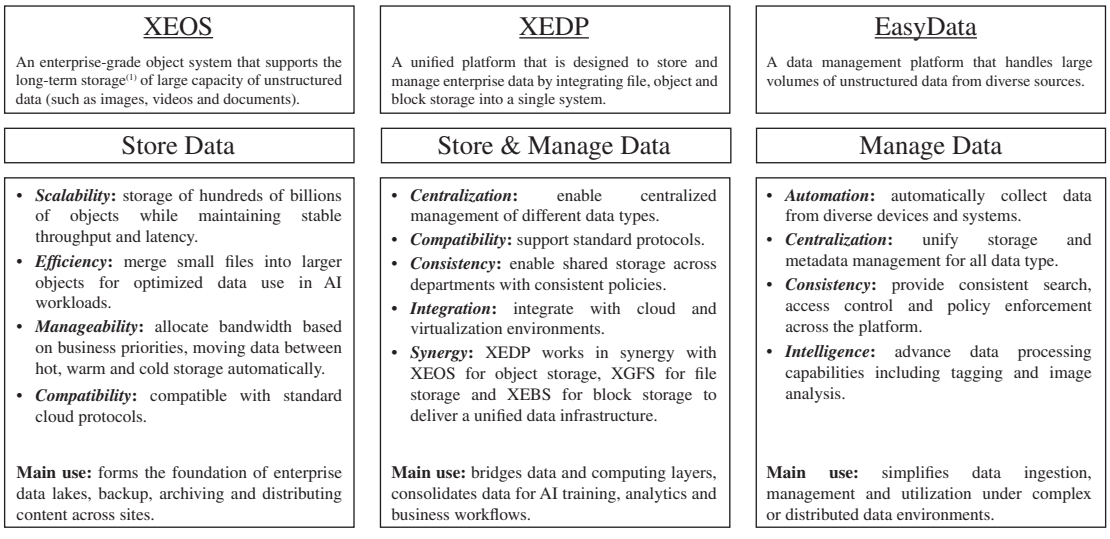
(iv) **Utilization:** Our customers benefit from an interface that supports easy upload, download, preview and search for data through a user-friendly portal. Our AI storage solutions support access to different types of storage solutions and provide real-time monitoring of CPU, memory and disk usage to maintain performance for AI T&I. It also enables data classification using automatic or rule-based tagging. Additionally, built-in tools for image processing, decompression, and customizable workflows help speed up data usage and improve operational efficiency for AI applications.

Beyond operational efficiency, our AI storage solutions also address the emerging strategic need for enterprises to retain full control over proprietary data. As general-purpose models become commoditized, enterprise-specific data, such as manufacturing parameters, proprietary codebases or confidential customer information, has become the key source of differentiation. Private, on-premises distributed storage ensures that such core assets remain fully controlled and isolated from external environments, reducing risks of data leakage, model contamination or loss of intellectual property. It also enables enterprises to build their own long-term "data flywheel," where business feedback data is continuously accumulated and used to refine internal models. This closed-loop, self-reinforcing system strengthens data assets over time and forms a sustainable competitive advantage.

Data Lake Storage Solutions

Our data lake storage solutions form the foundational data layer for enterprises building AI capabilities. They are designed to aggregate, cleanse and retain massive volumes of raw and unstructured data, serving as the starting point for the full AI data lifecycle. From the perspective of the "three walls", our data lake storage solutions primarily address the Gravity Wall. By aggregating multi-source, unstructured data into a single governed namespace and automating hot-warm-cold tiering across heterogeneous media, our data lake storage solutions keep data logically close to compute, reduce fragmented copies and manual data transfers, and provide a single system of record that downstream T&I layers can access on demand. Our customers may elect to procure either software-only solutions or turnkey appliances under each business subsegment.

The chart below demonstrates our data lake storage solutions (XEOS, XEDP and EasyData) and their distinctive features:



Note:

(1) Long-term storage refers to storage designed for the long-term retention and archival stage within the data lifecycle. In industry practice, such storage is typically associated with data retention periods of five years or more, depending on customers' specific requirements.

XEOS: Scalable Object Storage System for Enterprise Data

XEOS (XSKY Enterprise Object Storage) is an enterprise-grade object storage for long-term retention, governance and distribution of unstructured data. It serves as the foundational system for enterprise data lakes, backup and archiving, and cross-site content distribution, providing a scalable, highly available and easy-to-manage object storage system. XEOS supports both x86 and ARM processors, including domestic processors, and has been validated in hundred-PB single-cluster production deployments. XEOS helps customers continuously track how frequently each piece of data is accessed and, following rules pre-set by the customer's administrator (for example, moving data untouched for 90 days to a lower tier), automatically relocate data among storage media of different performance and cost levels — frequently accessed "hot" data stays on high-performance media for fast retrieval, less-visited "warm" data resides on standard media, and rarely accessed "cold" data is moved to the lowest-cost, high-capacity media. No manual effort is required and data remains retrievable at all times. This significantly lowers the cost of long-term data retention while keeping data accessible, in a manner similar to a smartphone photo application that keeps recent photos on the device while automatically archiving older photos to the cloud.

Built on standard protocols, XEOS integrates with most upstream applications without system changes. It provides a comprehensive S3-compatible implementation in China and supports advanced features such as object lock and version control to prevent data loss and retain historical data versions. XEOS has the following key capabilities.

- **Massive Single-Bucket Scalability:** XEOS uses a flat, non-directory object architecture with key-range distribution and independently managed metadata services. This enables a single bucket to scale to hundreds of billions of objects while maintaining stable throughput and latency, supporting cloud-native expansion for large-scale AI training datasets.

- **Small-File Optimization for Higher Performance and Lower Cost:** For AI workloads dominated by small files, XEOS aggregates small files into larger objects and applies multi-level caching with adaptive data-merging mechanisms. These measures reduce I/O overhead, improve performance and lower storage costs.

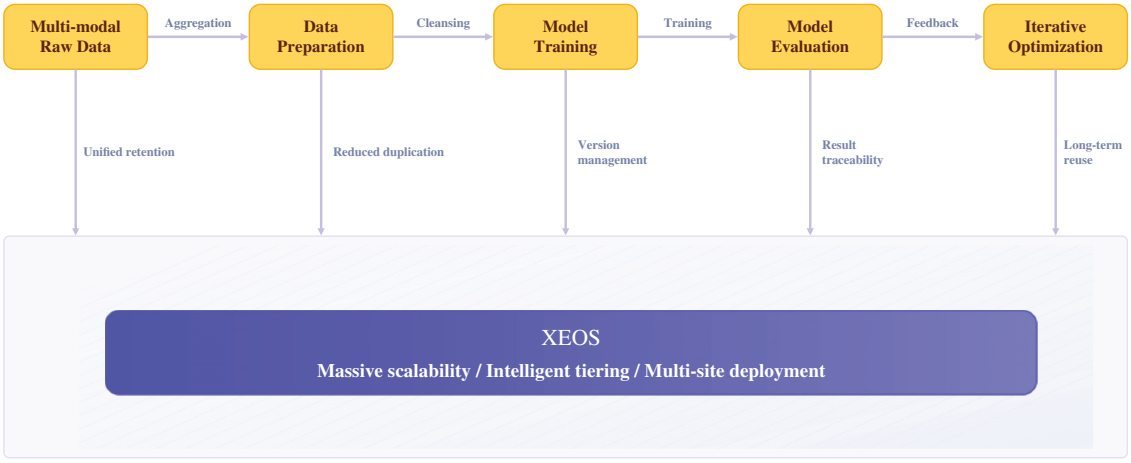
- **Priority-Based Resource Allocation:** XEOS provides built-in quality-of-service (QoS) controls that allocate resources based on business priority. High-priority applications receive preferential performance, while background workloads are governed through user-level and bucket-level controls to maintain system stability.

- **Automated Cross-Site Lifecycle Management and Multi-Site Deployment:** XEOS supports policy-driven tiering of hot, warm and cold data across private, public and hybrid environments. Data can be automatically migrated for cost-efficient retention and quickly recalled when needed, with support for active-active access and cross-region disaster recovery.

The XEOS workflow enables end-to-end data movement through a unified platform combining cache pools and heterogeneous data pools. Through its scalability, compatibility with mainstream protocol, resource governance and lifecycle management, XEOS provides a durable and cost-efficient foundation for enterprise data lakes and long-term AI development.

Use Case: Large Language Model (LLM) Infrastructure

In large language model infrastructure, XEOS can serve as the scalable object storage foundation for internet platforms, AI companies, research institutes and state-owned enterprises operating AI compute centers. LLM training and inference workloads generate and reuse large volumes of text, image, video, log, model-version and checkpoint data. When such data is distributed across isolated systems, data preparation becomes slow, duplicated copies increase storage cost and cross-cloud data mobility becomes difficult. XEOS addresses these issues through an enterprise-grade object storage architecture built on standard S3 protocols, enabling customers to retain, retrieve and manage large-scale unstructured datasets through a common object storage layer. Its large-scale single-bucket scalability supports datasets that may reach petabyte scale and contain a large number of files, while small-file optimization, QoS controls and automated lifecycle management help customers manage hot, warm and cold data according to workload priority and retention requirements. With multi-site deployment and cross-site lifecycle management capabilities, XEOS provides a durable and cost-efficient foundation for long-term LLM data retention, model iteration, backtesting and retraining.



XEDP: Unified Enterprise Data Storage Platform

XEDP (XSKY Enterprise Data Platform) is a unified data storage platform that integrates file, object and block storage into a single system. Customers typically deploy XEDP together with other AI storage products, including XEOS, XGFS and XEBS. In simple terms, file storage organizes data in folders for easy human access, object storage manages large volumes of data as independent units with flexible metadata, and block storage splits data into smaller pieces to enable high-performance processing. The platform supports three core storage models as described below.

(i) **File Storage:** File storage uses a hierarchical structure of files and directories and presents data through familiar drive letters and folder paths. It aligns with common enterprise usage patterns, supports collaborative workflows and remains compatible with traditional IT systems, making data browsing, management and access intuitive and efficient.

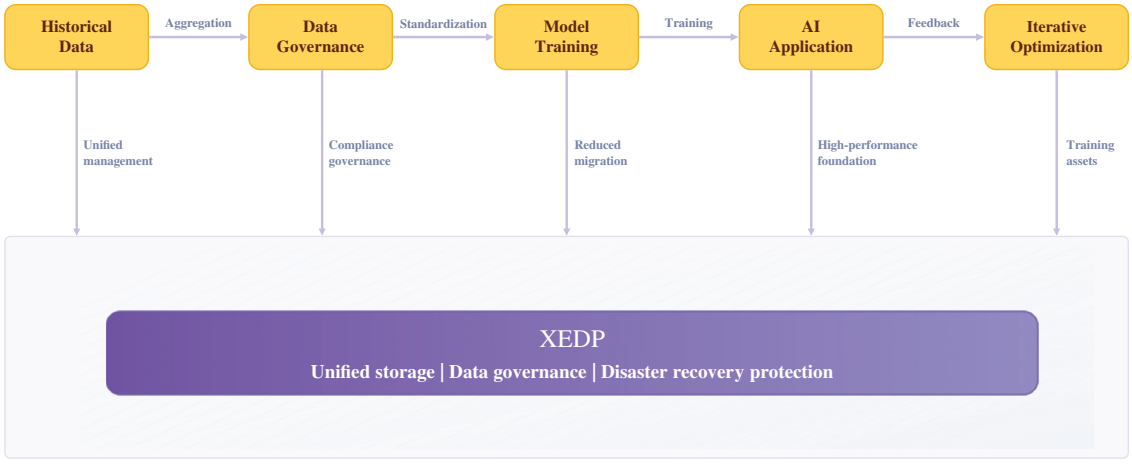
(ii) **Object Storage:** Object storage organizes data as independent objects with metadata and unique identifiers in a flat structure, typically grouped within logical containers known as buckets. This model supports efficient management of massive unstructured datasets at petabyte scale and beyond, is optimized for distributed access and cloud-native environments, and is commonly used for cold data storage, long-term archiving and AI model version management.

(iii) **Block Storage:** Block storage divides data into fixed-size blocks managed through logical volumes, delivering high IOPS and low latency. It is used for mission-critical workloads such as financial transactions and high-performance databases, where stability and predictability are essential. In AI workloads, block storage supports high-performance training and short-term caching for online inference.

Without a centralized platform, organizations often deploy separate storage systems across teams or applications, leading to inefficient resource usage, inconsistent data protection and higher operational complexity. XEDP addresses these issues by enabling shared storage, applying consistent policies, quotas, performance controls and security settings across all storage types while preserving existing applications.

Use Case: FinTech AI Solutions

XEDP provides a unified enterprise data storage platform for licensed consumer-finance institutions, banks, insurers and securities firms building private knowledge bases, risk models, compliance analytics and AI-enabled customer-service applications. These applications depend on large training datasets and substantial volumes of historical unstructured data, such as tickets, call recordings, screenshots and customer interaction records, which must be retained, governed, retrieved and reused for model training, inference and continuous model refinement. Financial institutions also need to move data efficiently across collection, preprocessing, model training and inference while maintaining business continuity, regulatory compliance and consistent performance. Traditional systems often rely on separate file, object and block storage environments, making data movement slow and increasing management complexity. XEDP addresses these challenges by integrating file, object and block storage into a single platform and applying consistent policies, quotas, performance controls and security settings across different storage types. It supports a wide range of standard access protocols, enabling financial customers to consolidate historical data into an enterprise-grade data lake and make such data available for AI workflows without repeated migration. XEDP also provides data protection capabilities such as snapshots, backups, replication and cross-site disaster recovery, helping financial customers shorten model iteration cycles, reduce data silos, transform archival cold data into AI training assets and maintain stable operations for AI workloads.



In deployment, XEDP connects data and computing layers to support end-to-end workflows. Data from block and object storage is consolidated into a centralized data lake, supporting access for AI training analytics.

Below is an illustrative example of the user interface of XEDP:



EasyData: Unified Data Management Platform for Large-Scale Unstructured Data

EasyData is an enterprise-level data management platform designed to simplify large and complex data environments. As organizations generate increasing volumes of data across diverse systems, EasyData provides a unified platform for data lifecycle management, covering data ingestion, storage, management and utilization. Positioned above the storage layer (XEOS, XEDP, XEBS and XGFS), EasyData collects data from multiple sources, writes it to underlying storage systems, and enables users to efficiently locate, process and use data.

- **Ingestion:** EasyData automatically collects data from local devices and third-party storage systems through software agents. It supports integration with legacy storage without requiring data migration or changes to business processes, and enables automated data expiration at the source to improve efficiency.

- **Storage:** Collected data is centrally written to object storage or file storage systems, with real-time metadata synchronization to ensure consistent visibility and data integrity across the platform.

- **Management:** EasyData provides unified data search, access control, policy management and operational monitoring. Multi-tenant permission controls and IP-based restrictions enhance security, while automated tagging and policy-based filtering support structured data catalogs.

- **Utilization:** Users access data through a web console for search, preview, download and processing. Processed results can be returned to the platform or consumed directly by AI and analytics systems, eliminating manual copying and format conversion.

At its core, EasyData offers a centralized, web-based management console supporting a multi-tenant architecture. Different departments operate in logically isolated environments with role-based access control for administrators and users. Integration with enterprise authentication systems such as AD and LDAP provides unified identity management and security.

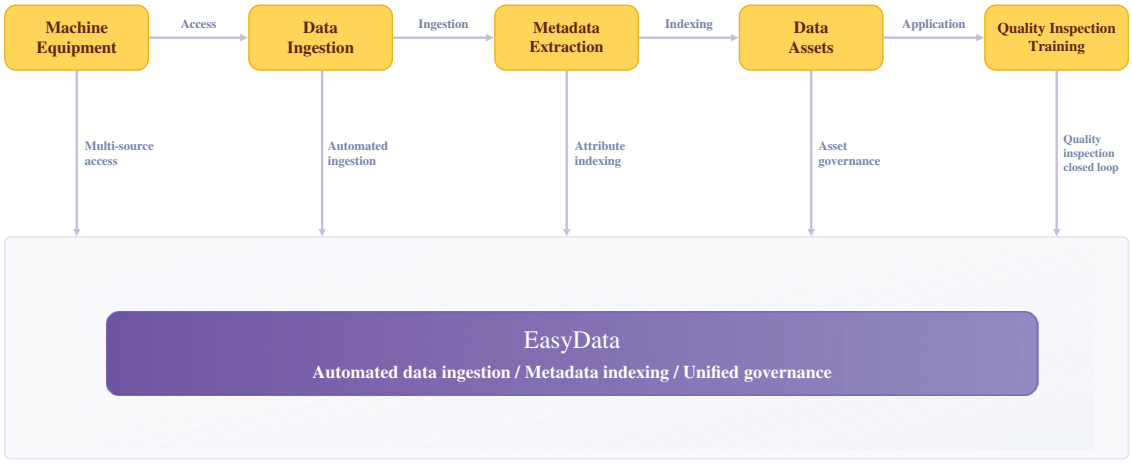
EasyData supports automated ingestion from distributed sources, including local devices, third-party systems using standard protocols, and XSKY's distributed storage infrastructure, without modifying existing applications. Data retrieval is enabled through a metadata-driven query

engine capable of querying large-scale datasets using attributes such as filenames, timestamps, sizes and tags. Built-in processing services include decompression, image processing and automated tagging, with extensibility through custom plugins.

Security and compliance are supported through fine-grained access controls, audit logging, cold data archiving to tape and unified search across hot and cold tiers. Real-time resource monitoring, automated alerts, scheduled tasks and reporting enhance operational efficiency. Overall, EasyData provides a robust and extensible platform for secure, end-to-end enterprise data management in complex and high-growth data environments.

Use Case: Advanced Manufacturing and Industrial AI

EasyData helps manufacturers such as MFlex Electronics convert scattered production-line data into searchable, governed and AI-ready data assets. Manufacturers of LCD panels, printed circuit boards and photovoltaic panels typically operate many production devices and business systems, each generating data in different formats. This makes it difficult to create a unified data asset, and production data is often difficult to clean, label and retrieve for AI model development. At the same time, manufacturers must retain large-scale production data for compliance and traceability while maintaining efficient access. EasyData addresses these challenges through software-agent-based ingestion, access to distributed sources such as local devices and third-party storage systems, and real-time metadata synchronization. Through EasyData governance, the platform can extract metadata such as equipment identifiers, serial information and yield attributes, and build multi-dimensional indexes that make raw production files structured, searchable and usable for AI. By combining unified search, permission control, policy management and lifecycle governance, EasyData supports a closed loop from production-line inference to model training, helping improve quality inspection and customer-issue handling.



Storage Solutions for T&I

Storage solutions for T&I serve as the engine of AI data infrastructure, responsible for feeding data to GPUs at high speed and overcoming the industry's two major bottlenecks—the IO Wall in large-model training and the Memory Wall in long-context inference. Our core offerings in this business line include XEBS, XEBS-INFINI (block storage system) and XGFS (file storage system), which support all-flash deployments and deliver the throughput, IOPS and ultra-low latency required to keep large GPU clusters fully utilized. Our customers may elect to procure either software-only solutions or turnkey appliances under each business subsegment.

In AI training, data must be delivered to GPU clusters efficiently and consistently. Training workloads typically involve repeated reading of large datasets and frequent writing of intermediate outputs as GPU clusters repeatedly access training data across multiple iterations and continuously write checkpoints, which record a model's state so that training can resume from the latest saved point if interrupted. Our storage solutions for training are designed to support high-bandwidth data loading and stable concurrent access patterns that are common in large-scale training tasks.

In AI inference, the system must respond to end users or downstream applications in real time. Inference workloads therefore emphasize low latency, high concurrency and stable performance. In addition to model files and feature data, inference may require rapid access to auxiliary data structures such as cache data used to accelerate multi-turn interactions and vector data used to support retrieval-based AI applications. Our storage solutions for inference are designed to provide efficient access to such performance-sensitive data and to support production-grade AI applications.

From the perspective of the "three walls", our storage solutions for T&I are designed to break through both the I/O Wall in large-scale training and the Memory Wall in long-context inference. For training workloads, our storage solutions are designed to deliver fast and stable data access, allowing large volumes of training data to be read efficiently and model progress to be saved regularly. This helps ensure that computing resources are used effectively, rather than sitting idle while waiting for data. For inference workloads, our solutions support efficient data caching and memory expansion, enabling AI systems to handle longer conversations and a higher number of simultaneous requests without requiring significant additional hardware investment.

The chart below demonstrates our storage solutions for T&I (XEBS-XINFINI, XEBS and XGFS) and their distinctive features:

XEBS-XINFINI	XEBS	XGFS
An All-flash block storage system that provides high-performance, mission-critical workloads such as large-scale AI training and real-time inference.	A distributed block storage system that supports virtualization, databases, containers and hybrid cloud setups.	A distributed file storage system that facilitates AI training, big data process and enterprise workloads through unified namespace and broad protocol.
Access and Use Data		
• ***Synergy:*** leverage a "Shared-Everything" architecture to deliver maximum speed and consistent reliability across clusters. • ***Accessibility:*** enable direct access to all storage devices to support data availability. • ***Efficiency:*** enable accelerated data transfer and sustained performance. • ***Responsiveness:*** build for ultra-low latency and high throughput to ensure rapid response. **Main use:** powers demanding AI workloads, vector databases and enterprise cloud platforms.	• ***Compatibility:*** work with multiple virtualization platforms and database environments. • ***Responsiveness:*** deliver consistently stable operation with low latency. • ***Flexibility:*** support hybrid cloud operations and enable smooth data movement between on-premises infrastructure and public clouds. **Main use:** provides high-performance storage for core business applications and databases.	• ***Compatibility:*** support multiple data access protocols and provide broad application compatibility. • ***Responsiveness:*** provide high throughput and low latency even when handling billions of files. • ***Scalability:*** expand to thousands of nodes. • ***Localization:*** optimized for domestic hardware ecosystems to maximize compatibility and efficiency. **Main use:** enables fast, stable access to large datasets for AI model training and other data-intensive tasks.

XEBS-XINFINI: All-Flash Block Storage System

XEBS-XINFINI (XSKY Enterprise Block Storage-XINFINI) is our all-flash block storage system designed for mission-critical and performance-intensive workloads, including large-scale AI training, real-time inference, vector databases, distributed databases and enterprise cloud platforms. As a block storage system, it is engineered to maximize IOPS and deliver highly predictable performance. In high-speed analytics and AI training scenarios, it provides high IOPS and microsecond-level latency under both single-stream and highly concurrent workloads, while maintaining stable data access. XEBS-XINFINI integrates with mainstream private cloud and virtualization platforms, including VMware, Kubernetes and OpenStack.

XEBS-XINFINI is underpinned by three core architectural features:

- **Shared-Everything Architecture:** XEBS-XINFINI is built on our eXtreme Shared-Everything Architecture (XSEA), under which every server node can directly access all storage devices in the cluster. This flat architecture eliminates unnecessary data hops, reduces latency variation and delivers uniform performance for distributed workloads. By sharing storage, memory and network resources across the system, XSEA improves hardware utilization and avoids common performance bottlenecks even under heavy concurrent access.

- **End-to-End High Performance Storage Architecture:** The system adopts a fully end-to-end high performance storage architecture, supporting multiple protocols for customer access within the internal storage network. All SSDs are accessed directly without intermediate protocol layers, reducing overhead and latency. This design enables read and write latency as low as approximately 100 microseconds, meeting the requirements of online inference, financial transactions and high-speed search workloads.

- **Single-Tier All-Flash Architecture:** XEBS-XINFINI uses a single tier of SSDs to form a unified all-flash storage pool. Combined with technologies designed to improve storage efficiency, the system achieves high capacity efficiency while maintaining low latency and high throughput, reducing total cost of ownership without sacrificing performance.

XEBS: Distributed Block-Storage System

XEBS (XSKY Enterprise Block Storage) is our distributed block-storage system supporting mainstream virtualization platforms, transactional and analytical databases, container environments and hybrid cloud deployments. Compared with XEBS-XINFINI, which targets ultra-high-performance AI workloads, XEBS is designed as a general-purpose system for a broad range of enterprise applications.

Key features of XEBS include:

- **Multi-Virtualization:** XEBS integrates with leading virtualization platforms and presents storage as a unified shared pool, simplifying capacity management, performance policy enforcement and data protection.

- **Multi-Database:** XEBS supports both transactional and analytical databases with stable low-latency performance. It provides snapshots and clones for backup, recovery and workload isolation, together with performance controls to prevent resource contention.

- **Multi-Container:** XEBS integrates with mainstream container platforms and includes built-in data services, accelerating deployment and reducing operational overhead.

- **Hybrid Cloud:** XEBS enables data movement and backup between on-premises infrastructure and public clouds without application changes, supporting flexible hybrid cloud operations.

XGFS: Distributed File Storage System for Enterprise Workloads

XGFS (XSKY Global File System) is a distributed file storage system designed to support AI training, big data processing and enterprise workloads through a unified global namespace and broad protocol support. It enables different teams and applications to access the same data without duplication or format conversion and delivers high throughput, low latency and stable performance within a single cluster. In all-flash deployments, XGFS can deliver tens of gigabytes per second of bandwidth for AI training environments.

Key features of XGFS include:

- **Full Protocol Interoperability:** XGFS supports multiple protocols within the same global namespace, allowing data written through one protocol to be accessed through another without duplication.

- **High Performance:** XGFS minimizes overhead through a self-developed metadata service, all-flash or hybrid storage pools and the XCache caching layer, delivering low latency even for billions of small files.

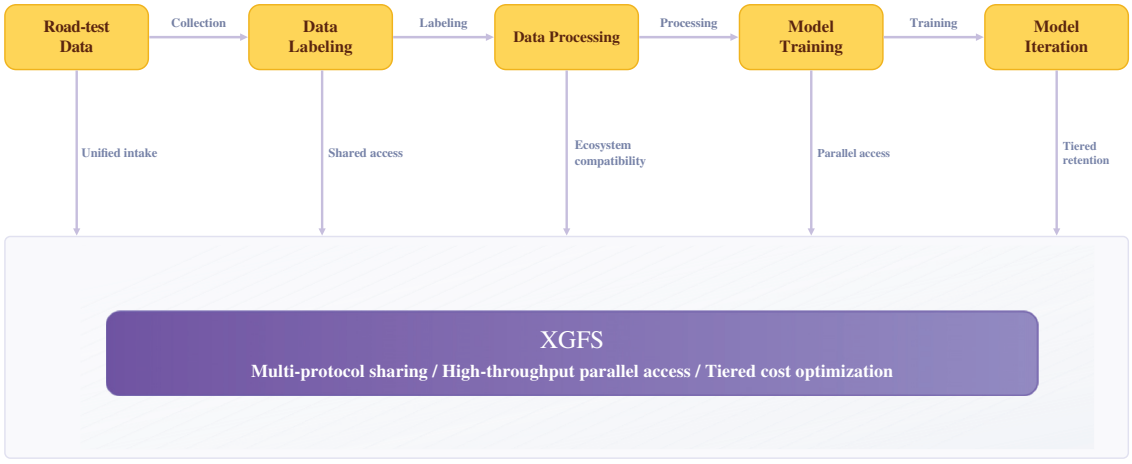
- **Scalability and Elastic Expansion:** A small number of metadata nodes can support tens of billions of files, while the data layer scales to thousands of nodes, enabling cost-efficient expansion.

- **Deep Optimization for Domestic Ecosystems:** XGFS is optimized for domestic CPU ecosystems through software-level enhancements and close vendor collaboration, improving resource efficiency.

- **Lower Operational Costs and Dual-Site Deployments:** Erasure coding reduces hardware overhead while maintaining reliability, and active-active dual-site support ensures continuous data availability across locations.

Use Case: Autonomous Driving Data Infrastructure

XGFS can be deployed as the file storage foundation for new-energy vehicle OEMs, Tier-1 suppliers and autonomous-driving technology companies, including intelligent driving and cabin solution providers such as Minieye Technology. Autonomous-driving road tests generate large volumes of camera, LiDAR and radar data every day. These datasets need to be collected, cleaned, labeled and then supplied to model-training pipelines with minimal delay. In a traditional environment, data often passes through separate systems and access protocols across collection, labeling and training, creating duplicated copies and long waiting periods. XGFS addresses these issues through a unified global namespace and multi-protocol access, so that the same dataset can be used across different workflow stages. When deployed on all-flash storage, XGFS provides high-throughput parallel file access to GPU clusters and supports faster perception-model iteration. Historical road-test datasets can be retained on hybrid-flash capacity tiers with erasure coding and compression, helping customers shorten the cycle from road test to model release while controlling storage cost.



From an AI perspective, managing and governing large-scale unstructured data for downstream training and inference requires more than generic storage capabilities. It demands support for large-scale metadata management and searchability, policy-based lifecycle and tiering across hot, warm and cold layers, and secure multi-tenant controls and auditability for enterprise-grade AI data governance, which our data lake storage solutions are designed to meet. Also, by providing a unified namespace and flexible multi-protocol access, our solutions facilitate data organization, tiering and movement across storage layers and environments, reducing data silos and

operational complexity and enabling enterprises to accumulate proprietary data assets that support continuous AI optimization. The following table illustrates the AI-related features and functions of our products in comparison with traditional storage solutions that are not specifically designed or optimized for AI workloads:

Product	AI-Related Features	How This Is Different from Traditional Data Storage
XGFS/MeshFS	Uses very fast SSD caching, a design that avoids system lock-ups, and direct high-speed data transfer between servers, enabling high concurrency of thousands of GPU read-write actions which are common and necessary in AI training and inferences	Ordinary file systems cannot handle thousands of GPUs reading and writing data at the same time.
MeshFusion	Stores frequently-used AI inference data so servers can access it quickly, reducing the need for expensive GPU memory. This is specifically built for AI LLM inference.	Traditional storage does not have such needs.
XEOS/MeshSpace	Can store extremely large amounts of data in one place, across regions, and automatically move data between hot (frequently-used) and cold (non-frequently used) storage. This is designed to support massive data collection and cleaning before AI training.	Traditional storage is not built for this scale.
EasyData	Helps users label data, change data formats, and prepare data when instructed by the customer.	Supports AI data preparation, but not specifically for AI purposes.
XEBS-XINFINI	Very fast shared block storage that allows many systems to access data in parallel with low latency and delay, providing fast access for AI vector search and high-speed workloads.	General block storage is slower and allows much lower level of parallel access.

Our Turnkey Appliances

Leveraging our extensive experience in distributed storage, we have deeply integrated compute, networking and multi-protocol storage capabilities to develop a portfolio of turnkey appliances. Our offerings include the X3000/X5000 turnkey appliances as well as the Y3000/Y5000 turnkey appliances based on domestic processors, which provide pre-configured, out-of-the box deployment options for customers seeking scalable data infrastructure. Each of these appliances supports all of our data lake storage solutions as well as our storage solutions for T&I.

The 3000-series appliances are optimized for high performance workloads. The 5000-series appliances are designed for capacity-centric scenarios. The X series is our standard non-domestic line intended for mainstream enterprise environments, while the Y series is our domestic-ecosystem version, designed for full compatibility with domestic CPUs, operating systems and trust-stack components.

The following table sets out details of our distributed storage appliance models:

Model	Supported Storage Types	Capacity	Reliability	Application Scenarios
X3000/X5000 Turnkey Appliances  **(X3000)**	Block, File, Object	X3000: HDD 20~240TB; SSD 9~153TB X5000: HDD 20~720TB Dual CPU; up to 512 GB memory Up to EB-level capacity, 4,096 nodes	Comprehensive data protection strategies implemented through our software architecture, complemented by disaster recovery capabilities	• Cloud computing • Virtualization • Virtual desktop • Database • Intelligent manufacturing • Content and media services • Cloud-native applications • Financial imaging systems • Medical picture archiving and communication system (PACS)
Y3000/Y5000 Turnkey Appliances based on Domestic Processors  **(Y5000)**	Block, File, Object	Y3000: HDD 20~240TB; SSD 9~92TB Y5000: HDD 20~720TB Dual CPU; up to 512 GB memory; Up to EB-level capacity, 4,096 nodes	Comprehensive data protection and reliability design ensure data safety, backed by five-nines-plus data durability	• Content and media services • Cloud-native applications • Financial imaging systems • PACS

AI Storage Services

AI storage services comprise tail-end warranty, maintenance or renewal services that accompany our AI storage solutions. Services typically include software updates and patches, proactive health checks, performance tuning for AI T&I workloads, capacity and lifecycle planning, security enhancement and component replacement coordination under tiered Service Level Agreements (SLAs). We also offer enablement services that are designed to maximize the value of our AI storage solutions, aiming to help customers embed our storage solutions into their existing IT and AI workflows. AI storage services are the necessary continuation of AI storage solutions following deployment. They cover ongoing operational and technical support essential to AI environments, including performance tuning for AI training and inference workloads, capacity planning, and security enhancement. These services ensure that AI-oriented storage systems continue to operate in line with the demanding performance and reliability requirements of AI workloads. They are an indispensable component of AI-enabling infrastructure, ensuring that underlying storage platforms supporting AI workloads remain stable, functional, and continuously available throughout the AI lifecycle.

For the purpose of classifying our revenue under Chapter 18C, we consider sales of our AI storage solution software and turnkey appliances to be revenue from our Specialist Technology Products. See "— Business Model" for a detailed discussion of our AI storage solutions delivered as software only and turnkey appliances. We also consider sales of our AI storage services to be revenue from our Specialist Technology Products. The following table sets forth a revenue breakdown by product mix in absolute amount and as percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Software-based solutions	56,793	34.1	70,022	40.6	114,806	43.0	46,871	47.1	62,701	33.7
Turnkey appliance	80,961	48.5	68,028	39.4	114,125	42.7	34,525	34.7	102,666	55.3
AI storage services	29,087	17.4	34,434	20.0	38,082	14.3	18,133	18.2	20,393	11.0
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Our Directors are of the view that, based on the technology characteristics and use cases described above, each of the foregoing solutions and services falls within an acceptable sector of a Specialist Technology Industry under Chapter 18C of the Listing Rules. Based on the above analysis and the view of the Directors and CIC, the Sole Sponsor is of the view that each of our solutions and services qualify within an acceptable sector of Specialist Technology Industry as defined under Chapter 18C of the Listing Rules.

Commercialization

We adopt a transaction-based model for our offerings. The following chart illustrates the commercialization timeline of our offerings, reflecting our continuous commercial application of technologies:

Specialist Technology Products	Launch	Start of Revenue Generation
Data lake storage solutions	July 2022	September 2022
Storage solutions for T&I	July 2021	September 2021
AI storage services	July 2021	September 2021

Our commercialization centers around increasing engagement with customers across key industries, expanding our reach among enterprise customers. By serving customers across different verticals, we gain deeper insights into sector-specific challenges, making our solutions more attractive to new customers. This enables efficient scaling and drives customer acquisition while boosting our brand influence and market penetration.

The number of customers remained stable at 251 in 2023, 257 in 2024, 269 in 2025, 223 in the six months ended June 30, 2025 and 248 in the six months ended June 30, 2026. Cumulatively, we served 490, 535, 603, 559 and 635 customers as of December 31, 2023, 2024, 2025 and June 30, 2025 and 2026, respectively. Our revenue increased from RMB166.8 million in 2023 to RMB172.5 million in 2024. Our revenue further increased by 54.8% from RMB172.5 million in 2024 to RMB267.0 million in 2025. Our revenue increased from RMB99.5 million in the six months ended June 30, 2025 to RMB185.8 million in the six months ended June 30, 2026.

The following table sets forth our revenue breakdown in absolute amounts and as percentages of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
AI Storage Solutions										
Data lake storage solutions	62,060	37.2	70,141	40.7	129,696	48.6	39,733	39.9	102,017	54.9
Storage solutions for T&I	75,694	45.4	67,909	39.3	99,235	37.2	41,663	41.9	63,350	34.1
AI Storage Services	29,087	17.4	34,434	20.0	38,082	14.2	18,133	18.2	20,393	11.0
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Strategic Role within AIMesh

AIMesh, which we launched in January 2026, is a significant addition to our solution portfolio and a cornerstone of our long-term strategy for AI infrastructure. AIMesh comprises MeshFS, MeshFusion and MeshSpace, which represent upgraded iterations of our existing software products. These three products can be offered as a package together with our existing products. AIMesh is part of our Specialist Technology Products and is designed as a unifying software-defined layer that spans both our data lake storage solutions and our storage solutions for T&I. In particular, AIMesh is developed based on the same proprietary distributed storage technologies as our existing solution offerings and is designed to address similar AI-related data storage and processing requirements. It represents an extension and upgrade within our existing technological framework rather than an entry into a new business line. AIMesh is a unified AI data and memory fabric — a software-defined layer that connects different types of storage and memory resources — designed to overcome three critical bottlenecks in AI systems:

- **MeshFS** — a high-speed data layer for AI training, engineered to overcome the I/O wall, which occurs when data cannot be delivered fast enough to keep powerful processors fully utilized;
- **MeshFusion** — an inference memory layer that expands memory capacity for large-context AI applications, addressing the memory wall, which limits the ability to handle long conversations or complex reasoning; and
- **MeshSpace** — a global data lake for managing and moving massive datasets, solving the gravity wall, which makes it difficult and costly to transfer and govern large volumes of data.

Together, these components form AIMesh, a single, integrated platform that connects diverse resources — including local solid-state drives, all-flash arrays, high-capacity hard drives, tape libraries, and public-cloud storage — into a consistent, software-defined system that connects the compute system, storage system and business and operations management systems, enabling efficient interaction and unified management across the entire AI infrastructure. Through a global namespace (a unified addressing system) and a central control plane, data written once can move across training, inference, and archival layers without manual migration or application changes. AIMesh represents our next-generation architectural standard for AI infrastructure, building on our proven XSEA shared-everything architecture and XScale metadata engine, both widely deployed in enterprise environments.

To further illustrate the differences between AIMesh and our existing solution offerings, the following table sets forth a comparison based on key functional roles and quantitative performance metrics:

AIMesh Component	Functional Role	Related Existing Product	Key Quantitative Differences
MeshFS	High-performance data layer for AI training (addressing I/O bottlenecks)	XGFS	MeshFS enhances the performance of XGFS by reducing access latency from 100 microseconds to as short as approximately 20 microseconds and enabling throughput at multi-GB/s per node, aggregating to tens of GB/s at the cluster level.
MeshFusion	Memory extension layer for inference (expanding KV cache for large-context AI workloads)	XEBS-XINFINI	MeshFusion improves our current portfolio by enhancing system throughput and efficiency in AI workloads. Test results indicate performance improvements of approximately 10 to 30 times under certain configurations, with throughput generally reaching tens of thousands of tokens per second. It also improves data transfer efficiency and reduces response latency. In addition, it supports terabyte-scale KV cache pools on a per-cluster basis, with cache access latency at the sub-millisecond level.
MeshSpace	Unified global AI data lake (cross-region and cross-cloud data orchestration)	XEOS	MeshSpace improves XEOS by enabling a unified namespace across multiple clusters and cloud environments. In a representative deployment, it supported a single namespace of 100PB usable capacity, achieving read throughput of up to 3 Tbps and write throughput of up to 2.5 Tbps, as well as approximately 4 million 4KB read requests per second. It is designed to support exabyte-scale storage capacity with multi-site deployment capability.

As illustrated by the quantitative metrics set out in the table above, AIMesh not only enhances performance levels but also introduces additional functionalities and architectural capabilities that extend our existing solution offerings, including:

- **Lower training-data latency:** MeshFS improves XGFS by reducing data access latency from around 100 microseconds to about 20 microseconds, achieved by using local SSDs as a cache layer so GPUs receive data faster and spend less time waiting;

- **Higher training throughput:** MeshFS delivers higher data throughput, reaching multi-GB/s per node and tens of GB/s at cluster level, achieved by reading and writing across storage nodes in parallel and transferring data directly between servers without involving the CPU;

- **Larger inference memory at lower cost:** MeshFusion improves our inference capability by extending usable memory beyond local GPU and server memory, achieved by pooling DRAM and SSD resources across servers as an external KV Cache layer that is cheaper than adding more high-bandwidth memory;

- **Faster and more efficient inference:** MeshFusion improves system throughput and efficiency for AI workloads, with test results showing roughly 10 to 30 times performance improvement under certain configurations, achieved through shared-everything parallel I/O, low-latency retrieval design and a zero-copy data path that avoids unnecessary software overhead; and

- **Faster, lower-cost access to large datasets across locations:** MeshSpace improves XEOS by giving AI teams one place to access data spread across clusters, cloud environments and third-party storage, achieved by using a unified global namespace and automatically moving or tiering data between high-speed storage, hybrid tiers and lower-cost storage based on policy and usage.

MeshFS: High-Speed Training Data Layer

MeshFS is the next-generation evolution of XGFS, a storage solution for T&I designed specifically for large-scale AI training workloads. It retains compatibility with standard file system protocols while introducing optimizations for AI workloads:

- **Ultra-Low Latency Cache**: MeshFS uses local SSDs as a Tier-0 cache — the fastest layer of storage — reducing data access time to about 20 microseconds. This prevents expensive graphics processors (GPUs) from sitting idle and accelerates training.

- **Parallel Metadata Access**: AI training often involves millions of small files accessed simultaneously. MeshFS distributes file information (metadata) across all nodes in a lock-free, parallel design, ensuring stable performance even under extreme concurrency.

- **High-Throughput Architecture**: MeshFS enables simultaneous reading and writing across all storage nodes using a technology that transfers data directly between servers without CPU involvement. This eliminates bandwidth bottlenecks and supports multi-gigabyte-per-second data delivery.

- **Flexible Tiering and Data Sharding Algorithms**: MeshFS employs distributed data and metadata sharding algorithms to enable parallel file access and load balancing across multiple nodes, while supporting fault awareness and data rebalancing. In addition, through tiering policies and hot- and cold-data migration, MeshFS improves storage resource efficiency while sustaining stable T&I performance.

MeshFusion: Expanding Memory for AI Inference

We believe that as AI evolves, industry investment will gradually shift from model training to large-scale inference. Inference workloads increasingly involve multi-round conversation, long-context reasoning and the simultaneous execution of many AI agents. These patterns generate rapidly expanding KV Cache data (intermediate memory states used to accelerate inference), which must be retrieved and updated in real time. As models grow and context windows lengthen, the high-bandwidth memory (HBM) within a single inference server will no longer be sufficient to hold all inference-time state.

To address this challenge, we are developing MeshFusion as a cost-effective alternative to HBM. Built on our XSEA architecture, MeshFusion acts as an L3 persistent KV Cache layer (an external memory layer that extends usable memory beyond local GPU and server memory) by aggregating Dynamic Random Access Memory (DRAM) and SSD resources across multiple inference servers into a unified, high-performance pool. This centralized resource enables inference clusters to maintain much larger contexts, reduce memory pressure on individual GPUs, and sustain stable performance even when workloads exceed single-machine capacity.

MeshFusion is powered by three core innovations:

- **Shared-everything parallel I/O:** MeshFusion allows all inference servers to access all storage devices directly, increasing concurrency and ensuring consistent performance across large clusters;

- **End-to-end erasure-coded writes and one-hop reads:** MeshFusion minimize retrieval latency for KV Cache and other inference-critical data; and

- **Zero-copy data path:** MeshFusion minimizes additional processing requirements and delivers near-hardware-level performance.

Key capabilities of MeshFusion include:

- **L3 external memory layer for inference:** MeshFusion creates a unified L3 layer using local SSDs to store persistent KV Cache when the first two layers — GPU high-bandwidth memory (L1) and system DRAM (L2) run out of space. This greatly increases the amount of context that can be handled during inference, at a much lower cost than adding more HBM.

- **Dual data channels:** MeshFusion supports two types of data paths: standard POSIX paths for storing and accessing model files at high speed, and specialized channels for inference frameworks like vLLM and SGLang. These channels allow zero-copy access, meaning data can be used directly without extra duplication, improving efficiency.

- **Integrated deployment model:** Unlike traditional external storage, MeshFusion runs directly on inference servers as containerized services, bringing memory expansion closer to the compute plane, reducing network hops and improving cluster efficiency.

Together, these capabilities form a scalable external memory pool for inference that supports long-context reasoning, improves cluster-wide efficiency and reduces dependence on costly high-density memory.

MeshSpace: Global AI Data Lake

MeshSpace is the next-generation evolution of XEOS, designed for managing exabyte-scale data across regions and platforms. It introduces a global namespace and object-virtualization framework that unifies multiple XEOS clusters — and even third-party storage systems — into a single data fabric. This eliminates data silos and gives organizations a consistent view of data across regions and platforms.

- **Unified Global View Across Regions and Platforms:** MeshSpace creates a virtualized layer over multiple storage systems, such as XEOS clusters in different locations, third-party storage and public-cloud object storage. No matter where data physically resides, AI developers access it through a single, unified address space using the standard protocol. Behind the scenes, MeshSpace automatically decides where data should be stored and moves it between high-speed flash storage, hybrid tiers, and cloud storage based on predefined policies and usage patterns.

- **Global Data Mobility and Distribution:** MeshSpace enables automated, policy-driven movement of datasets across different sites, ensuring that data stays synchronized between central data centers and branch locations. It can also automatically move "cold" data — information that is rarely accessed — from expensive high-performance storage to more cost-efficient options, such as hard disk drive (HDD) pools or cloud storage. This tiering approach helps reduce overall storage costs while maintaining accessibility throughout the AI data lifecycle.

Since its launch in January 2026, AIMesh has secured a customer order and commenced generating revenue as of the Latest Practicable Date.

Key Operating Data

The following table sets forth key metrics of our AI storage business:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Data lake solutions	Storage solutions for T&I	Data lake solutions	Storage solutions for T&I	Data lake solutions	Storage solutions for T&I	Data lake solutions	Storage solutions for T&I	Data lake solutions	Storage solutions for T&I
Number of customers during the year/period[(1)]	79	53	60	56	92	72	46	37	59	48
Number of new customers[(2)]	49	22	22	21	49	27	16	7	19	19
Cumulative customers served	103	98	125	119	174	146	141	126	193	165
Average customer value[(3)] (RMB in million)	0.8	1.4	1.2	1.2	1.4	1.4	0.9	1.1	1.7	1.3
No. of early termination/ cancelation of contracts[(4)]	23	14	16	18	7	9	2	2	4	1
No. of orders during the year/period[(5)]	257	270	364	293	508	384	185	145	205	128
Range of amount per order (RMB in thousand)	2.0~ 16,225.8	1.9~ 14,983.5	1.8~ 4,860.6	4.5~ 4,681.9	2.4~ 9,300.0	3.2~ 4,420.0	5.4~ 4,164.0	8.0~ 4,420.0	4.8~ 15,083.4	9.2~ 9,205.0
Average selling price[(6)] (RMB in thousand)	241.5	280.3	192.7	231.8	255.3	258.4	214.7	287.3	497.6	494.9
Average customer acquisition cost (for all AI storage business)[(7)] (RMB in million)	0.4		0.3		0.3		0.2		0.1	
Overall customer retention rate (for all AI storage business)[(8)]	84.8%		82.9%		78.2%		75.4%		74.1%	
Overall net dollar retention rate (for all AI storage business)[(9)]	46.5%		91.9%		132.5%		117.2%		160.0%	

Notes:

(1) Number of customers during the year/period is defined as those in the specified year/period. As part of our sales are conducted through distributors, such number reflects contractual counterparties instead of the number of end users.

(2) Number of new customer equals to the number of customers in the current year/period who did not contribute revenue in the previous year/period. The number of new customers of our AI data lake solutions decreased from 49 in 2023 to 22 in 2024, primarily because we only commenced generating revenue from AI data lake solutions since September 2022. As a result, most customers procuring the data lake solutions in 2023 were classified as new customers, leading to a relatively higher number of new customers compared to 2024. The number of new customers of our AI data lake solutions subsequently rebounded from 22 in 2024 to 49 in 2025, primarily due to the enhanced market recognition of our AI data lake solutions and the effective execution of customer expansion initiatives, which is consistent with the growth in revenue from our AI data lake solutions in 2025 as compared to 2024.

(3) Average customer value for a given year/period is calculated by dividing revenue in that year/period by the number of customers for the same year/period.

(4) Early termination or cancellation of contracts during the Track Record Period was rare and was primarily attributable to normal commercial adjustments, such as end customers' project timetable delays, budget cycle changes or minor scope adjustments, rather than customer loss.

(5) The number of orders during the year/period is defined as the number of contracts that recognized revenue during the year/period. The number of orders for our data lake solutions and storage solutions for T&I increased from 364 and 293 in 2024 to 508 and 384 in 2025, respectively, primarily attributable to the continued acceleration of the commercialization of these solutions.

(6) Average selling price is calculated by dividing revenue for the year/period by the total number of orders in the same year/period. The average selling price of our data lake solutions and storage solutions for T&I decreased from 2023 to 2024 primarily due to a higher proportion of software-only projects, which generally carry lower contract values. The average selling price subsequently increased in 2025, primarily attributable to a higher proportion of higher-value projects and improved profitability of our AI storage solutions. The average selling price further increased in the six months ended June 30, 2026, primarily attributable to larger project sizes as customers accelerated their investments in AI-related data infrastructure and expanded their data storage clusters, as well as a higher proportion of hardware components delivered as part of our turnkey solutions.

(7) Average customer acquisition cost is calculated by dividing the selling and marketing expenses for the year/period by the number of customers acquired in the same year/period. Our average customer acquisition cost decreased from RMB0.4 million in 2023 to RMB0.3 million in 2024, and remained relatively stable at RMB0.3 million in 2025. Our average customer acquisition cost decreased from RMB0.2 million in the six months ended June 30, 2025 to RMB0.1 million in the six months ended June 30, 2026.

(8) Overall customer retention rate is calculated by subtracting the number of new customers acquired during the year/period from the total number of customers at the end of the year/period, and dividing the result by the total number of customers at the beginning of the year/period (i.e., the total number of customers at the end of the previous year/period) and multiplied by 100%. The decline in our overall customer retention rate was mainly due to the project-based nature of customer procurement, under which customers may not place orders in every year/period, as well as the expansion of our customer base, and did not reflect any material deterioration in our customer relationships.

(9) Overall net dollar retention rate equals the revenue of a current year/period from customers that contributed to our revenue for both the current and previous years/periods divided by the revenue of the previous year/period and multiplied by 100%. Our overall net dollar retention rate increased from 46.5% in 2023 to 91.9% in 2024 and further to 132.5% in 2025, and from 117.2% in the six months ended June 30, 2025 to 160.0% in the same period in 2026, primarily attributable to the increased order volume and expanded deployment scale from existing customers, supported by high customer stickiness arising from the infrastructure nature of our AI storage solutions, under which customers' core data is deeply embedded on our platform.

The following table sets forth the number of orders and number of end customers, including those under both direct sales and the distributorship model, by nature of business of the customers during the Track Record Period:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Number of orders	Number of end customers	Number of orders	Number of end customers	Number of orders	Number of end customers	Number of orders	Number of end customers	Number of orders	Number of end customers
Technology Enterprises	652	226	831	243	906	269	714	219	753	248
Financial Institutions	391	149	458	170	534	194	394	168	453	184
Intelligent Manufacturing	183	119	291	161	450	216	310	152	457	196
Healthcare	159	128	183	139	208	142	164	123	163	117
Education	112	76	122	77	139	92	100	69	128	85
Government	149	115	143	109	131	97	103	83	100	78
Telecommunications Operators	29	14	34	14	35	19	24	13	29	19
Others[(1)]	31	20	41	25	45	27	34	10	41	10
Total	**1,706**	**847**	**2,103**	**938**	**2,448**	**1,056**	**1,843**	**837**	**2,124**	**937**

Note:

(1) Primarily including power grid, petrochemical and oil industries.

OUR BUSINESS MODEL

Customers of our AI storage solutions may choose to purchase software only or turnkey appliances with our software integrated. In substance, customers procure a complete, pre-integrated system designed to solve storage problems, rather than separable hardware and software components. Software and hardware are synergistic and complementary within the overall solution, and turnkey appliances are priced and contracted as a single deliverable, without itemized allocation between hardware and software. Customers generally derive no meaningful benefit from acquiring hardware or software alone.

Where customers request software-only deployment, we require hardware procurement strictly in accordance with our prescribed bill of materials and may decline delivery if specifications are not met. Our staff deploy the software on customer-procured hardware, resulting in a functional outcome equivalent to purchasing turnkey appliances. Although hardware costs can be quantified separately for accounting purposes, these commoditized components are not the primary source of differentiation or value. Our core value lies in our proprietary software stack, system architecture, and integrated design, as well as our assumption of end-to-end responsibility for system design, hardware selection, procurement, deployment, risk management and spare-parts support. Consistent with the substance of these arrangements and applicable accounting standards, revenue from turnkey appliances is recognized on a gross basis.

Pricing for our AI storage solutions is determined on a case-by-case basis and reflects the overall value delivered, market conditions and customer-specific negotiations, rather than a sum of hardware and software prices. Through hardware-software co-design, our appliances can deliver required performance and reliability more efficiently, in some cases achieving comparable or superior outcomes with fewer hardware resources. Because components are jointly optimized, performance and functionality depend on their combined operation.

The duration of our projects, excluding after-sales maintenance, typically ranges from approximately three to seven months, with an average duration of approximately four to five months. Our typical sales cycle generally consists of the following stages: (i) project requirement solicitation (one to three months); (ii) solution design and proof-of-concept, where applicable (two to four weeks); (iii) project bidding and contract signing (two to four weeks); (iv) production and assembly, where applicable for integrated appliance deployments (one to three weeks); (v) deployment and implementation (one week); and (vi) training and go-live support (one week). Our standard contracts generally include a three-year warranty period and customers may purchase extended maintenance services after the warranty period. The duration for providing AI storage services is typically less than seven days per service request, depending on the specific scope and customer requirements.

Our standard services follow a four-stage process. First, we conduct requirements discovery and, where appropriate, pre-sale proof-of-concept testing, followed by solution design and implementation planning. Second, we perform software installation, configuration, set up automated tiering policies under which data is allocated across appropriate storage tiers based on usage patterns, performance requirements and cost-efficiency considerations, (i.e. setting rules that automatically place frequently used data on higher-performance storage and less frequently used data on lower-cost storage) and carry out data migration to integrate with existing IT environments. Third, we provide role-based training and post-deployment support. Fourth, we deliver tiered technical support, operations and maintenance services, including periodic health checks and optimization recommendations.

Our AI storage solutions support block, file and object storage, work with industry-standard protocols and diverse hardware platforms, and are compatible with major public and private cloud environments. As a data-lake foundation, they support multi-source data ingestion and migration across on-premises and cloud environments with integrity assurance and without business disruption.

While our solutions are designed for on-premises deployment, they support customer-initiated connectivity with public and private clouds to enable hybrid-cloud data management, such as (i) automated data lifecycle tiering (e.g. archiving cold data to lower-cost cloud object storage), (ii)

off-site backup and disaster recovery, (iii) unified access and management across multiple private cloud environments, and (iv) temporary access by cloud compute instances during peak computing demand. Such interoperability does not change the on-premises deployment nature of our solutions, and core data and AI T&I workloads remain on customers' on-premises infrastructure.

Our customer base demonstrates high retention, supported by stable and secure lifecycle data access. In addition to solution sales, we provide AI storage services, primarily warranty, maintenance and renewal services associated with deployed solutions. These services include software updates, health checks, performance tuning, capacity planning, security hardening and component replacement coordination under tiered service-level agreements, ensuring long-term stability and performance continuity.

OUR PROPRIETARY TECHNOLOGIES

Our core technology stack is purpose-built for AI-era data infrastructure and forms the foundation of our differentiated solutions capabilities. It primarily comprises:

XSEA: Distributed Storage Architecture for All-Flash Data Centers

XSEA is a proprietary distributed storage architecture independently designed and developed by our Group for all-flash data centers. It is designed to be fast, resilient and efficient at scale, especially well suited for AI applications. Unlike traditional architectures where each node owns a fixed subset of disks, XSEA adopts a "shared-everything" distributed metadata design, under which every server node in the cluster can directly access all storage devices, rather than being limited to its own disks as in traditional systems. This core architectural concept was developed in-house to address performance bottlenecks, scalability constraints and capacity inefficiencies inherent in conventional storage systems. This design is capable of achieving end-to-end read/write latency of approximately 100 microseconds, depending on network speed, workload level and deployment configuration. The architecture is also designed to reduce data access delays and support service continuity in the event of individual disk or server failures. As of the Latest Practicable Date, a single logical volume supported by XSEA can reach up to approximately 4.1 million IOPS, enabling fast, parallel access essential for AI workloads, vector retrieval and high-speed transactions.

Specifically, XSEA achieves three core advantages: (i) approximately 100 microseconds latency through optimized data paths and minimal processing overhead, (ii) approximately 100 milliseconds recovery through rapid detection and recovery from hardware and system failures, and (iii) approximately 100% effective capacity utilization, enabled by technologies designed to improve storage efficiency, which reduce storage costs without compromising performance.

XSEA is implemented through a layered architecture developed by our Group, comprising (i) a persistent layer that supports ultra-low latency writes and centralized metadata management, (ii) a service layer that provides block and file services with enterprise-grade data protection features, and (iii) a protocol access layer supporting multiple access protocols. These layers work together to form a flat, fully shared resource pool across storage, memory and network resources.

As part of the development of XSEA, we have accumulated significant proprietary know-how and intellectual property. As of June 30, 2026, we had obtained 103 registered patents, several of which directly support XSEA, including patents relating to data processing methods and metadata indexing.

XScale: Core Storage Engine for AI and Multi-cloud Era

XScale is designed to manage datasets of up to approximately 100 PB within a unified system in a flexible and scalable way. It is our core storage engine for the AI and multi cloud era and was also independently designed and developed by us. The principal technical breakthrough of XScale is the decoupling of metadata services from physical data storage, enabling independent and

scalable expansion: namely, XScale separates the system that tracks and manages data (metadata) from the physical storage of the data itself, so each part can grow independently as needs increase. By supporting multiple standard access protocols and using efficient data protection techniques, XScale allows large scale storage systems to expand easily, operate efficiently, and handle complex workloads without redesigning the underlying infrastructure.

XScale adopts a three-layer architecture consisting of (i) access layer, which serves as the entry point for users and applications and supports a wide range of protocols, while integrating load balancing, high availability and small-file handling mechanisms; (ii) catalog layer, which implements distributed metadata services to provide a unified namespace, cross-protocol and cross-site consistency, indexing and lifecycle management; and (iii) data foundation layer, which is responsible for secure data storage through erasure coding and replication, together with tiered storage, automated hot- and cold-data migration and online scalability.

By supporting multiple standard access protocols and applying efficient data protection and data management techniques, XScale enables storage systems to operate reliably under complex, high-concurrency workloads while maintaining scalability and cost efficiency. As the core engine of our unstructured data management capabilities, XScale supports use cases including AI-driven data lakes, multi-cloud collaborative storage and large-scale data lifecycle management.

As part of the development of XScale, we have accumulated proprietary technologies and intellectual property. Supporting patents include those relating to object bucket snapshots, object processing, distributed QoS control and data storage methods.

The following table sets forth how we apply our proprietary technologies across different products to address distinct storage scenarios.

Proprietary Technology	Products/Services Where Applied	Key Features and Outcome
XSEA	XEBS, XEBS-XINFINI, MeshFS, MeshFusion	• *Fast*: Fast data storage by allowing very low latency data access; • *Resilient*: Instantly switching to backup systems in case of system failure; • *Efficient*: Maximize efficiency of storage space utilization, and improved ability to concurrently handle large number of data requests.
XScale	XEOS, XEDP, MeshSpace	Allows the system to: • store and manage extremely large amounts of data; • scale up easily as more data is added; • handle many small files efficiently, and automatically move data between high-cost and low-cost storage to reduce overall costs.

Each product therefore differs in its technical focus and functional outcomes depending on which proprietary technology is applied, enabling us to customize solutions for different storage use cases.

XSEA and XScale technologies deliver faster, more resilient and more scalable storage by significantly improving performance and efficiency across the entire system. Data can be accessed with much lower latency, allowing applications to respond quickly without waiting, while system

failures are addressed through near-instant recovery, minimizing disruption. Storage resources are used far more efficiently, reducing wasted capacity and enabling customers to obtain more usable storage from the same infrastructure. Capacity and performance can be expanded independently, avoiding unnecessary over-investment as needs grow. The distributed design eliminates single control points that could slow down the system, ensures small files are processed efficiently rather than becoming a bottleneck, and allows the overall platform to scale to much larger data volumes without requiring fundamental redesign or replacement. The following table sets forth the comparison analysis between our technologies and the traditional methods.

Comparison Dimension	Traditional Storage Methods	Our Proprietary Technologies (XSEA/XScale)	Difference & AI Relevance
Architecture Design	Data is tied to specific servers, so when many users access the same data, some servers become overloaded.	All storage is pooled and shared, allowing any server to access data directly.	AI training may involve thousands of GPUs reading the same data, and a shared design avoids traffic jams and scales better.
Access Latency	Typical high-end systems show around 1–2 milliseconds worst-case read delay.	Worst-case read delay is reduced to around 100 microseconds, about 10 times faster.	AI training is limited by worst-case delays, and lower tail latency directly improves GPU utilization.
Recovery Time	When a failure happens, training jobs are often interrupted and must restart.	Recovery completes in about 100 milliseconds without interrupting training.	In AI, avoiding job restarts matters more than recovery speed, saving minutes or hours of GPU time.
Storage Capacity Efficiency	Data is stored three times for safety, leaving only about 33% of the hardware usable.	Erasure coding and compression deliver about 2–2.5 times higher effective storage efficiency.	AI datasets are measured in tens of PBs, so higher efficiency materially reduces hardware cost.
Scalability	Computing and storage scale together, and expansion can slow the system.	Compute and storage scale independently, and aggregate bandwidth grows roughly linearly to thousands of nodes.	In AI infrastructure, GPU capacity often grows faster than dataset size, so independent scaling avoids wasted capital spending.
Metadata Processing	Centralized metadata becomes a bottleneck when directories reach tens of millions of files.	Metadata is fully distributed, and performance increases as more nodes are added.	Large AI datasets commonly contain 10^7–10^9 files, making metadata speed critical at job startup.
Small-File Processing	Small files are handled individually, creating high overhead.	Small files are automatically combined and processed more efficiently.	AI datasets are dominated by small files, so aggregation significantly improves training efficiency.
Maximum Data Scale	Datasets above the PB level must be split across multiple systems.	Datasets of 100 PB can be managed within one unified system.	AI users benefit most from keeping all training data in one system rather than splitting across systems.

RESEARCH AND DEVELOPMENT

Our ability to originate core storage technologies, engineer new products and continuously enhance existing systems is critical to sustaining our market position in AI data infrastructure. We focus R&D on software-defined, protocol-agnostic data platforms that scale from hundreds of billions of objects to EB-class pools and deliver microsecond-class I/O for T&I. All of our key Specialist Technology Products and their underlying core technologies have been independently developed in-house by our Group. We own all intellectual property rights arising from our R&D activities and products. We do not rely on any material third-party licensed technologies, nor did we outsource or engage in any material R&D collaborations during the Track Record Period.

R&D Team

Our R&D organization consists of professionals with experience in technology companies and research institutions. They specialize in building high-performance systems that help businesses store, manage and use data more effectively, especially in areas like software engineering, storage development and enterprise system architecture.

Each of our core R&D team members has their specialized areas and the following table sets out their profile:

Core R&D team member	Profile
WANG Haomai (王豪邁)	Mr. Wang obtained a bachelor's degree in information management and information system from Southwest Jiaotong university and has over ten years of experience in storage development. He is primarily responsible for technology R&D, product architecture decisions and core technological innovation.
LU Jiafu (魯加福)	Mr. Lu obtained a bachelor's degree in mechanical design and manufacturing from Beihang University and has over 25 years of experience in software engineering and enterprise system architecture. He is currently the general manager of our storage business unit.
QU Tianshan (瞿天善)	Mr. Qu obtained a master's degree in computer technology from Nanjing University and has around nine years of experience in storage development. He is currently serving as an architect at our Company.
CHI Xinze (池信澤)	Mr. Chi obtained a master's degree in computer science and technology from the University of Science and Technology of China and has over ten years of experience in software engineering. He is currently an architect and manager of our platform R&D department.
LI Erlang (李二郎)	Mr. Li obtained a master's degree in pattern recognition and intelligent systems from Huazhong University of Science and Technology and has over ten years of experience in storage development. He is currently an architect and manager of our platform R&D department.
LIU Mingxin (劉名欣)	Mr. Liu obtained a bachelor's degree in computer science and technology from Central South University and has over ten years of experience in storage development. He is currently an architect and manager of our platform R&D department.
YANG Ruifeng (楊瑞峰)	Mr. Yang obtained a bachelor's degree in computer science and technology from Inner Mongolia University of Science and Technology and has over ten years of experience in enterprise system architecture. He is currently serving as an architect at our Company.

Our R&D focus has evolved through different stages alongside the maturation of our technology platform. During the initial phase, R&D resources were primarily devoted to building core distributed storage architectures and foundational engines at an early stage of development. As these core technologies matured, we entered a second phase focused on productization and expansion into AI-related storage solutions through the reuse of established engines and modules. In the current phase, R&D is centered on platform-level integration and AI-native capabilities, with development efforts concentrated on priority initiatives built on the existing technology base rather than on new foundational architectures.

Our R&D team consisted of 156, 133, 129 and 132 members as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively, representing 43.5%, 42.1%, 41.1% and 40.2% of our total employees during the same years/periods. All of our R&D activities were conducted in-house during the Track Record Period. We incurred research and development expenses of RMB110.0 million, RMB88.0 million, RMB77.2 million, RMB38.0 million and RMB41.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 65.9%,

51.0%, 28.9%, 38.2% and 22.3% of our total revenue for the respective years/periods. The continuous decline in R&D expenses as a percentage of revenue during the Track Record Period was primarily attributable to (i) the maturation of our core underlying technologies after over a decade of continuous development, resulting in a shift in R&D emphasis toward platform iteration and productization; (ii) the implementation of a unified and modularized R&D process and architecture across business lines, enabling extensive reuse of existing core components and reducing incremental R&D resources required for new solution development; and (iii) the adoption of AI-enabled quality engineering systems and productivity tools that automate parts of coding, testing and documentation workflows, thereby improving output per engineer. During the same period, R&D remained a key priority within our operating expenditure, with R&D expenses accounting for 37.9%, 42.6%, 43.9%, 44.6% and 45.2% of total operating expenses in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Specifically, we intend to build a talent pool to support our R&D initiatives for next-generation AI-native storage platforms and related vertical expansion and adaptation. This will be achieved by recruiting experienced professionals across distributed systems architecture, storage kernel development and testing, with approximately 20-25 personnel engaged in the development of high-performance distributed storage engines and AI storage products, and approximately 15-20 personnel focused on compatibility certification and ecosystem community development. See "Future Plans and Use of [**REDACTED**]" for details of our future R&D investment. Our R&D roadmap includes, among others, iterative releases and enhancements of AIMesh, the continued enhancement of MeshFS to support broader commercial deployment, and the ongoing upgrade of XSEA and XScale to support large-model, inference-intensive and multimodal workloads.

We retain key technical personnel through competitive compensation and benefits and defined technical career paths. To improve our R&D capability at the group level, we have established employee shareholding platform programs for our R&D employees. We invest in continuing education and sponsor industry conferences and standards engagement to keep our engineers current with best practices.

To mitigate personnel change risks and protect proprietary know-how, we have implemented: (i) non-compete and IP ownership agreements at onboarding to ensure patents, copyrights and proprietary code vest with our Company; (ii) centralized documentation and code repositories under tiered access controls; (iii) comprehensive resignation procedures with mandatory handover of artifacts, environments and client interfaces; and (iv) post-employment confidentiality undertakings and, where appropriate, enforcement of non-compete obligations on a case-by-case basis.

The salient terms of agreements with management and technical staff are set out below:

- ***Ownership of intellectual properties***. We hold all intellectual property rights, including patents, utility models, design rights, copyrights and related interests, in any proprietary technology, patented products or other works created or contributed to by an employee in the course of their employment duties.

- ***No conflict***. Our staff are required to confirm that their employment with us does not violate any confidentiality or non-compete obligations owed to their previous employers or third parties.

- ***Non-competition***. We have the right to unilaterally initiate a non-competition period of up to two years following the termination of employment. During the term of employment and the non-competition period initiated by us, employees shall not engage in any competitive behavior specified in the agreements. We pay monthly compensation during the post-employment non-compete period.

- ***Confidentiality***. During and after the term of employment, our staff could use our confidential information only for legitimate business purposes and must not disclose it to anyone — including other employees — unless required for their duties. This

obligation continues indefinitely until the information lawfully becomes public, and upon departure, our staff must promptly return or delete all materials (including from personal devices), transfer device ownership if needed (with fair compensation), and provide written confirmation of compliance.

During the Track Record Period and up to the Latest Practicable Date, there was no legal claim or proceeding that may have an influence on the R&D of our Specialist Technology Products.

Key Research Projects

The principal research themes and current project tracks are set out below.

Next-Generation Parallel File System

Our next-generation parallel file system is a core research and development initiative based on our over ten years of accumulated expertise in proprietary distributed storage technologies. It constitutes a generational upgrade within our existing technology framework. It is designed to deliver ultra-high performance data access and unified multi-protocol support, and serves as the core technical foundation for our MeshFS and MeshFusion products. It is intended to address the performance and scalability requirements of large-scale AI T&I workloads by providing a high-throughput, low-latency and highly concurrent data access layer.

To clearly distinguish our next-generation parallel file system from our existing technologies, we set forth below a comparison across functionality, performance and intended use cases:

- **Functionality**

  Our existing technologies (as represented by the engine underlying XGFS) primarily provide general-purpose distributed file services. In contrast, our next-generation parallel file system adopts a parallel file system architecture with unified multi-protocol support, enabling more efficient coordination of data access across distributed computing environments.

- **Performance**

  Our existing technologies support aggregated throughput at the level of tens of GB/s, with latency typically ranging from sub-millisecond to millisecond levels. Our next-generation parallel file system is designed to support significantly higher performance, with target aggregated throughput at the level of hundreds of GB/s per cluster, and to enable cache access latency as low as approximately 20 microseconds, depending on deployment configuration and workload conditions.

- **Intended use cases**

  Our existing technologies are primarily deployed in general enterprise scenarios, such as file sharing and big data processing. In contrast, our next-generation parallel file system is designed for large-scale T&I workloads and serves as a core underlying technology for AIMesh components such as MeshFS and MeshFusion.

The key development milestones of our next-generation parallel file system are as follows:

- In January 2026, we officially launched the MeshFS, which incorporates the architecture and capabilities developed through our next-generation parallel file system initiative, marking the successful validation of its architecture and performance objectives, and the beginning of its commercial availability.

- In June 2026, we launched MeshFS V7.3 for AI training storage, which incorporates the capabilities of our next-generation parallel file system and delivers enhanced production-grade AI file storage capabilities, with file performance of up to 4 million IOPS.

- In the fourth quarter of 2026, we plan to further upgrade our next-generation parallel file system with coordinated operation and tiering capabilities between MeshFS and MeshSpace, enabling efficient data movement across training, inference and data lake layers.

AIMesh

AIMesh is part of our Specialist Technology Products and is designed as a unifying software-defined layer that spans both our data lake storage solutions and our storage solutions for T&I. AIMesh is a unified AI data and memory fabric including the following portfolios: (i) MeshFS, a high-speed data layer for AI training that is engineered to overcome the I/O wall, (ii) MeshFusion, an inference memory layer that expands memory capacity for large-context AI applications, and (iii) MeshSpace, a global data lake for managing and moving massive datasets. MeshSpace is our next-generation object storage capability defined for the XEOS product line. It is designed to support single-bucket, exabyte-scale data capacity and to provide unified access and a single namespace for geographically distributed, cross-cloud and heterogeneous unstructured storage environments. Together, these portfolios form AIMesh, a platform that connects diverse resources into a consistent, software-defined system.

The key development milestones of AIMesh are as follows:

- In the fourth quarter of 2025, we completed the technical architecture prototype and validation, confirming feasibility of the global namespace and large-scale metadata design.

- In January 2026, we officially launched the MeshSpace, MeshFS and MeshFusion.

- In the fourth quarter of 2026, we plan to complete the development of upgraded AIMesh version, delivering full global namespace management capabilities across multiple regions and storage platforms.

R&D Process

Our in-house R&D process for software-defined data infrastructure runs from demand intake to release and post-release support, and is governed by company-wide engineering policies covering design reviews, change control, and security and compliance baselines.

We collect requests mainly from customer needs managed by our product management office (PMO) and from platform improvements planned jointly by engineering and the PMO. Each request is classified as ordinary or urgent: ordinary items follow a gated cycle, while urgent items take an expedited path with risk sign-offs. The PMO assesses each request for replicability and business value, and customized, non-replicable items proceed only after reconfirmation of necessity and scope.

- **Project Initiation.** We define the problem based on actual workloads and use cases, assess feasibility and cost-benefit, and set success criteria (including response time targets, data reliability, expected effective capacity and, where applicable, WORM and legal hold). A formal scoping review confirms scalability, correctness with relevant protocols and hardware, and fit with multi-tenant and access-control design, resources and budget. Only projects that pass this review are included in our product roadmap.

- **Project Planning.** Once approved, a cross-functional team is formed to prepare a comprehensive project plan detailing objectives, key design decisions, milestones, and acceptance criteria. The plan also defines a robust testing strategy spanning diverse

hardware configurations, operating systems, network protocols, and integration environments. Security and regulatory compliance requirements are identified at the outset, and development changes are scheduled in phases, using controlled rollouts and feature flags to mitigate implementation risk.

- **Product Development.** Engineering proceeds in short iterative cycles with modular components. Code changes undergo peer review, static checks and unit testing before merging through continuous integration pipelines, alongside performance testing to meet latency and throughput targets as data volumes and concurrency grow. Security controls such as encryption in transit and at rest, secure credential management, and role-based access control are built in, and documentation is maintained.

- **Product Validation.** We run protocol interoperability and system tests, failure and durability tests, and scale/soak testing on large datasets, and benchmark response time, throughput and checkpoint/clone behavior under realistic concurrency. Security validation covers hardening, access control and audit logs and, where appropriate, penetration testing; release candidates proceed only if predefined performance, reliability, security and compatibility standards are met.

- **Product Release.** We typically issue two major versions each year and interim releases for bug fixes and compatibility updates, with expedited fixes for critical defects subject to standard testing and approvals. Releases are rolled out in stages from internal labs to pilot customers and then deployment, with post-release monitoring, feedback and corrective updates, and lessons learned incorporated into internal standards.

PRODUCTION, DELIVERY AND INVENTORY MANAGEMENT

Hardware Production

Our self-operated manufacturing facility is located in Beijing, China. The hardware manufactured by us during the Track Record Period primarily comprised turnkey appliances. The key raw materials of our turnkey appliances include SSDs, HDDs, memory modules, CPUs and network interface cards (NICs). All of the above key raw materials and components are procured from third-party suppliers and are not manufactured in-house by our Group. We are responsible for the design and specification of our hardware products, while the assembly and integration are carried out through a combination of (i) procurement of customized server units from OEM suppliers and (ii) in-house assembly, system integration, software installation and testing. We divide our production process into two main stages, namely the material preparation and the assembly, inspection and packaging stage, which allows for flexible scheduling of production work orders based on customer requirements and production capacity.

The following table sets forth the details of the designed production capacity and utilization rates for our manufacturing facilities for the years/periods indicated:

	As of/For the Year Ended December 31,									As of/For the six months ended June 30,		
	2023			2024			2025			2026		
	Designed Production capacity[1]	Actual production volume[2]	Utilization rate (%)[3]	Designed Production capacity[1]	Actual production volume[2]	Utilization rate (%)[3]	Designed Production capacity[1]	Actual production volume[2]	Utilization rate (%)[3]	Designed Production capacity[1]	Actual production volume[2]	Utilization rate (%)[3]
Shenzhen plant[4]	500	429	85.8	500	351	70.2	/	/	/	/	/	/
Beijing plant	500	453	90.6	500	428	85.6	1000	982	98.2	500	494	98.8

Notes:

(1) Our production capacity is calculated based on a single-shift arrangement and our normal production schedule during the relevant year/period, taking into account the time required for assembly, inspection and packaging for each unit, as well as the parallel testing capacity allowed by safety power-load conditions and available manpower.

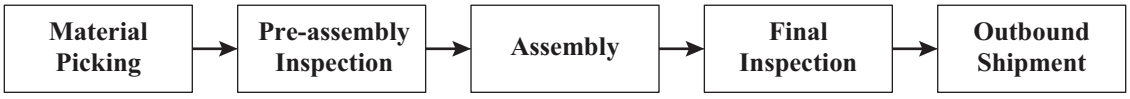
(2) The actual production refers to actual output for the relevant year/period.

(3) The utilization rate during the period is calculated by dividing the actual production by the designed capacity for the same year/period.

(4) The Shenzhen plant was closed in August 2024 for management efficiency purposes.

Our production process is designed to uphold high standards of quality while maintaining the agility to respond swiftly to customer demands. Leveraging our mass production capabilities and stringent quality control measures, we ensure the performance, reliability and consistency of our solutions. The process begins with the generation of production tasks and material requisition, followed by multiple verification steps to confirm consistency between material quantities, configuration lists and contractual specifications. During assembly, we integrate components and accessories. Before final dispatch, a comprehensive outbound inspection is conducted, covering appearance, quantity, labeling, packaging and accessories.

We are committed to the continual development of production process techniques to enhance our production capabilities and accelerate the automation and digitalization of our production lines. The diagram below illustrates the key steps of our production process.



Solution Delivery

We have established a standardized customer service process that spans the entire lifecycle of solution delivery. From initial design to ongoing operations, this model ensures smooth deployment, rapid adoption and sustained value realization for our customers, which strengthens project success rates and accelerates ROI. Our standard service framework covers the following four stages:

- **Solution design and validation.** We aim to align precisely with our customers' business objectives. Our expert team conducts in-depth requirement analysis to identify pain points of our customers and frequently supports proof of concept testing during the pre-sales phase to confirm functionality and performance. This approach mitigates project risks and ensures solution viability. Ultimately, we collaborate closely with our customers to jointly develop a comprehensive solution and project blueprint, laying a solid foundation for successful delivery.

- **Deployment and system integration.** We endeavor to achieve full integration of our solutions with the existing IT environment and protocols such as ERP and CRM systems adopted by our customers. Following a proven deployment methodology that encompasses installation, configuration, data migration and interface development, we maintain transparent communication and provide detailed configuration documentation to ensure our solutions are implemented with precision and care.

- **Training and go-live support.** We work closely with our customers' technical teams to ensure full proficiency in using our solutions and to achieve a smooth transition that minimizes potential adaptation costs. We deliver structured, role-based training for administrators, key users and operators. During the go-live period, our experts provide intensive support both on-site and remotely, ensuring rapid issue resolution and uninterrupted business continuity during this critical phase.

- **Continuous operation and value optimization.** After our solutions successfully go-live, we focus on building a long-term partnership and helping our customers maximize the value of our solutions. We offer targeted and tailored technical support and maintenance to guarantee stability and security. Our customer success team performs regular health checks, business reviews and value assessments, offering optimization recommendations based on new product features and industry best practices to drive continuous improvement.

When delivering integrated hardware appliances, our delivery steps include contract-based inventory preparation, server assembly, software integration, outbound inspection and shipment to the customer. Software integration specifically involves configuring system disks, installing the operating system and management tools, deploying core software packages, performing network and hardware checks, and finally initializing the cluster, configuring storage resources, and activating licenses to enable the operation of the integrated hardware-software stack. These steps are completed at our production base. At the customer site, the process begins with cluster activation, followed by two parallel workflows: (i) application delivery track: completing application deployment and related configurations; and (ii) network setup track: rack mounting and network setup, modifying IP and network parameters, configuring Bond interfaces, setting time sources, and activating network cards.

If only software is delivered, hardware assembly and shipping are not required. The main steps at the customer site include network setup, operating system installation, management tools installation, deployment of core software packages, cluster initialization and license activation and application delivery.

Hardware-Software Customization

Our solution architecture is built on the principle that hardware and software are intrinsically inseparable. Core performance, stability and efficiency are achieved not by optimizing either layer in isolation, but through their coordinated design, tuning and validation as a single solution. To achieve deep integration of software and hardware, we apply four layers of customization at the hardware level to meet the specific needs of AI storage workloads:

- **AI-Specific Hardware Optimization:** We design and optimize hardware specifically for artificial intelligence workloads. For different T&I patterns, we build all-flash systems and hybrid nodes equipped with ultra-fast solid-state drives, large memory channels, and low-latency network connections. At the physical level, this includes customized chassis design, storage backplanes, and slot layouts to improve cooling, power delivery, vibration control, and maintenance efficiency. On the software side, we use our own high-speed data access technology and optimized data layouts to enable direct data transfer without unnecessary steps, maximizing speed and bandwidth.

- **High-Performance Network Customization:** We create high-speed network connections that allow data to move quickly and reliably. Our network engine supports multiple paths and routing, enabling extremely fast data transport. We carefully select and tune network interfaces and link configurations based on performance and cost goals. By fine-tuning for different graphics processors and network structures, we ensure that even under heavy workloads, the system maintains very low delay and stable throughput.

- **Converged Compute-and-Storage Design:** We integrate storage directly into computing servers so data can be accessed without extra switching, improving speed and efficiency. At the system level, we customize and validate settings to optimize processor performance, memory behavior, resource allocation, and cooling for storage-heavy tasks. At the server level, we reserve storage, memory, and bandwidth based on the ratio of graphics processors to CPUs, creating systems that balance computing and storage within a single machine.

- **End-to-End Engineered Hardware Systems:** We deliver fully engineered hardware systems at both appliance and cluster levels. Our end-to-end capabilities cover hardware selection, thermal and power design, EC verification and cluster assembly. This includes component-level firmware selection and long-duration compatibility testing, as well as system-level validation under high-load, power-failure and fault-injection scenarios. For AI factories, large-model inference clusters or AI data lake, we provide reference designs and deployments verified for consistency, latency, and reliability, creating a purpose-built, integrated compute-and-storage foundation.

Inventory Management

Our inventories primarily comprise raw materials, finished goods and goods in transit. To ensure effective inventory management and mitigate associated risks, we have established a comprehensive inventory control framework including procurement acceptance, warehousing, production requisition, outsourced processing, finished goods delivery, insurance, stocktaking, impairment testing, and disposal of obsolete items. Our inventory system clearly defines approval authorities and responsibilities and incorporates dual control through ERP systems and physical documentation, regular inventory counts, and insurance coverage to ensure accuracy, security and risk mitigation. In addition, we have implemented procedures for handling exceptions to achieve standardized and refined inventory management. At the end of each quarter, we conduct a full inventory count and perform ad hoc spot checks as necessary. Based on the results, we analyze discrepancies, identify underlying causes and implement corrective measures to maintain optimal stock levels.

INTELLECTUAL PROPERTY

Intellectual property rights are important to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties. As of June 30, 2026, we had 103 registered patents in China. As of June 30, 2026, we also had 370 trademarks, 96 software copyrights and three domain names in China. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any impediments in intellectual property rights applications.

The following table lists the portfolio of material patents, patent applications and software copyrights for our core technologies of which we were the registered owner as of the Latest Practicable Date:

	Patent Title	Specialist Technology Products	Functions	Application Date	Authorization Date
1.	Method, Device and System for Snapshot Based on Object Storage Bucket (基於對象存儲桶的快照方法、裝置和系統)	Data lake storage solutions	Provides high-performance snapshot creation for object storage buckets to support efficient data versioning and replication	2019/08/02	2021/02/19
2.	Method and Device for Network Sub-Health Detection in Distributed Storage System (分布式存儲系統網絡亞健康檢測方法及裝置)	Data lake storage solutions, storage solutions for T&I	Detects sub-healthy network states in distributed storage clusters to enable early fault identification and recovery	2019/12/26	2021/05/04
3.	Data Transmission Method and Device Based on FUSE File System and NFS Protocol (基於FUSE文件系統和NFS協議的數據傳輸方法及裝置)	Data lake storage solutions, storage solutions for T&I	Uses direct I/O with FUSE and NFS to bypass page cache and improve concurrent read-write performance	2020/06/28	2024/05/31

	Patent Title	Specialist Technology Products	Functions	Application Date	Authorization Date
4. . .	Method and Device for Object Merging (對象歸並方法及裝置)	Data lake storage solutions	Provides distributed QoS control for multi-gateway object storage by allocating resources across bucket queues and gateways	2021/09/28	2025/05/20
5. . .	Metadata Index Processing Method, Device, Electronic Equipment and Storage Medium (元數據索引的處理方法、裝置、電子設備及存儲介質)	Storage solutions for T&I	Caches hot metadata and optimizes index structures to improve read-write efficiency in distributed storage	2024/09/04	2024/12/13
6. . .	Data Storage Method, Device, Electronic Equipment and Program Product (數據的存儲方法及其裝置、電子設備及程序產品)	Storage solutions for T&I	Splits data into protected sub-blocks to enable integrity checking during storage	2025/07/08	2025/09/30
7. . .	Method and Device for Validity Verification of Snapshot Data, Electronic Equipment and Program Product (快照數據有效性的校驗方法及裝置、電子設備及程序產品)	Storage solutions for T&I	Verifies validity of snapshot data and recovers invalid snapshot blocks to improve snapshot reliability	2025/07/17	2025/11/07
8. . .	Data Shard Balancing Method and Device Based on Distributed Storage, Electronic Equipment (基於分布式存儲的數據分片均衡方法及其裝置、電子設備)	Storage solutions for T&I	Balances data shards across nodes in distributed storage by iteratively migrating unbalanced logical volumes	2025/07/08	2025/11/21

We confirm that all of the above listed patents are significant for carrying out the key functions of our Specialist Technology Products, and no other material patents are directly applied in our Specialist Technology Products.

Regarding the tenure of our intellectual properties: (i) for patents, according to the Patent Law of the PRC, the validity period of an invention patent is 20 years from the filing date; and (ii) for copyright, according to the Copyright Law of the PRC, except for the rights of authorship, modification and the protection of the integrity of the work, which are not subject to time limitations, the publication right of a legal entity's software copyright is protected for fifty years from the date of the work's first publication. The protection period for other copyrights is fifty years, ending on December 31 of the fiftieth year after the first publication.

Regarding the payment obligations in relation to our intellectual properties: (i) for issued invention patents, we are mainly required to pay the annual patent fee to competent authorities. We have kept track of the payment requirements for annual fees and made payment accordingly; and (ii) for pending patents, we are mainly required to pay the application fee, the substantive examination fee and the re-examination fee, depending on the examination progress, and we made the payment as required by the competent authorities as of the Latest Practicable Date. In 2023, 2024, 2025 and the six months ended June 30, 2026, our costs incurred in relation to the application, maintenance and protection of intellectual properties amounted to RMB58.6 thousand, RMB70.1 thousand, RMB59.9 thousand and RMB86.9 thousand, respectively. As the intellectual properties for each of our Specialist Technology Products are all self-developed, and have not been licensed or transferred from third parties, so there are no corresponding license or transfer fees that we are obligated to pay.

The term of an individual patent may vary based on the countries/regions in which it is granted. In China, the term of an issued patent for invention is generally 20 years from the filing date of the earliest non-provisional patent application on which the patent is based in the applicable country. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its

coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will issue with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and methods of designing the same. See "Risk Factors — Risks Relating to Our Intellectual Property Rights — Our patents and other non-patented intellectual properties are valuable assets. Insufficient intellectual property protection may reduce our competitive advantage and lead to conflicts that adversely affect our business, financial condition and results of operations."

We rely in part on trade secrets, confidential information and contractual protections, including confidentiality, non-competition and intellectual property assignment agreements, to safeguard our proprietary technology, data and know-how. However, these measures may not provide adequate protection and may be breached, resulting in unauthorized disclosure, misappropriation, misuse or independent development of our proprietary information by third parties. In addition, despite maintaining physical and electronic security measures, unauthorized parties may obtain access to or use information that we regard as proprietary. Any failure to protect our trade secrets, confidential information, data or other intellectual property could materially and adversely affect our competitive position, business, financial condition and results of operations.

As of the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent, nor were we subject to any legal claims or proceedings that may have an influence on the R&D for Specialist Technology Products. Our Directors confirm that they are not aware of any legal, arbitral or administrative proceedings of infringement of any third parties' intellectual property rights by us as of the Latest Practicable Date. See "Risk Factors — Risks Relating to Our Intellectual Property Rights."

DATA SECURITY AND PRIVACY

During the Track Record Period and up to the Latest Practicable Date, our users are enterprises rather than individual customers. Under our direct sales channel, we collect data directly from customers, primarily including (i) basic corporate and contact information, such as customer name, business address and contact person details; and (ii) transaction-related information, such as purchase orders, product specifications, pricing, billing and payment records. Under our distributorship channel, we collect similar categories of data from our distributors, including their corporate and contact information and transaction-related information. In addition, we may obtain limited information relating to the underlying end-customers on a need-to-know basis, such as end-customer name, location and order-related information for the purpose of facilitating transactions and service delivery. Other than the types of personal information mentioned above, our collected data do not involve any personal or sensitive data. Our AI storage solutions are deployed on our customers' own on-premises infrastructure and operate entirely within customer-controlled environments. We do not conduct AI model training as part of our current business operations. We do not otherwise obtain or store customers' business data, personal information or other sensitive content, nor do we provide any such data to third parties during the R&D stage or the provision of after-sales maintenance services. Save for limited business contact information collected for communication purposes, we do not directly or indirectly obtain or store customers' data in our non-core business activities. Such collection and use of data complied with all applicable laws and regulations relating to data privacy and data security during the Track Record Period and up to the Latest Practicable Date.

During our business operations, and only with the prior consent of customers, suppliers and other partners, we collect and maintain essential contact information necessary for business communication in accordance with applicable laws and regulations. We have implemented a comprehensive data security management framework, including an Information Security Risk Assessment and Remediation Procedure. Our measures include the following:

- We have implemented internal policies and guidelines in relation to data compliance management, classification and grading and information security incident management. Our internal control guidelines cover the full lifecycle of data processing including data ingestion, data encryption and transportation, data storage security, data backup and recovery, data processing, proper use of data, and data destruction and disposition.

- We implement internal authorization and authentication procedures and policies, which require that our employees only have access to data which is directly relevant and necessary for their responsibilities and for limited purposes and are required to verify authorization beyond such scope. We also implement corresponding authorization and authentication system to ensure that our confidential and important data can only be accessed for authorized use and by authorized personnel. In addition, we conduct periodic reviews of user access rights to ensure that granted permissions remain appropriate and aligned with job responsibilities, and promptly adjust or revoke access where necessary.

- We conduct mandatory training for new employees involved in data-related services and apply encryption, identity authentication and access control measures to safeguard data.

- Our legal department serve as our data compliance management team, which is responsible for formulating data and information security strategies, making decisions in important data and information security incidents, and overseeing, inspecting and guiding all data compliance related works. In addition, engineers from our R&D support department are responsible for the security management and daily maintenance of our network system, coupled with regular inspections with traceable records.

- We maintain firewalls and protective systems designed to prevent data loss or leakage caused by cyberattacks. To minimize the risk of data loss or leakage, we conduct regular data backup and data recovery tests.

- We monitor regulatory developments relating to cybersecurity and data protection and conduct routine internal compliance checks and rectification.

As a proof of the security and reliability of our data protection technologies, we have completed various information security, privacy and compliance certifications/validations.

We plan to develop an API ecosystem as part of our future business development. See "Future Plans and Use of [**REDACTED**]." Such APIs are designed to facilitate integration with third-party systems and do not, in themselves, involve the collection or processing of personal data. The operation of such APIs will be subject to our internal data governance policies and access control mechanisms. Accordingly, we do not expect the development of such API ecosystem to have any material implications for our compliance with applicable data protection and privacy laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, (i) we had not received any claim from any third party against us on the ground of infringement of any third party's right to data and privacy protection as provided by any applicable laws and regulations, (ii) there had been no investigation or other legal proceeding pending or threatened against us initiated by competent government authorities or third parties with respect to cybersecurity, data and personal information protection, and (iii) we had not experienced material leakage of personal information

in relation to laws and regulations of cybersecurity, data protection and personal information protection. Based on the above, as well as that (i) we currently do not directly obtain or store customer's data in our primary business; (ii) we have implemented internal policies and technological measures on protecting cybersecurity, data security and personal information; and (iii) we will continuously pay close attention to the legislative and regulatory development in cybersecurity, data protection, personal information protection and the legality use of the training data, maintain ongoing communication with relevant government authorities and implement all necessary measures in a timely manner to ensure continuous compliance with the relevant laws and regulation, our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, (i) we have implemented compliance measures concerning cybersecurity, data protection and personal information protection in accordance with the requirements of relevant cybersecurity, data and personal information protection laws and regulations in all material aspects and (ii) has complied with the relevant data protection and privacy, and cybersecurity regulations in all material aspects. See "Risk Factors — We may be subject to complex and evolving laws and regulations regarding cyber security, personal information protection and data protection, which may lead to increased compliance costs, and adversely affect our reputation and business operations." Based on the due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would reasonably cause the Sole Sponsor to disagree with the PRC Legal Advisor's view that the Company has complied with the relevant data protection and privacy, and cybersecurity regulations in all material aspects.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime.

SALES AND MARKETING

Our Sales Networks

We primarily serve our users through selected distribution channels and also operate a direct sales model. The following table sets forth our revenue breakdown by sales channel in absolute amount and as percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Distribution	98,223	58.9	102,905	59.7	190,357	71.3	62,529	62.8	121,883	65.6
Direct sales	68,618	41.1	69,579	40.3	76,656	28.7	37,000	37.2	63,877	34.4
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Direct Sales

We have built a sales and marketing team with relevant industry experience to identify market opportunities and communicate the value of our technologies and the performance of our solutions. As of June 30, 2026, our sales and marketing team comprised 162 employees. We have established sales offices in major cities in China. Through these sales offices, we have extended our reach to almost all provinces in China. Leveraging its deep industry experiences, our sales and marketing team identifies market trends and customers' demands thoroughly and simultaneously works closely with our R&D team to ensure that they can accurately address customer pain points and deliver products and services to the customers' satisfaction in a timely manner. The salient terms of our standard sales agreements or service agreements for our solutions with direct sales customers during the Track Record Period are set out below:

- ***Product specifications***. Our customers typically set forth specific product specifications for products ordered, such as solution name, configuration and features.

- ***Term***. For solutions and products, we generally enter into one-off sales agreement under which the contract automatically terminates upon both parties fulfilling their contractual obligations. For service agreements, the term is typically one year.

- ***Payment and credit term***. For our solutions and products, we typically charge a fixed total price for the products purchased and generally offer our direct sales customers a credit period of up to 60 days. In addition, we provide on-site operation and maintenance services for direct sales customers, for which we typically charge a pre-agreed service fee quarterly.

- ***Warranty and maintenance services.*** We usually provide a 36-month warranty and maintenance period for our products and solutions.

- ***Intellectual Property***. We retain full intellectual property rights to our products. We grant direct sales customers a license to use our intellectual property solely for purposes related to the agreement. Without our prior written consent, customers may not rent, copy, imitate or modify our products.

- ***Confidentiality***. All confidential information exchanged between the parties shall not be disclosed to any third party.

- ***Termination***. The agreement may be unilaterally terminated under circumstances set forth in the agreement, including prolonged non-payment by the customer, defects in the products we provide, or material breach of contract terms by either party.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of agreement with our customers.

Distributors

During the Track Record Period, we also sold our AI storage solutions through third-party distributors. Revenue from our ten largest distributors in each year/period during the Track Record Period amounted to RMB83.5 million, RMB81.5 million, RMB125.2 million and RMB94.9 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Our distributors primarily engage in downstream sales and channel development in their respective regions and industry verticals, which primarily involve customer acquisition, identification of sales opportunities, industry promotion activities and facilitating introductions to potential channel partners. After purchasing our solutions, they may perform onward sales to their respective customers, which mainly comprise enterprises in intelligent manufacturing, financial institutions, telecommunications operators and technology enterprises, among others.

During the Track Record Period, a majority of our customers were distributors. This is primarily because distributors enhance market coverage and customer acquisition efficiency through their broader sales networks and stronger local presence. In addition, certain enterprise customers prefer or are required to procure IT solutions through certified or approved distributors under their internal procurement policies, or due to their established relationships and trust with such distributors, who are often able to provide integrated offerings and value-added services. Distributors also support localized delivery, including on-site and ongoing services, particularly in regions where our direct sales coverage is limited. Accordingly, customers may choose to purchase our solutions through distributors rather than directly from us as a matter of commercial convenience and operational efficiency. In performing onward sales, distributors had advantages in leveraging their established relationships with end customers and their understanding of customers' deployment environments and operational requirements to configure and on-sell different combinations of our turnkey appliances and software solutions. Such experience and know-how are primarily derived from distributors' established customer networks, their familiarity with procurement and deployment scenarios in their respective regions or industry verticals, and, in

certain cases, their prior system integration experience. Rather than relying on a single uniform go-to-market approach, we leverage distributors to translate our core products into deployable solutions that are suitable for different customer environments and operational constraints. At the same time, we retain control over our core technologies, intellectual property and key technical know-how to avoid potential misappropriation by distributors. Our proprietary technologies, including core software architecture, source code, product design and technical know-how, are not transferred to distributors; rather, they are only granted limited rights to market and resell our offerings. Such arrangements are governed by contractual safeguards, including confidentiality obligations and restrictions on the unauthorized use or disclosure of our proprietary information. Key technical support and deployment activities are typically provided directly by us. Thus, distributors primarily function as marketing and sales agent. While the scope of rights granted to distributors is limited, they play an important role in facilitating market access and expanding customer coverage in their respective regions and industry verticals, without requiring us to deploy extensive direct sales resources.

We believe that our distributor model enables us to (i) diversify our revenue sources without over-reliance on any single region or type of sales channel, by leveraging distributors as our commercial, technical and service extension across different geographies and industry verticals; (ii) tailor our sales and marketing strategies for different customer types, regions and sales channels; and (iii) strengthen our market presence by allowing our solutions to penetrate markets more quickly and effectively. We had not engaged any sub-distributors during the Track Record Period and up to the Latest Practicable Date. In particular, revenue generated from distributors as a percentage of our total revenue increased from 59.7% in 2024 to 71.3% in 2025, and increased from 62.8% in the six months ended June 30, 2025 to 65.6% in the six months ended June 30, 2026, primarily driven by the rapid expansion of market demand, during which distributor channels provided broader customer reach and faster market coverage. Leveraging their established customer networks and capabilities in delivering integrated AI infrastructure solutions, distributors were able to efficiently serve geographically dispersed end customers through one-stop procurement and delivery. As a result, we continued to expand our distributor partnerships, which contributed an increasing share of our revenue.

Our distributors independently determine the selling prices to end customers based on the specific project requirements. Notwithstanding the above, we promote consistency in pricing outcomes through various indirect mechanisms, including:

- *Unified pricing system:* We apply a unified pricing framework to both direct sales customers and distributors, and do not differentiate our pricing based on sales channels. Distributors' profit margins are derived from the value-added services they provide, rather than from any direct price concessions granted by our Group.

- *Regional management arrangements:* Distributors are assigned defined sales territories to minimize inter-regional price competition and cross-territory sales, thereby maintaining orderly pricing within each region.

- *Direct sales price anchoring:* Transaction prices under the direct sales channel serve as an important market reference for distributor pricing, as distributors' resale prices are indirectly constrained by the fact that end-users may, in appropriate circumstances, procure directly from us on comparable commercial terms.

- *Monitoring of overdue distributor orders:* Our sales operations team regularly monitors distributors' overdue orders and sets internal limits on overdue amounts and order counts. Distributors exceeding such thresholds may face reduced order allocation or termination of cooperation. This mitigates the risk of aggressive low-price selling strategies.

- *Market competition and tendering discipline:* A significant portion of end-customer projects are awarded through competitive bidding processes, where pricing is determined by market competition. In addition, the PRC distributed AI storage market is relatively fragmented (with the top five players accounting for approximately 47.9% of the market based on installed capacity in 2025), providing customers with multiple alternatives and further constraining pricing deviations. These external market forces operate in conjunction with our internal mechanisms.

During the Track Record Period and up to the Latest Practicable Date, we had not identified any instance where distributors materially disrupted or adversely affected end-customer pricing.

The following table sets forth the average customer value under distributorship model during the Track Record Period:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Distributorship revenue (RMB)	98,223,495	102,905,049	190,356,749	121,882,740
Number of distributors	178	172	185	165
Average customer value (RMB)	551,817	598,285	1,028,955	738,683

In selecting distributors, we take into account a number of factors, including company size, professionalism and adequacy of personnel, historical business performance, business integrity, local market development capabilities, as well as technical expertise. We generally enter into standard distribution agreements with our distributors and monitor their performance through periodic reviews. On an annual basis, we conduct dynamic evaluations to determine whether to continue, strengthen or reduce our business relationships with distributors, considering factors such as sales contribution, channel expansion, payment collection capabilities and the competence of their sales and technical personnel. The selling price for each of our transactions with distributors is determined on a case-by-case basis by reference to a combination of factors, including the deployment scale of the project, technical configuration and complexity, prevailing market conditions, underlying cost structure and the distributor's cooperation level and historical performance. In addition, we implement a tiered channel management approach, under which we categorize distributors into different tiers based on factors such as their industry focus and strengths, business scale, sales capabilities, technical and service capacities, and credit profile. Distributors in different tiers are subject to different commercial terms and incentive arrangements, such as differentiated credit terms. This mechanism is designed to allocate channel resources more effectively and incentivize distributors to expand their business coverage and improve service quality. Furthermore, we provide distributors with comprehensive technical and sales training to enhance their operational, delivery and after-sales service capabilities. Our Directors confirm that we have no ownership or management control over any of our distributors, and they operate independently from our Group. All of our distributors during the Track Record Period and up to the Latest Practicable Date were our Independent Third Parties. According to CIC, it is consistent with industry norm for providers of AI storage solutions to engage distributors to leverage their knowledge of local marketing practices and consumer preferences.

We have a buyer-seller relationship with distributors. We sell our solutions to distributors in accordance with our distribution agreements and the specific purchase orders placed by them, and we do not impose minimum purchase or sales targets. Title to, and the risk of damage of our AI storage solutions passes to the distributors upon delivery. Our distributors' subsequent sales to downstream customers, including customer selection, sales strategy and inventory management are entirely at their discretion. Our distributors are solely responsible for managing their inventories, and any risks arising from which are borne by them. Under the distributorship model, revenue is

recognized upon receipt of acceptance confirmation from the distributor. During the term of the distribution agreements, our distributors are generally not allowed to return unsold products to us. Product return policies do not apply to our distributors, except that in accordance with relevant laws and regulations, our distributors may negotiate with us for the return of, or indemnification in respect of products that are defective due to our fault. During the Track Record Period and up to the Latest Practicable Date, we had not received any product return requests, and the amount of returned products was nil. We had not received any indemnification claims from our distributors, nor had we made any provisions for potential product returns or indemnification.

During the Track Record Period, certain end customers purchased our solutions through different channels, including via multiple distributors and, in some cases, both directly from us and through distributors. This primarily reflects differences in project context, procurement processes and service requirements. Generally, distributorship is adopted where customers require localized service, while direct sales are used where customers require direct technical engagement or contracting arrangements. Considering the above factors in adopting distributorship and direct sales by end customers, we do not believe that there is a material risk of cannibalization. Taking into account all sales channels, the largest end customer in each year/period during the Track Record Period, all of whom were served through our direct sales channel, accounted for approximately 14.4%, 10.2%, 7.8% and 10.4% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, while the top five end customers in aggregate accounted for approximately 30.9%, 28.5%, 20.1% and 36.0% of our total revenue for the same years/periods, respectively. While the level of customer concentration has fluctuated during the Track Record Period, we generally do not rely on any single end customer, and our revenue base has become more diversified during the Track Record Period.

Under the distributorship model in particular, we note that a portion of our revenue was generated from sales of our solutions to the same underlying end customers through multiple distributors. Such revenue amounted to approximately RMB46.8 million, RMB39.4 million, RMB95.1 million and RMB61.4 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing approximately 28.1%, 22.8%, 35.6% and 33.1% of our total revenue for the respective years/periods. Despite the above, the revenue attributable to each individual end customer served through multiple distributors remained limited. In particular, the largest such end customer accounted for no more than 7.0% of our total revenue in each year/period during the Track Record Period. This arrangement primarily reflects the project-based nature of our business and the involvement of different distributors in separate projects, procurement batches or regional deployments for the same end customer, rather than any reliance on a single distributor-end customer pair. Despite such overlaps, the relevant revenue is typically fragmented across multiple contracts and distributors, and no single end customer accounted for a material portion of our revenue during the Track Record Period. Accordingly, we did not have material revenue concentration in any individual end customer under the distributorship model.

To manage potential overlap and avoid channel conflict or cannibalization, we have established a structured customer management mechanism supported by our customer relationship management (CRM) system. Under this mechanism, all sales channels, including direct sales and distributors, are required to register and obtain internal approval for customer engagement through the CRM system. Customer allocation is generally granted on a first-registration basis, and once a customer is registered under a particular channel, other channels are restricted from engaging with the same customer without prior approval. We also maintain a dynamic allocation mechanism. For example, where no substantive follow-up is recorded within a specified period, the relevant customer may be released for reallocation, allowing other channels to apply for engagement through the CRM system. In addition, we may adjust channel allocation based on customer preferences at different stages of engagement. Through these measures, we aim to ensure clear customer ownership across channels and effectively mitigate potential conflicts or cannibalization.

During the Track Record Period, our designated sales territories were generally divided into five major geographical regions in China. The following table sets forth a breakdown of our revenue generated from sales to distributors by designated sales territory during the Track Record Period:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
East China	22,899	23.3	29,190	28.4	51,482	27.0	21,147	33.8	40,122	32.9
North China	43,301	44.1	25,612	24.9	65,413	34.4	20,567	32.9	41,913	34.4
Central China	8,347	8.5	8,233	8.0	17,315	9.1	4,306	6.9	7,544	6.2
South China	8,949	9.1	15,265	14.8	33,309	17.5	9,674	15.5	23,508	19.3
West China	14,727	15.0	24,605	23.9	22,838	12.0	6,835	10.9	8,796	7.2
Total	**98,223**	**100.0**	**102,905**	**100.0**	**190,357**	**100.0**	**62,529**	**100.0**	**121,883**	**100.0**

We maintain a centralized inventory control and management policy under which inventory is fully controlled, recorded and monitored through our ERP system prior to delivery, and each shipment to distributors is subject to internal approval, outbound documentation and receipt confirmation. We generally prohibit speculative stocking by distributors without underlying orders. Upon delivery, title and risk pass to the distributors.

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, there was no material channel stuffing or cannibalization issue among our distributors. Considering that we do not impose minimum purchase requirements on distributors, and that our distributors are not allowed to return any unsold products to us, our Directors are of the view that the channel stuffing issue is not applicable to us. To further minimize the potential cannibalization risks, we (i) set internal limits on the number and value of overdue orders from distributors, which refer to orders placed by distributors for which payment remains outstanding beyond the payment due date; if a distributor exceeds these thresholds, our collaboration with such distributors may be reduced or even terminated, thereby discouraging distributors from inflating sales through excessive inventory purchases that cannot be promptly sold or paid for; (ii) only permit distributors to operate within their designated authorized regions; and (iii) employ a stringent and dynamic channel qualification and certification process; distributors must consistently meet our standards for payment collection to maintain or enhance their partnership status with us.

Set forth below is a summary of the key terms that are common to most of our agreements with distributors:

- ***Geographic or other exclusivity.*** Distributors are only permitted to sell within their designated sales territories.

- ***Minimum purchase amounts or sales target.*** We do not set minimum purchase amounts for our distributors. We negotiate annual recommended sales targets with them, and their long-term unsatisfactory sales performance may result in a reduction of the level of our cooperation with them (including the discount levels or priority in product allocation).

- ***Logistics.*** We are typically responsible for delivering the goods to the location designated by the distributors.

- ***Product return.*** We generally do not accept product returns. The risk transfers to the distributors upon the delivery of the products. If the goods fail inspection or quality issues arise during the warranty period, we will be responsible for negotiating a resolution and arranging repair or replacement of qualified products.

- ***Payment.*** We generally offer distributors a credit period of up to 60 days.

- ***Termination.*** We may terminate a distribution agreement upon expiry without renewal, by mutual written agreement, or for an unremedied breach after notice. We may also terminate immediately for specified serious misconduct, such as leakage of confidential information and violation of anti-bribery obligations.

Movement of Distributors

The following table sets forth the total number of our distributors, the number of new distributors and the number of distributors whose distributorship relationships were ended during the year/period indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Number of distributors as of the beginning of year/period	305	340	364	404
Addition of new distributors[(1)]	35	24	40	17
Number of terminated distributors for the year/period	–	–	–	–
Number of distributors at the end of year/period	340	364	404	421
Number of inactive distributors for the year/period[(2)]	162	192	219	256

Notes:

(1) Refers to distributors from whom we had generated revenue for the first time during the corresponding year/period.

(2) Refers to distributors from whom we did not generate any revenue for the year/period, but with whom we maintained business relationship for potential future sales.

Pricing

We price our solutions with reference to multiple factors, including (i) the scale of deployment, including the number of petabytes and overall system capacity involved; (ii) the technical complexity; (iii) our cost structure (software and hardware components and associated R&D expenditure); (iv) prevailing market prices in the relevant competitive landscape; and (v) the nature of depth of our relationship with the customer. We maintain open communications with customers on pricing and typically contract on a fixed total, project-based basis for a bundled scope that combines standard modules with any approved custom elements, taking into account customer requirements, negotiated volume discounts and tender conditions. Our data lake storage solutions and storage solutions for T&I generally follow a consistent pricing logic.

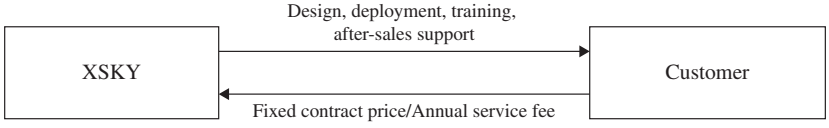
Although our current model is not subscription-based, we generate substantial follow-on revenue from capacity expansions as customers' datasets and use cases scale. Under a single customer ID, multiple incremental purchase orders may be placed over time for new workloads or growing datasets, creating a recurring pattern of add-on sales. In addition, for limited scenarios we provide time-and-materials support services priced on a per-person-day basis, which are quoted separately from the product price.

Our contracts commonly include maintenance and support for three years as standard, with optional multi-year terms (for example, three to five years) where required by tenders or customer policy. Standard maintenance services under our AI storage services are typically bundled with product sales and are priced at approximately 6% to 10% per annum of the contract value. Upon expiry of the standard warranty and maintenance services, customers are notified through our management interface that the warranty has lapsed; thereafter, maintenance services (including ticket handling and remote/video support) are offered on a paid basis. Post-warranty maintenance services under our AI storage services are typically priced as a percentage of the original selling price or list price, and is determined through negotiation having regard to market conditions, competition, service scope and service levels. Such services are typically provided for one year, with optional multi-year terms (for example, two to three years) at the request of customers.

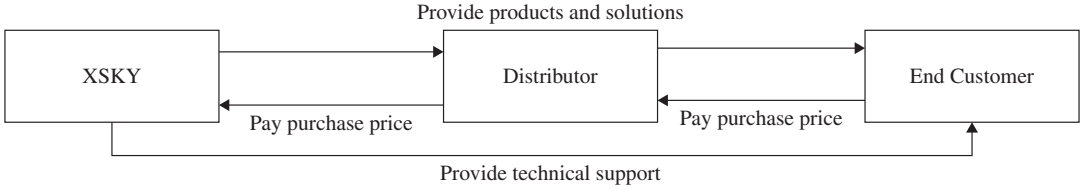
We monetize our data lake storage solutions and storage solutions for T&I primarily through fixed-price project-based contracts. Revenue is recognized when delivery is completed and the relevant customer acceptance confirmation is obtained. We monetize our AI storage services primarily through annual service fees, which are generally recognized over the service period on a time-apportioned basis. Depending on the sales channel, the paying customer is either the end customer, in the case of direct sales, or the distributor, in the case of distributor sales.

The following charts illustrate our transaction and fund flows between stakeholders:

Direct sales model



Distributor model



The average customer value for direct sales ranged from approximately RMB0.7 million to RMB0.8 million during the Track Record Period. According to CIC, the pricing of our products, services and solutions generally falls within the prevailing market price range for comparable offerings in the industry.

Marketing and Branding

We pursue an integrated marketing and branding strategy that combines offline and online channels to reach enterprise buyers and developers. Offline, we participate in industry events to highlight customer success and technical innovation; online, we drive awareness through content marketing, social media, and developer platforms.

Our go-to-market model prioritizes industry-led, head-list coverage over traditional regional segmentation. We focus on leading enterprises in intelligent manufacturing, finance, telecommunications, and technology, expanding into adjacent sectors as product-market fit strengthens. Marketing operations are structured into three teams: (i) Strategic Partnerships, which cultivates benchmark relationships and ecosystem alliances; (ii) Industry and Key Accounts, which delivers tailored engagement in priority verticals; and (iii) Regional Marketing, which supports local penetration and channel enablement.

As brand recognition has grown, customer acquisition costs have declined. We continue to invest in high-impact activities while selectively expanding coverage to AI-intensive accounts, balancing lead generation efficiency with deeper vertical penetration.

CUSTOMERS

We primarily sell our solutions to enterprise customers in China (including Hong Kong), with a small portion of our revenue derived from overseas markets such as Singapore and Indonesia, across sectors such as intelligent manufacturing, financial institutions, telecommunications operators and technology enterprises, among others.

A substantial portion of our five largest customers in each year/period during the Track Record Period were distributors, and sales to such distributors reflect their downstream distribution to multiple end customers rather than demand from a single end customer. We typically enter into standard sales agreements or service agreements with our direct sales customers. See "— Sales and Marketing — Our Sales Networks — Direct Sales." We typically enter into standard distribution agreements with our distributors. See "— Sales and Marketing — Our Sales Networks — Distributors."

Although the contractual terms governing our customer arrangements are generally short in duration, our customer relationships typically extend over a long period in practice. Although our business model is not subscription-based, we generate recurring follow-on revenue from existing customers as their datasets, workloads and use cases expand. Customers may place multiple incremental purchase orders over time under a single customer ID for capacity expansions or new deployments, resulting in a recurring pattern of add-on sales. Our contracts also generally include three-year maintenance and support, with optional multi-year terms where required by customer policies or tenders. Our customer stickiness is reflected in our operating metrics. Our overall net dollar retention rate reached 160.0% in the six months ended June 30, 2026.

According to CIC, a certain level of customer concentration is common for independent vendors in our sector. Looking ahead, while we expect our solutions to continue to represent a meaningful share of customers' AI storage architectures, we plan to gradually reduce customer concentration by expanding our addressable customer base through continued product iteration, new product launches and enhanced industry-focused go-to-market capabilities to acquire new customers across additional verticals and use cases.

The tables below set forth the information of our top five customers in each year/period during the Track Record Period:

Year ended December 31, 2023

Customers	Customer type	Solutions/ services provided	Revenue	% of total revenue	Year of commencement of business relationship	Credit terms	Payment method
			(RMB'000)				
Customer A[(1)]. .	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	28,576	17.1	2021	40 days	Telegraphic transfer
Customer B[(2)]. .	Direct customer	Data lake solutions, storage solutions for T&I, AI storage services	24,014	14.4	2021	40 days	Telegraphic transfer

Customers	Customer type	Solutions/ services provided	Revenue	% of total revenue	Year of commencement of business relationship	Credit terms	Payment method
			(RMB'000)				
Customer C[3]	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	13,075	7.9	2020	30 days	Telegraphic transfer
Customer D[4]	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	12,395	7.4	2020	30 days	Telegraphic transfer
Customer E[5]	Direct customer	Data lake solutions, storage solutions for T&I, AI storage services	10,136	6.1	2021	30 days	Telegraphic transfer
Total			88,196	52.9			

Notes:

(1) Customer A is a company based in Sichuan, China, primarily engaged in ICT consumer product distribution business and ICT corporate product distribution business. It is a subsidiary of a company listed on the Hong Kong Stock Exchange. Its ultimate end customers primarily consisted of enterprises and institutions in the energy, healthcare, financial services and technology sectors.

(2) Customer B is a company based in Shanghai, China, primarily engaged in software and information technology services.

(3) Customer C is a company based in Beijing, China, primarily engaged in information system integration, including data center solutions, data storage, cloud computing management platforms, and network security products. Its ultimate end customers primarily consisted of educational institutions, transportation companies, research organizations and technology companies.

(4) Customer D is a company based in Chongqing, China, primarily engaged in consumer electronics, enterprise systems and cloud computing. It is a subsidiary of a company listed on the Hong Kong Stock Exchange. Its ultimate end customers primarily consisted of healthcare institutions, utility service providers, financial institutions, insurance companies and telecommunications companies.

(5) Customer E is a company based in Nanjing, China, primarily engaged in software and information technology services.

Year ended December 31, 2024

Customers	Customer type	Solutions/ services provided	Revenue	% of total revenue	Year of commencement of business relationship	Credit terms	Payment method
			(RMB'000)				
Customer A	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	36,671	21.3	2021	40 days	Telegraphic transfer
Customer B	Direct customer	Data lake solutions, storage solutions for T&I, AI storage services	17,486	10.1	2021	40 days	Telegraphic transfer
Customer E	Direct customer	Data lake solutions, storage solutions for T&I, AI storage services	16,616	9.6	2021	30 days	Telegraphic transfer

Customers	Customer type	Solutions/ services provided	Revenue	% of total revenue	Year of commencement of business relationship	Credit terms	Payment method
			(RMB'000)				
Customer D . . .	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	9,898	5.8	2020	30 days	Telegraphic transfer
Customer F[(1)] . .	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	7,954	4.6	2020	30 days	Telegraphic transfer
Total			88,625	51.4			

Notes:

(1) Customer F is a company based in Shanghai, China, primarily engaged in IT product sales, IT technical services, software development, and information system integration solutions. Its ultimate end customers primarily consisted of utility service providers, technology companies, financial institutions and industrial companies.

Year ended December 31, 2025

Customers	Customer type	Solutions/ services provided	Revenue	% of total revenue	Year of commencement of business relationship	Credit terms	Payment method
			(RMB'000)				
Customer A . . .	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	45,684	17.1	2021	40 days	Telegraphic transfer
Customer E . . .	Direct customer	Data lake solutions, storage solutions for T&I, AI storage services	20,722	7.8	2021	30 days	Telegraphic transfer
Customer B . . .	Direct customer	Data lake solutions, storage solutions for T&I, AI storage services	14,807	5.5	2021	40 days	Telegraphic transfer
Customer D . . .	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	11,029	4.1	2020	30 days	Telegraphic transfer
Customer F . . .	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	10,217	3.8	2020	30 days	Telegraphic transfer
Total			102,459	38.3			

Six months ended June 30, 2026

Customers	Customer type	Solutions/ services provided	Revenue	% of total revenue	Year of commencement of business relationship	Credit terms	Payment method
			(RMB'000)				
Customer A . . .	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	41,057	22.1	2021	40 days	Telegraphic transfer
Customer E . . .	Direct customer	Data lake solutions, storage solutions for T&I, AI storage services	19,701	10.6	2021	30 to 150 days	Telegraphic transfer
Customer B . . .	Direct customer	Data lake solutions, storage solutions for T&I, AI storage services	17,103	9.2	2021	90 days	Telegraphic transfer
Customer C . . .	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	13,703	7.4	2020	30 days	Telegraphic transfer
Customer G[(1)] .	Distributor	Data lake solutions, storage solutions for T&I, AI storage services	11,596	6.2	2024	30 days	Telegraphic transfer
Total			103,160	55.5			

Notes:

(1) Customer G is a company based in Guangzhou, China, primarily engaged in providing data lifecycle management and digital transformation solutions and services. It is a subsidiary of a company listed on the Taiwan Stock Exchange. Its ultimate end customers primarily consisted of enterprises and institutions in the intelligent manufacturing, embodied intelligence and life sciences sectors.

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who, to the knowledge of our Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period.

After-Sales Services

We provide structured and responsive after-sales services to support the deployment and operation of our AI storage solutions. Services are delivered through a standardized incident handling framework that spans the full lifecycle of customer engagement. Customers may submit service requests via designated portals, hotlines, email, or account representatives. Upon receipt, our personnel collect relevant operational context and confirm service level entitlements. Verified cases are logged by Level-1 technical support, which conducts initial diagnostics and proposes solutions based on internal knowledge bases. Customers may be asked to provide logs, system data, or on-site access to facilitate resolution. If unresolved, cases escalate to higher-level support and, if necessary, further escalate to functional teams for root cause analysis and final resolution. Closure is confirmed upon system recovery. We offer multiple service tiers, including standard three-year business-hour support, with optional upgrades to three- or five-year 24/7 support and on-site services. Support is delivered through online guidance, documentation, and field services. This structure enables timely resolution, minimizes operational disruption, and ensures sustained system performance.

We normally provide a standard warranty period of 36 months from acceptance for our products, which primarily covers defects in hardware components of the turnkey appliances. Within the product warranty period, warranties associated with the turnkey appliances are provided free of charge and serve as an assurance that the products sold comply with agreed-upon specifications. We also provide software maintenance and upgrade services which primarily cover version upgrade and defect rectification of the delivered software embedded in the turnkey appliances or sold separately. Software maintenance and upgrade services provided by us generated revenue of RMB29.1 million, RMB34.4 million, RMB38.1 million, RMB18.1 million and RMB20.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. During the Track Record Period, we recorded no product returns in 2023, 2024, 2025 and the six months ended June 30, 2026. Revenue generated from software maintenance and upgrade services is included in our AI storage services revenue. During the Track Record Period and up to the Latest Practicable Date, we had no material disputes with customers regarding product returns or refunds.

Third-party Payment

During the Track Record Period, we had one instance where the payment due from a customer (the "**Relevant Customer**") was settled by a third-party payor. In 2019, the Relevant Customer purchased turnkey appliances from us and subsequently failed to settle the outstanding balance. After multiple unsuccessful attempts to collect payment, we initiated litigation and obtained a court order freezing the Relevant Customer's bank account. We reached a settlement during litigation proceedings, as reflected in a court-approved mediation decision (the "**Settlement**") in 2025, under which the Relevant Customer was obligated to pay us RMB1.3 million.

To satisfy its payment obligations under the Settlement, the Relevant Customer proposed that the Payor make payment to the Company on its behalf (the "**Third-Party Payment Arrangement**"). The Company did not select, designate, or recommend the Payor; rather, the arrangement was proposed unilaterally by the Relevant Customer. The Relevant Customer and the Payor entered into two written delegation letters (the "**Delegation Letters**") under which the Payor was entrusted to pay a total of approximately RMB0.8 million. Further, the remaining RMB0.5 million was paid directly by the Relevant Customer's legal representative (the "**Representative**"). Both the Relevant Customer and the Payor are Independent Third Parties.

The Third-Party Payment Arrangement arose because the Relevant Customer encountered difficulty making payment directly from its own corporate account, which had been frozen during the litigation process and otherwise lacked sufficient funds.

In order to comply with the settlement timeline and avoid breaching the Settlement, the Relevant Customer proposed that the Payor and Representative discharge the outstanding amounts on its behalf. We agreed to this proposal in order to expedite receipt of the long-overdue payments.

As advised by our PRC Legal Advisor, in light of the Settlement which gave rise to the Third-party Payment Arrangement, (i) the Third-party Payment Arrangement was not in breach or contravention of mandatory requirements of applicable laws or regulations in China (including but not limited to anti-money laundering laws); (ii) the content of the Delegation Letter is lawful and valid, and constitutes a legally binding obligation on the part of the Payor; and (iii) we had confirmed with the Representative on his intention to pay on behalf of the Relevant Customer, and the Representative made special notation to the wire transfer indicating that the payment from the Representative was to satisfy the Settlement. Accordingly, as advised by our PRC Legal Advisor, we are entitled to receive payments made by the Payor and the Representative.

The third-party payment was a one-off arrangement solely for settling the relevant litigation with the Relevant Customer, and we have not allowed any other third-party payments during the Track Record Period and do not expect to allow any third-party payments in the ordinary course of business going forward.

SUPPLIERS

Our suppliers comprise original component manufacturers in China. Original components primarily refer to the key hardware components that directly form part of the core configuration of our solutions and are incorporated into the final deliverables to customers, such as SSDs, HDDs, memory modules, CPUs and NICs. The tables below set forth the basic information of our Group's top five suppliers in each year/period during the Track Record Period:

Year ended December 31, 2023

Suppliers	Products/ services purchased	Purchase amount	% of total purchases	Year of commencement of business relationship	Credit terms	Payment method
		(RMB'000)				
Supplier A[(1)]	Servers and hard drives	32,895	22.6	2018	60 days	Bank transfer
Supplier B[(2)]	Servers	16,623	11.4	2022	N/A	Bank transfer
Supplier C[(3)]	Servers and hard drives	6,639	4.6	2021	60 days	Bank transfer
Supplier D[(4)]	Servers	5,899	4.0	2021	60 days	Bank transfer
Supplier E[(5)]	Servers and hard drives	3,821	2.6	2022	N/A	Bank transfer
Total		65,877	45.2			

Notes:

(1) Supplier A is a company based in Beijing, China, primarily engaged in the research, development, manufacturing and sales of information technology equipment. It is a subsidiary of a company listed on the Shenzhen Stock Exchange.

(2) Supplier B is a company based in Guangdong, China, primarily engaged in providing information and communication technology solutions.

(3) Supplier C is a company based in Guangdong, China, primarily engaged in the research, development, manufacturing and sales of servers. It is a company listed on the NEEQ.

(4) Supplier D is a company based in Beijing, China, primarily engaged in the research, development, manufacturing and sales of information technology equipment. It is a Company listed on the Shenzhen Stock Exchange.

(5) Supplier E is a company based in Jiangsu, China, primarily engaged in the wholesale and retail of electronic hardware.

Year ended December 31, 2024

Suppliers	Products/services purchased	Purchase amount	% of total purchases	Year of commencement of business relationship	Credit terms	Payment method
		(RMB'000)				
Supplier C	Servers and hard drives	15,904	21.0	2021	60 days	Bank transfer
Supplier D	Servers and hard drives	11,529	15.2	2021	60 days	Bank transfer
Supplier A	Servers and hard drives	8,265	10.9	2018	60 days	Bank transfer
Supplier F[(1)] . . .	Hard drives	4,086	5.4	2024	N/A	Bank transfer
Supplier G[(2)] . . .	Servers and hard drives	2,714	3.6	2023	60 days	Bank transfer
Total		42,498	56.1			

Notes:

(1) Supplier F is a company based in Shanghai, China, primarily engaged in the research, development and sales of information technology equipment.

(2) Supplier G is a company based in Beijing, China, primarily engaged in the research, development and sales of information technology equipment. It is a subsidiary of a company listed on the Shenzhen Stock Exchange.

Year ended December 31, 2025

Suppliers	Products/services purchased	Purchase amount	% of total purchases	Year of commencement of business relationship	Credit terms	Payment method
		(RMB'000)				
Supplier C	Servers and hard drives	45,378	35.5	2021	60 days	Bank transfer
Supplier D	Servers and hard drives	11,435	8.9	2021	60 days	Bank transfer
Supplier H[(1)] . . .	Servers and hard drives	8,355	6.5	2025	N/A	Bank transfer
Supplier A	Servers and hard drives	8,088	6.3	2018	60 days	Bank transfer
Supplier I[(2)] . . .	Servers and hard drives	7,900	6.2	2025	90 days	Bank acceptance bill
Total		81,156	63.5			

Notes:

(1) Supplier H is a company based in Guangdong, China, primarily engaged in the research, development and production of storage devices and server-related hardware.

(2) Supplier I is a company based in Fujian, China, primarily engaged in providing IT information system services.

Six months ended June 30, 2026

Suppliers	Products/services purchased	Purchase amount	% of total purchases	Year of commencement of business relationship	Credit terms	Payment method
		(RMB'000)				
Supplier C	Servers and hard drives	37,955	22.5	2021	60 days	Bank transfer
Supplier J[(1)] . . .	Servers and hard drives	23,231	13.8	2025	60 days	Bank transfer
Supplier D	Servers and hard drives	16,259	9.7	2021	60 days	Bank transfer
Supplier K[(2)] . . .	Hard drives	9,176	5.4	2026	N/A	Bank transfer
Supplier L[(3)] . . .	Hard drives	8,229	4.9	2026	0 to 30 days	Bank transfer
Total		94,850	56.3			

Notes:

(1) Supplier J is a company based in Beijing, China, primarily engaged in the research, development, manufacturing and sales of servers, computer hardware and information technology equipment. It is a subsidiary of a company listed on the Shenzhen Stock Exchange.

(2) Supplier K is a company based in Beijing, China, primarily engaged in the research, development, design and sales of solid-state drives and the provision of related storage solutions.

(3) Supplier L is a company based in Beijing, China, primarily engaged in the research, development and sales of solid-state drives, embedded storage products and integrated circuits.

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who, to the knowledge of the Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year/period during the Track Record Period.

Procurement

We procure software, hardware and services from qualified suppliers to maintain product quality and to optimize our cost structure, which are the key raw materials and components used in our turnkey appliance hardware. Our procurement scope covers (i) the key raw materials and components of our turnkey appliance, including SSDs, memory modules, HDDs, and network interface cards (NICs), (ii) hardware warranty extensions, and (iii) outsourced services such as data labeling, solutions testing and on-site deployment. We collaborate with multiple suppliers for each major product to ensure continuity of supply. We are actively working with more suppliers of our key software, hardware and services to further diversify our supplier base and shore up the stability, timeliness and quality of our procurement. During the Track Record Period and up to the Latest Practicable Date, we did not experience shortages of software, hardware or services that materially affected our operations.

We source performance-critical components (for example SSDs, memory, NICs) directly from original manufacturers or first-tier channels under framework arrangements that combine pricing, supply assurance and technical support. Non-core parts (such as chassis, motherboards, power supplies and cabling) are generally integrated by server OEM/ODM partners. For on-site deployment, which typically involves installation, environment integration and acceptance testing, we are capable of delivery in-house. For standardized, low-customization projects we may engage qualified third parties given the labor-intensive nature of these tasks. In all cases, our staff supervise and manage the on-site process to ensure quality and schedule control.

The design, assembly and production of our hardware products (including turnkey appliances) are conducted under a hybrid model combining OEM server manufacturers and our own facilities. We specify hardware configuration requirements, embedded software, production standards and testing criteria, and engage OEM server manufacturers to produce customized or semi-finished servers based on such specifications. In parallel, we also procure components at the part level and perform in-house assembly, software installation, integration and testing at our own facilities.

We maintain stringent supplier selection and management procedures. Supplier qualification is assessed based on factors including technical capability, production capacity, quality standards, certifications, compliance, financial strength, delivery performance, business reputation and alignment with our strategic needs. Potential suppliers must undergo screening, qualification reviews, testing and audits before being admitted to our qualified supplier list. Suppliers are further classified into different categories based on their qualifications and performance and are subject to ongoing performance evaluations covering commercial management, product quality, delivery fulfilment and service support. We regularly review and update supplier classifications to ensure continued compliance with our procurement and supply chain management requirements.

To support supply assurance, we maintain frequent communication with suppliers on lead times and price trends, coordinate internally between sales and operations for rolling demand forecasts and issue advance notices for components that may face extended lead times. This diversified and balanced sourcing strategy has enabled us to avoid material delivery disruptions caused by capacity constraints. We have implemented various measures to mitigate the impact of raw material price fluctuations. First, we enter into framework agreements with core suppliers. Through long-term cooperation and volume-based procurement, we are able to secure relatively stable pricing arrangements. Second, for certain key components, we adopt an authorized vendor and pricing arrangement, under which original manufacturers authorize OEM suppliers to supply such components to us at pre-agreed prices. This mechanism helps reduce procurement costs and mitigate short-term price volatility. Third, we generally maintain multiple qualified suppliers for key components. This multi-supplier strategy allows us to conduct competitive sourcing and flexibly select suppliers, thereby diversifying procurement risks and reducing reliance on any single supplier. During the Track Record Period and up to the Latest Practicable Date, while the prices of storage devices increased due to the increase in market prices of storage chips, we did not experience any other major price fluctuations, nor did we experience any overstock, delays or shortages in the supply of performance-critical components.

Salient Terms of Agreements with Suppliers

The salient terms of our standard purchase contract with component manufacturers during the Track Record Period are set out below:

- ***Specifications.*** The agreement specifies the product name, specifications, configuration, price, quantity and other detailed requirements.

- ***Delivery.*** The supplier is responsible for delivering the goods in accordance with the agreed schedule, delivery location and method, and shall bear all shipping costs and in-transit risks.

- ***Payment.*** We typically make a one-time payment for the amount stipulated in the procurement contract and are generally granted a credit period of up to 60 days.

- ***Transfer of Risk.*** The supplier assumes all risks associated with the goods until delivery and successful acceptance by us. Upon delivery and acceptance, ownership and associated risks transfer to us.

- ***Quality Guarantee.*** We reserve the right to inspect the procured goods within a specified period after receipt. If the goods fail to meet the agreed requirements, we may reject them and require the supplier to provide replacements, with the supplier bearing any resulting losses.

- ***Termination.*** We reserve the right to terminate the agreement if the supplier fails to deliver the goods on time and the delay becomes excessive. Conversely, if we fail to make payment for an extended period, the supplier may terminate the agreement.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Customer B, one of our five largest customers in 2023, 2024, 2025 and the six months ended June 30, 2026, was also a supplier during the Track Record Period. Customer B contributed to 14.4%, 10.1%, 5.5% and 9.2% of our revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, and 1.4%, 1.5%, 0.8% and 0.2% of our purchase amounts in the same year/period, respectively. We sold data lake storage solution, storage solution for T&I and AI storage services to Customer B during the Track Record Period. As a separate and independent matter, we procured computing software from Customer B during the Track Record Period.

Customer C, one of our five largest customers in 2023 and the six months ended June 30, 2026 was also a supplier during the Track Record Period. Customer C contributed to 7.9%, 0.6%, 3.7% and 7.4% of our revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, and nil, 0.9%, nil and 0.0% of our purchase amounts in the same year/period, respectively. We sold data lake storage solution, storage solution for T&I and AI storage services to Customer C during the Track Record Period. As a separate and independent matter, we procured on-site operation and maintenance support services from Customer C in 2024 and the six months ended June 30, 2026, including routine inspections, troubleshooting, emergency response and real-time technical support, primarily because Customer C is able to provide on-site operation and maintenance services that meet specific requirements of underlying end customers, thereby improving service responsiveness and contributing to overall customer satisfaction.

Customer D, one of our five largest customers in 2023, 2024 and 2025 was also a supplier in 2023 and 2024. Customer D contributed to 7.4%, 5.8%, 4.1% and 0.5% of our revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, and 0.0%, nil, nil and nil of our purchase amounts in the same year/period, respectively. We sold data lake storage solution, storage solution for T&I and AI storage services to Customer D during the Track Record Period. As a separate and independent matter, we procured laptops from Customer D in 2023.

Customer F, one of our five largest customers in 2024 and 2025 was also a supplier in 2023 and 2024. Customer F contributed to 1.3%, 4.6%, 3.8% and 0.4% of our revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, and 0.1%, 0.0%, nil and nil of our purchase amounts in the same year/period, respectively. We sold data lake storage solution, storage solution for T&I and AI storage services to Customer F during the Track Record Period. As a separate and independent matter, we procured marketing and promotional event services from Customer F in 2023 and 2024.

Supplier A, one of our five largest suppliers in 2023 and 2024 was also a customer in 2023, 2024, 2025 and the six months ended June 30, 2026. Supplier A contributed to 22.6%, 10.9%, 6.3% and 4.0% of our purchase amounts in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, and 0.1%, 0.2%, 0.6% and 0.3% of our revenue in the same year/period, respectively. We procure servers and hard drives from Supplier A during the Track Record Period. As a separate and independent matter, we sold data lake storage solution and storage solution for T&I to Supplier A during the Track Record Period.

Supplier D, one of our five largest suppliers in 2023, 2024, 2025 and the six months ended June 30, 2026, was also a customer in 2023, 2024, 2025 and the six months ended June 30, 2026. Supplier D contributed to 4.0%, 15.2%, 8.9% and 9.7% of our purchase amounts in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, and 0.7%, 0.9%, 0.9% and 0.1% of our revenue in the same year/period, respectively. We procure servers and hard drives from Supplier D during the Track Record Period. As a separate and independent matter, we also sold data lake storage solution and storage solution for T&I to Supplier D during the Track Record Period.

Supplier J, one of our five largest suppliers in the six months ended June 30, 2026, was also a customer in 2023, 2024, 2025 and the six months ended June 30, 2026. Supplier J contributed to 0.1%, 0.1%, 5.6% and 13.8% of our purchase amounts in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, and 0.3%, 1.7%, 0.3% and 0.8% of our revenue in the same year/period, respectively. We procure [●] from Supplier J during the Track Record Period. As a separate and independent matter, we also sold [●] to Supplier J during the Track Record Period.

The reason for the above overlapping of customers and suppliers is largely because certain of our customers are distributors with broad product coverage. In addition to distributing our data lake storage solutions and storage solutions for T&I, these distributors also supply technology products such as laptops and computing software that we procure for our daily operations. As advised by CIC, such arrangements are common in our sector, where distributors often engage in both the procurement and resale of a wide range of technology products. All of our sales and purchases from Customer B, Customer C, Customer D, Customer F, Supplier A, Supplier D and Supplier J were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

QUALITY CONTROL

We are committed to maintaining the highest level of quality in our solutions. We have designed and implemented a quality management system that provides the framework for continuous improvement of products and processes. We have also implemented a management review control process to conduct regular systematic reviews of our quality management system, in order to closely monitor the implementation of our quality management system. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material complaints, product liability claims or product returns in relation to our solutions.

COMPETITION

According to CIC, the market size of China's AI infrastructure reached RMB381.3 billion in 2025, accounting for approximately 15% of the global AI infrastructure market. It is expected to expand to RMB1,528.6 billion by 2030, representing a CAGR of 32.0%, at which point China's share of the global market is projected to rise to approximately 25%. Within this market, the size of on-premise AI infrastructure is expected to grow from RMB192.2 billion in 2025 to RMB802.5 billion in 2030, representing a CAGR of 33.1%.

The market size of on-premise distributed AI storage in China, measured by revenue, reached RMB17.1 billion in 2025 and is expected to grow to RMB90.8 billion by 2030. The installed capacity of distributed AI storage in China reached 17.5 EB in 2025 and is expected to grow to 89.1 EB by 2030, representing a CAGR of 38.5%. In 2025, AI data lake storage accounted for approximately 78.5% of the market in terms of installed capacity, while AI training and inference storage represented 21.5%. By 2030, these proportions are projected to shift to approximately 72% and 28%, respectively.

Based on distributed AI storage installed capacity, the top five providers in China collectively held a 47.9% market share in 2025. Although we believe that our technological capabilities position us competitively in this rapidly expanding market, we may face competition from established industry players with more substantial R&D resources and marketing capabilities. See "Risks Factors — Risks Relating to the R&D of Our Solutions — The industry in which we operate is

characterized by constant development. If we fail to continuously innovate our technology and provide innovative solutions that meet the expectations of our customers, our business, financial condition and results of operations may be materially and adversely affected." We are China's second largest distributed AI storage provider and the largest independent provider, based on distributed AI storage installed capacity in 2025.

The top five distributed AI storage solution providers in China accounted for a combined market share of 47.9% by installed capacity in 2025, and we ranked as China's second-largest distributed AI storage solution provider and the largest independent solution provider based on installed capacity in 2025, with a market share of 10.6%. See "Industry Overview — Competitive Landscape" for details.

EMPLOYEES

We believe that our workforce is the driving force of our long-term growth. As of June 30, 2026, we had 328 full-time employees. The following table sets forth the number of our employees by function as of the dates indicated:

	As of December 31,						As of June 30,	
	2023		2024		2025		2026	
Employee Function	Number of employees	% of total	Number of employees	% of total	Number of employees	% of total	Number of employees	% of total
Sales and Marketing	162	45.1	150	47.5	152	48.4	162	49.4
Research and Development	156	43.5	133	42.1	129	41.1	132	40.2
General and Administration	29	8.1	26	8.2	26	8.3	33	10.1
Supply Chain Management	12	3.3	7	2.2	7	2.2	1	0.3
Total	359	100.0	316	100.0	314	100.0	328	100.0

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our talent pool is one of our core strengths. We adopt high standards and strict procedures in our recruitment to ensure the quality of new hiring and use various methods for our recruitment, including campus recruitment, online recruitment and internal recommendation to satisfy our demands for different types of talents. We enter into employment contracts and agreements regarding confidentiality, intellectual property and non-competition with our executive officers, managers and employees. In addition, we usually enter into proprietary information and inventions agreement with our core employees, under which we have all right, title and interest relating to any and all inventions by such employee during the term of his/her employment. Further, when employees are hired, we give them an employee handbook, which informs them of our policies and their rights in all material respects, from recruitment, compliance, salary, benefits, performance assessment to training and development.

We provide our employees with competitive remuneration and benefits. We place significant emphasis on investing in our employees and have established a well-rounded talent development system. Our training programs are categorized into company-level, department- level and function-level training. Prior to commencing their roles, new employees are required to complete relevant training and pass examinations. We offer a wide range of specialized training aimed at enhancing the skills of our employees. In addition, we have cultivated a number of internal training courses and developed a series of targeted courses to effectively implement our talent development strategy, foster the growth of key talents and enhance the managerial proficiency of our team. Our employees are currently represented by our internal labor union. We maintained a good relationship with our employees and did not have any material labor dispute during the Track Record Period and up to the Latest Practicable Date.

As required under PRC 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. During the Track Record Period, we engaged third-party agencies to pay social insurance premium and housing provident funds for certain of our employees. For details, see "Risk Factors — Risks Relating to Our General Operation — We have relied on third-party agencies to handle certain employee benefit contributions, and any deficiencies in their practices may result in liabilities for us."

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations, and based on our assessment of our operational needs and industry practice. We maintain insurance coverage including property insurance and all-risk cargo insurance. We believe that the amount of our insurance coverage is in line with the customary standard in the industry and is adequate for our operations. During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in relation to our business. See "Risk Factors — Risks Relating to Our General Operations — Our insurance coverage may be insufficient to cover all of our potential losses."

INFORMATION TECHNOLOGY SYSTEM

IT is fundamental to our competitive edge and operational efficiency. We primarily utilize our OA system that evolves in tandem with our business growth, ensuring they meet our varied operational demands. Our OA system underpins key areas such as sales management, supply chain management, customer management, employee management, financial management and project management.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe that integrating Environmental, Social, and Governance (ESG) factors into our decision-making processes not only enhances our overall business performance but also creates long-term value for our stakeholders. In line with our commitment to sustainable development and responsible business practices, we recognize the importance of ESG considerations as fundamental components of our corporate strategy.

ESG Governance Framework

The governance of ESG matters is an integral part of our overall corporate governance framework, which also includes the unified management of climate-related considerations. Our Board is responsible for overseeing the Company's ESG strategies and initiatives, and takes the responsibility of:

(i) setting the direction of our sustainability efforts and ensuring that these initiatives align with the Company's long-term business objectives;

(ii) management of material ESG-related issues;

(iii) developing, monitoring and adjusting ESG strategies and objectives;

(iv) establishing ESG framework, policies;

(v) guiding ESG key performance indicators and overseeing the progress of ESG initiatives; and

(vi) reviewing and approving ESG reports.

Our Board comprises directors with diverse backgrounds in industry operations, finance, risk management and corporate governance, and is strengthening its capability to oversee ESG matters through ongoing measures. The Company has engaged external consultants to support ESG risk assessments, materiality reviews and climate related issues. Senior executives are accountable for delivering ESG initiatives and presently report ESG matters directly to the Board.

To facilitate effective oversight, we plan to establish an ESG Committee upon [**REDACTED**], which will be responsible for implementing ESG work plan, developing ESG policies and monitoring performance against established targets. Once established, the ESG Committee will assume a reporting and oversight role. Our Board also actively engages with key stakeholders to ensure that their views are considered in the Company's ESG strategies. Our Board plans to review ESG progress at least annually after [**REDACTED**] and to approve externally facing ESG disclosures prior to publication.

We have established measurable ESG goals, targets and policies aligned with recognized international frameworks and industry practice. These targets are set against baseline data, time-bound milestones and clear ownership, and are monitored regularly by management and the ESG Committee.

Our ESG policies cover multiple topics and are developed with reference to ISSB and relevant ISO standards. Where appropriate, we benchmark our performance and targets against industry peers and sectoral norms to ensure comparability and competitiveness.

Material ESG Issues

We recognize the importance of managing material ESG issues and have completed a comprehensive materiality assessment using a structured identify, prioritize and address process. Issues are assessed on their impacts on business performance and stakeholder interests and prioritized under a double materiality approach. Assessment criteria include severity of impact, likelihood of occurrence, scope of affected business units and supply-chain exposure, regulatory and compliance risk, market trends, financial exposure, and alignment with corporate strategy. We draw on internal operational and financial condition, stakeholder engagement, industry benchmarking and external advisor input.

We have established and implemented a Risk Management Framework (《風險管理規程》), which is designed to identify, analyze, and address risks, including those related to ESG and climate change. This comprehensive approach enables us to manage risk in a structured and systematic manner.

Material issues	Potential risks and impacts	Actions
GHG emissions	Increased operating expenses, enlarged carbon footprint, and regulatory compliance burdens	– Measure and report GHG emissions – Establish targets and reporting cadence
Climate-related risk and opportunity management .	Service disruptions, revenue loss, higher capex for resilience, asset impairment risk, and customer shifts toward low-carbon providers	– Integrate ESG risks into Company risk management – Prioritize using clean energy and green products

Material issues	Potential risks and impacts	Actions
Information and data security	Legal penalties, customer churn and remediation costs, and long-term reputational damage	– Enforce least-privilege access and continuous monitoring/logging – Run penetration tests and vulnerability management
Supply chain management	Disrupted deliveries, increased procurement costs and working capital needs, and impair service availability	– Implement supplier due diligence, ESG screening and risk-based segmentation – Secure multi-source procurement, long-term agreements and strategic spares inventory – Plan to include ESG and quality clauses in procurement contracts
Human resources	Reduced service quality, increased hiring/training costs, constrained growth and operational delivery	– Implement competitive compensation and multiple welfare – Provide continuous technical and security training and certification
Innovation	Worse competitiveness, higher operating/environmental costs	– Continue investing in R&D – Prioritize differentiated high-performance, low-carbon product tiers

Climate-Related Risks and Opportunities

Climate-Related Risks

Physical Risks. Our operational facilities, as well as those of our partners, may face threats from extreme weather events, such as typhoons, heavy rain, and floods, which can disrupt logistics and damage critical infrastructure, ultimately impacting our service delivery. In response to these risks, we have implemented a comprehensive environmental management system, developed contingency plans to effectively address climate-related emergencies.

Transition Risks. As the shift toward a lower-carbon economy unfolds, our business operations, market demand and regulatory environment may be impacted to varying degrees.

- **Regulatory Changes** — we may face compliance costs and operational adjustments to align with more stringent climate policies and emissions regulations.
- **Technological risk** — we may have to incur significant costs in transitioning to lower-emission technologies.
- **Market and reputation risk** — growing awareness and concern for the environment among clients can shift demand toward more sustainable and eco-friendly products.

To mitigate these risks, we are closely monitoring relevant policies and regulations and are prepared to revise our current ESG measures to ensure compliance in the event of regulatory changes. We carefully select qualified suppliers to minimize climate-related risks in our supply chain. We are also actively investing in R&D for innovative solutions and engaging with our customers to ensure our offerings align with market trends and preferences.

Climate-Related Opportunities

We have identified climate-related opportunities to enhance the operation of our business. By investing in R&D for green technologies, we can create advanced products that emphasize energy efficiency and low carbon emissions, aligning with regulatory requirements and attracting environmentally conscious clients. By committing to ESG practices, we can enhance our brand reputation and build customer stickiness, positioning ourselves as a leader in the sustainable market.

Environmental Protection

We strictly adhere to the PRC Environmental Protection Law and other applicable laws and regulations and have established internal processes to ensure the identification of legal requirements and compliance evaluation. Additionally, we have achieved ISO 14001 Environmental Management System certification, which ensures that our operations consistently meet high standards for environmental protection.

Greenhouse Gas Emissions

We are committed to reducing our carbon footprint and have made substantial progress in this area, including the decision to eliminate all company vehicles by 2025 and to encourage the use of public transportation. The following table presents our GHG emissions for the years/periods indicated:

		Year ended December 31,			Six months ended June 30,
Scope of GHG emissions	**Unit**	**2023**	**2024**	**2025**	**2026**
Scope 1 emissions[(1)] . .	tCO2e	2.4	1.1	0.6	0.5
Scope 2 emissions[(2)] . .	tCO2e	1,227.3	1,348.4	911.2	361.3
Total	tCO2e	1,229.7	1,349.5	911.8	361.7

Notes:

(1) Scope 1 GHG emissions cover direct emissions from the Company's business fleet (operations ceased in mid-2024) and emissions from processing of fresh and wastewater; and

(2) Scope 2 GHG emissions cover indirect emissions from purchased electricity consumption.

We have begun identifying and accounting for Scope 3 emissions. The primary sources are Purchased Goods and Services, Upstream Transportation and Distribution, and Business Travel. Based on DEFRA 2025 emission factors and current data availability, our six months ended June 30, 2026 Scope 3 emissions are estimated at approximately 100.7 tonnes; this estimate presently covers business travel by air and rail only.

In alignment with the 1.5°C temperature goals set out in the Paris Agreement and the global transition toward carbon neutrality, we have established emissions management objectives. Using 2024 data as the baseline, we aim to reduce our GHG emissions intensity by 10% by the year 2030.

Resource Consumption

Since our business does not involve the production of hardware or electronic devices, our resource consumption primarily consists of municipal electricity and domestic water. The following table presents our resource consumption for the years/periods indicated:

		Year ended December 31,			Six months ended June 30,
Resource Consumption	**Unit**	**2023**	**2024**	**2025**	
Purchased electricity	kWh	2,287,176	2,512,819	1,698,062	673,304
Water	t	2,544	2,344	1,694	1,240

Our electricity consumption comes from both office and data center operations, while water consumption is limited to office premises. Due to adjustments in office space and implementation of resource saving measures, our overall resource consumption declined significantly in 2025, while increased use of the employee gym led to a rise in water consumption in 2026.

Responsible resource stewardship forms a fundamental pillar of our environmental management strategy. Our efforts focus on the sustainable use of electricity and water, the reduction of paper consumption, and a systematic approach to waste management. Using 2024 data as the baseline, we aim to reduce the intensity of municipal electricity and domestic water consumption by 10% by the year 2030.

To achieve these goals, we have implemented specific measures focused on electricity conservation water saving and paper reduction. Besides, energy-efficient bulbs are utilized for lighting, and lights are turned off in unoccupied areas, with air conditioning permitted only when indoor temperatures exceed 25°C.

Waste Management

Because our business model does not involve manufacturing or production activities, we do not generate production related hazardous or non hazardous waste. Our company vehicle use was minimal, and the fleet was discontinued in mid 2024. Accordingly, the Company does not produce significant operational waste, nor does it generate additional process related air emissions. Office and IT equipment at end of life are disposed of or recycled in accordance with local regulations. If material waste streams arise in the future, we will quantify and disclose the relevant metrics in our ESG reporting.

Social Matters

Our approach to social governance is founded on a framework that prioritizes ethical leadership, responsibility, and transparency. We aim to extend our positive influence beyond our immediate operations by actively engaging with the broader community and contributing to the enhancement of overall social well-being.

Anti-Corruption

We prohibit any form of bribery, acceptance of bribes or unfair competition, and require employees to politely decline gifts from suppliers, partners, or other third parties. Employees must disclose any personal relationships that could create conflicts of interest and inform us of any outside employment or business activities. Violations of these policies will be treated as serious misconduct, and we reserve the right to terminate employment contracts when necessary.

We encourage employees and relevant stakeholders to report any suspected misconduct and are committed to protecting whistleblowers. Any retaliation against individuals who report concerns in good faith is considered a serious violation of company policies.

Supply Chain Management

Our supply chain management is governed by the Procurement Management System (《採購管理制度》), which establishes clear guidelines for personnel responsibilities, procurement processes, and supplier management. We conduct regular assessments of our suppliers to ensure they meet our quality and performance standards. The Internal Audit Department is responsible for overseeing the procurement activities through process supervision and post-activity audits.

We encourage our suppliers to adhere to high standards of ethical conduct and to comply with relevant environmental, labor and safety requirements. We plan to gradually incorporate ESG performance into our supplier evaluation system, prioritizing vendors with outstanding ESG metrics under equivalent conditions.

Information and Data Safety

We have obtained ISO 20000 certification for our IT Service Management System and ISO 27001 certification for our Information Security Management System. In accordance with our information security policies, we classify and categorize data based on its sensitivity and establish core data access permissions according to job roles, all while strictly adhering to the principle of least privilege. Our protection measures include data encryption, access control, and log auditing.

Human Resources and Innovation

Employment. We strictly adhere to all relevant labor laws and regulations with no employment of child labor or forced labor. In addition to mandatory social insurance, we offer a range of benefits, including support and care for birthdays, weddings, the birth of children, and during periods of illness. Dismissals are conducted in accordance with applicable laws, following fair and documented procedures, including advance notice and provision of statutory entitlements. All employment policies and procedures are documented in the employee handbook.

We invest significant resources in employee development and provide regular, structured training programs tailored to different roles and career stages, with the aim of enhancing skills, technical capabilities, and management competence. We have established an internal information network that facilitates knowledge exchange among employees.

Diversity. We are committed to providing equal employment opportunities to all employees and candidates, regardless of race, gender, religion, age, nationality, social background or other characteristics. We strive to cultivate an inclusive workplace culture that enables individuals to develop rewarding careers and contribute to the Company's growth based on merit and capability.

Occupational health. We prioritize occupational health and workplace safety and strictly comply with applicable occupational health and safety laws and regulations. We have established and enhanced our safety management system and the safety responsibility framework for all personnel and functional departments. We have achieved ISO 45001 certification for our Occupational Health and Safety Management System. During the Track Record Period, and up to the Latest Practicable Date, we did not record any work-place-related accidents or incur any work-related fatalities.

Social Responsibility

Since 2021, we have established a comprehensive strategic partnership with Southwest Jiaotong University, which has led to the creation of the XSKY Elite Class Program. As of the Latest Practicable Date, we have invested RMB300,000 in these initiatives, supporting the cultivation of professionals in the field of data storage.

We actively engage in initiatives that promote rural economic development and support agricultural communities. In collaboration with a working group of Haidian District, we donated books to the Huangyangwa School in Inner Mongolia's Aohan Banner. Additionally, we sponsored the 2024 China Rural Revitalization Entrepreneur Support Program, aimed at promoting local agricultural products and providing support to rural entrepreneurs.

BUSINESS SUSTAINABILITY

Historically, we incurred net losses primarily because we prioritized technology development and market expansion. We made substantial investments in research and development to strengthen our leadership in AI storage, expand our product portfolio and enhance our underlying technologies. Our research and development expenses amounted to RMB110.0 million, RMB88.0 million, RMB77.2 million, RMB38.0 million and RMB41.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. We also incurred significant selling and marketing expenses to expand our customer base and deepen industry penetration, which amounted to RMB124.1 million, RMB86.5 million, RMB73.6 million, RMB36.2 million and RMB36.9 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. In addition, our administrative expenses amounted to RMB56.2 million, RMB32.1 million, RMB24.9 million, RMB11.0 million and RMB13.5 million in the same years/periods. These investments were made while our revenue base was still developing and had not yet been sufficient to cover our operating expenses, resulting in net losses of RMB180.7 million in 2023, RMB84.2 million in 2024 and RMB10.5 million in the six months ended June 30, 2025.

We achieved a turnaround in 2025 and recorded profit for the year of RMB7.1 million in 2025 and RMB0.3 million in the six months ended June 30, 2026, primarily as a result of improvements in our operating performance. This was primarily attributable to the continued commercialization of our data lake storage solutions and storage solutions for T&I, which drove our revenue to increase by 54.8% from RMB172.5 million in 2024 to RMB267.0 million in 2025, and increased from RMB99.5 million in the six months ended June 30, 2025 to RMB185.8 million in the six months ended June 30, 2026. Our gross profit increased by 55.1% from RMB109.9 million in 2024 to RMB170.4 million in 2025, and increased by 38.0% from RMB69.8 million in the six months ended June 30, 2025 to RMB96.3 million in the six months ended June 30, 2026. The increase in profitability also reflected improved operating efficiency and greater economies of scale. As our solutions became more mature and our industry adaptation and unified data foundation capabilities strengthened, we were able to improve scalability, reduce technology migration and deployment costs and enhance delivery efficiency. This is also reflected in the decline of our research and development expenses, selling and marketing expenses and administrative expenses as a percentage of revenue from 65.9%, 74.4% and 33.7% in 2023, respectively, to 28.9%, 27.6% and 9.3% in 2025, respectively. Our research and development expenses, selling and marketing expenses and administrative expenses as a percentage of revenue decreased from 38.2%, 36.3% and 11.1% in the six months ended June 30, 2025, respectively, to 22.3%, 19.8% and 7.3% in the six months ended June 30, 2026, respectively.

Going forward, we aim to maintain profitability through a combination of revenue growth, continued operating discipline and greater recurring revenue contribution. We plan to accelerate commercialization of our AIMesh by expanding deployment in large-scale AI storage scenarios and deepening collaboration with ecosystem partners. We plan to continue enhancing our overall product features through ongoing R&D investment, focusing on higher-performance distributed storage, broader protocol compatibility and improved integration with diverse AI compute

environments. At the same time, we aim to acquire new customers across additional verticals while strengthening relationships with existing clients through superior delivery, service quality and long-term support. To sustain scalable growth, we also plan to enhance operating efficiency through optimized resource allocation, refined implementation processes and improved cost control.

- **Revenue Quality Enhancement:** On the revenue side, we intend to place greater emphasis on the quality and sustainability of our revenue as our business continues to grow. We expect demand for our data lake storage solutions and storage solutions for T&I to remain supported by ongoing enterprise adoption of AI workloads and increasing data processing requirements. Our solutions are typically deployed as part of customers' core AI data infrastructure and are integrated into their key operational workflows, which enhances customer stickiness and supports repeat purchases as customers expand their usage over time. We also offer annual maintenance services and value-added offerings such as capacity expansion. As a result, we expect our revenue to sustain steady growth as our customer base deepens and deployment scale expands, which is expected to support improved revenue visibility over time.

- **Cost Discipline and Operating Leverage:** We will continue to focus on disciplined cost management and improving operational efficiency across our business. We aim to enhance coordination across product development, solution design and delivery functions to streamline implementation processes and improve execution efficiency. We also plan to optimize procurement and supply chain arrangements through more standardized configurations and scale-driven purchasing, thereby improving cost visibility and reducing volatility. As our revenue base expands, we expect to achieve greater operating leverage while maintaining prudent control over operating expenses. We will continue to invest in R&D to support product innovation, while improving investment efficiency through the reuse of core technologies and architectures. Selling and marketing expenses are expected to benefit from increasing brand recognition and a more focused sales approach, while administrative expenses are expected to scale more efficiently as internal processes mature, supporting gradual improvements in operating margins.

PROPERTIES

Our corporate headquarters is located in Beijing, China. As of the Latest Practicable Date, we did not have any self-owned property, and leased seven properties in the PRC with an aggregate gross floor area of 4,343.15 sq.m. Our leased properties are primarily used for the purpose of office and R&D.

As of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

As of the Latest Practicable Date, we have not completed the lease registration procedures for seven leased properties in China. According to relevant PRC regulations, the relevant government authorities may require us to complete the registration within a prescribed period, and failure to do so may result in a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement. See "Risk Factors — Risks Relating to Our General Operation — Deficiencies in some of our leased properties may adversely affect our business operations and financial condition."

LICENSES, APPROVALS AND PERMITS

We have obtained various permits, approvals and certificates for our business. As advised by our PRC Legal Advisor, we had obtained the requisite approvals and permits from, and have made all the filings with the applicable authorities which were material to our operations, and such approvals and permits are valid and subsisting as of the Latest Practicable Date. In addition, our products and R&D procedures passed various industry-recognized certifications and tests for liability. The following table sets out the main standards, certifications or requirements that we were compliant with as of the Latest Practicable Date:

Standards, certifications or requirements	Publication date	Effective date	Definition of the standards, certifications or requirements	Granting authority	Our compliance with the standards, certifications or requirements
GB/T 44271-2024 Information Technology – Cloud Computing – General Technical Requirements of Edge Cloud	August 23, 2024	March 1, 2025	GB/T 44271-2024 standard specifies the overall architecture of edge cloud and specifies the technical requirements for edge cloud infrastructure, infrastructure services, platform services, and application services.	Subcommittee on Cloud Computing and Distributed Platforms, National Technical Committee for Information Technology Standardization	We participated in drafting this standard, and our cloud infrastructure meets the requirement.
GB/T 17966-2024 Information Technology – Microprocessor Systems – Floating-Point Arithmetic .	September 29, 2024	April 1, 2025	GB/T 17966-2024 standard adopts international standards from organizations such as ISO and IEC and specifies the fundamental definitions and technical requirements for floating-point arithmetic in microprocessor systems, including number formats, arithmetic operations, rounding modes, and exception handling.	National Information Technology Standardization Technical Committee	We participated in drafting this standard, and our microprocessor systems meet the requirement.
T/CESA 1312-2024 High Performance Computing-Technical Requirements for Distributed Storage System.	January 30, 2024	January 30, 2024	T/CESA 1312-2024 standard emphasizes the support and application of distributed storage systems in a broad range of high-performance computing (HPC) scenarios, including traditional HPC, with a focus on data storage, processing, and analytical capabilities. With increasing awareness of energy costs and environmental protection, the energy efficiency and sustainability of HPC distributed storage systems are also key areas of concern and research addressed in this document.	China Electronics Standardization Association	We participated in drafting this standard, meet the requirement in high-performance computing scenarios.

Standards, certifications or requirements	Publication date	Effective date	Definition of the standards, certifications or requirements	Granting authority	Our compliance with the standards, certifications or requirements
GB/T 46448-2025 Information Technology — Storage Networking — Requirements for Ethernet-Based Device Discovery .	October 5, 2025	May 1, 2026	GB/T 46448-2025 standard specifies the device discovery mechanism for Ethernet-based storage networks, including network architecture, procedures, interface protocols, messages and other related matters.	National Information Technology Standardization Technical Committee	We participated in drafting this standard, and our distributed storage systems meet this requirement.
T/GCC 7009-2025 Server Application Scenario Performance Test Methods — Hyper-Convergence . .	December 1, 2025	December 1, 2025	T/GCC 7009-2025 standard specifies the methods for testing server performance in hyper-converged scenarios and applies to the performance testing and evaluation of servers.	Global Computing Consortium	We participated in drafting this standard, meet the requirement in hyper-converged scenarios.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of 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. See "Risk Factors — Risks Relating to Our General Operations — We may from time to time become a party to litigation, other legal and contractual disputes, claims and administrative proceedings that may materially and adversely affect our business and reputation."

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our 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, nor have we been subject to fines, enforcement actions, or other penalties for non-compliance that, individually or in the aggregate, could have a material adverse effect on our business, financial condition, and results of operations. As confirmed by our PRC Legal Advisor, we were in compliance with all applicable laws and regulations in all material respects in China during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we engaged third-party human resources agencies to pay social insurance premium and housing provident funds on our behalf for certain employees in 15 cities where we did not have local subsidiary or branch. Under the agreements entered into between the third-party agencies and us, the third-party agencies have the obligation to pay social insurance premiums and housing provident funds for our relevant employees. If local authorities in the future deem such arrangement non-compliant, or if the third-party agencies that we engage fail to meet certain obligations, such as paying social insurance and housing provident funds for our employees in line with PRC laws and regulations, we may need to take corrective measures. This could include paying late fees or penalties to address any non-compliance with our social insurance and housing

provident fund obligations. As of the Latest Practicable Date, we had not received any notices of rectification or penalty related to the engagement of third-party agencies to pay social insurance. To prevent the recurrence of similar non-compliances, we have implemented internal control measures, including, among others, monitor our ongoing compliance with the social insurance and housing provident fund contributions regulations and to ensure the timely implementation of any necessary remedial action.

As of the Latest Practicable Date, registration and filing procedures of seven leased properties used in our operations remain incomplete. These properties were used by us as offices. As advised by our PRC Legal Advisor, the non-registration and filing of the relevant property lease will not affect the validity of the lease contracts or our legal right to use the leased properties, however, relevant local housing authorities may require us to complete the filing within the prescribed timeframe, and we may be subject to penalties of RMB1,000 to RMB10,000 per lease as a result of delay in filing for each lease agreement of such properties, with an aggregate maximum penalty of RMB70,000. Our failure to complete the lease registration and filing was mainly due to our lessors being unwilling to cooperate with us to complete the lease registration and filing. As of the Latest Practicable Date, we had not received any registration request from or become subject to any such fine levied by the relevant government authorities. We will take all practicable and reasonable steps to ensure that the relevant leases are registered and continue to communicate with such lessors to seek their cooperation to complete the registration and filing process. We have enhanced our internal control measures with respect to our leased properties, including, among others, requiring the relevant employees to conduct the lease registration and filing in a timely manner and recording detailed information of the lease agreements.

Based on the foregoing, our Directors are of the view that the above-mentioned remedies and internal control measures our Group implemented are adequate and effective.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a risk management and internal control framework covering key aspects of our business operations, including operational risk, compliance risk, information security and data privacy risk, and intellectual property risk. We regularly review and enhance our policies and procedures to ensure their effectiveness and compliance with applicable laws and regulations. Our legal department is responsible for compliance management, contract review and monitoring regulatory developments, while dedicated personnel oversee information security and data protection measures. To monitor the effectiveness of our risk management and internal control systems, we have established an Audit Committee and an internal audit function, which are responsible for reviewing internal controls, identifying deficiencies and reporting significant matters to the Board on a timely basis.

TRADE RESTRICTIONS AND EXPORT CONTROLS

During the Track Record Period and up to the Latest Practicable Date, we did not engage in transactions with entities subject to blocking sanctions. Although we have engaged in transactions involving a limited number of customers listed on non-blocking sanctions lists, since such sanction lists did not restrict non-U.S. person from engaging in sales activities with entities designated on the lists, our sanctions legal advisor is of the view that our dealings did not pose any primary or secondary sanctions risks.

We had no direct exports to the United States during the Track Record Period and up to the Latest Practicable Date. Accordingly, U.S. tariffs on imports from the PRC did not have any direct impact on our sales. We did not identify any material indirect impact on demand from end customers (including sales by distributors to end customers) attributable to U.S. or PRC tariff measures during the Track Record Period and up to the Latest Practicable Date. We did not have any procurement attributable to tariff measures imposed by the U.S. or the Chinese Mainland during the Track Record Period and up to the Latest Practicable Date, as we did not import U.S.-origin hardware or

other tariff-sensitive goods. As a result, PRC retaliatory tariffs on U.S.-origin imports did not lead to any increase in our cost of sales, and our overall financial performance was not materially affected by such tariffs. Our sanctions legal advisor is of the view that the reciprocal tariffs imposed by U.S. and retaliatory measures imposed by China had limited impact on our procurement and sales activities during the Track Record Period and up to the Latest Practicable Date.

Based on the nature of our solutions, our self-developed software, technology and turnkey appliances were not subject to U.S. export control restrictions. Our products and technology are developed outside the U.S., do not contain U.S.-origin controlled content above the applicable de minimis thresholds, and do not fall within the scope of applicable foreign direct product rules. Although we had dealings with certain customers subject to U.S. export control restrictions or customers subject to "BIS 50% rule", since our self-developed products and technology were not subject to the EAR pursuant to the de minimis rule and applicable foreign-direct product rules and thus we did not violate the U.S. export control law. We have not experienced any material impact from export controls or other trade-related measures imposed by governmental authorities in the U.S. during the Track Record Period and up to the Latest Practicable Date, according to our sanctions legal advisor. Our Directors are of the view that, the applicable trade restrictions and export controls are not expected to have a material adverse impact on our Group's business and development plans, including any future business expansion outside the PRC. During the Track Record Period and up to the Latest Practicable Date, neither our Group nor our business activities has been subject to any sanctions.

We do not engage in any of the "covered activities" under the Outbound Investment Rule related to semiconductors and microelectronics, quantum information technologies or restricted AI activities. None of us or our subsidiaries is listed on any restricted lists under the Outbound Investment Rule which could potentially render us or any of our subsidiaries a "covered foreign person." In particular, although we engage in the development and sales of distributed AI storage solutions, we do not develop AI models or algorithms, nor do we provide AI model training or inference services. Furthermore, our products do not contain proprietary AI models or AI decision engines. Based on the foregoing, and as advised by our sanctions legal advisor, we were not a "covered foreign person" and we did not engage in activities covered by the Final Rule as of the Latest Practicable Date. Upon completion of the [**REDACTED**], U.S. persons are allowed to purchase our publicly traded shares.

Having considered the foregoing, our Directors are of the view that (i) we are not subject to any material tariffs or sanctions in our ordinary course of business; (ii) U.S. tariffs on the PRC and PRC retaliatory tariffs on U.S.-origin imports have not had a material adverse impact on our sales, cost of sales or overall financial performance; (iii) U.S. export control restrictions and the U.S. Final Rule have not had, and are not expected to have, a material adverse impact on our existing business operations; and (iv) the Final Rule will not have a material impact on our operations, financial performance or [**REDACTED**] prospects. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would reasonably cause them to disagree with the Directors' foregoing view.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received awards and recognition in respect of our products, technology and innovation, significant ones of which are set forth below:

Award/Recognition	Award year	Awarding Institution/Authority
Beijing Digital Economy Benchmark Enterprise (北京市數字經濟標桿企業)	2026, 2025	Beijing Software Industry Association, Beijing Digital Economy Promotion Center, China Academy of Information and Communications Technology (CAICT), and Deloitte China (北京軟件協會、北京市數字經濟促進中心、中國信通院及德勤中國)
China Unicorn Enterprise (中國獨角獸企業)	2026, 2025	Zhongguancun Unicorn Enterprise Development Alliance (中關村獨角獸企業發展聯盟)
2025 Information Technology Application Innovation Solutions (Typical Solution) (2025年信息技術應用創新解決方案(典型解決方案))	2026	Network Security Industry Development Center of the Ministry of Industry and Information Technology (工業和信息化部網絡安全產業發展中心)
AI Storage Laboratory KV Cache Specialized Testing Certificate for Storage Software Systems (AI儲存實驗室·KV Cache專項測試儲存軟件系統檢測證書)	2026	China Telecommunication Technology Labs and CAICT (中國泰爾實驗室、中國信通院)
National High-Tech Enterprise (國家高新技術企業)	2025	Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Taxation Bureau (北京市科委、北京市財政局及北京稅務局)
AI Cloud 100 China 2025 – AI Infrastructure Benchmark Enterprise (AI Cloud 100 China 2025—AI基礎設施—標桿企業)	2025	Eminence Ventures (靖亞資本)
2025 Typical Practices in Data Storage (2025年度數據存儲典型實踐案例)	2025	Data Storage Committee of China Electronics Standardization Association (中國電子工業標準化技術協會數據存儲專業委員會)
Catalog of Large Model Application Delivery Service Providers (大模型應用交付供應商名錄)	2025	China Academy of Information and Communications Technology (中國信通院)
Top 20 Leading Artificial Intelligence Companies (人工智能領軍企業TOP 20)	2025	Synced (機器之心)
National "Specialized, Sophisticated, Distinctive, and Innovative" (SSDI) "Little Giant" Enterprise (國家專精特新"小巨人"企業)	2024	Ministry of Industry and Information Technology (工業和信息化部)

DIRECTORS

Our Board consists of eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments.

The following table sets forth certain information of our Directors:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Director	Principal roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. XU Xin (胥昕)	36	Executive Director, chairman of the Board, general manager and chief executive officer	May 2015	May 13, 2015	Responsible for the overall planning of our Group's strategic iteration, technology innovation, organization structuring and operation system	None
Mr. WANG Haomai (王豪邁)	34	Executive Director, vice general manager and chief technology officer	May 2015	December 13, 2021	Responsible for technology R&D, product architecture decisions and core technological innovation	None
Mr. ZHANG Xuming (張旭明)	44	Executive Director, vice general manager and chief operating officer	October 2015	January 7, 2025	Responsible for the management of business development and sales operations	None
Ms. FANG Fei (方菲)	35	Executive Director, general counsel and senior vice president	October 2021	January 6, 2026	Responsible for handling legal affairs, compliance management and risk assessment, as well as human resources and administrative management	None
Non-executive Director						
Mr. LIN Lu (林路)	50	Non-executive Director	January 2025	January 7, 2025	Responsible for evaluation and approval of business plans, strategies and major decisions of our Group through the Board	None

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Director	Principal roles and responsibilities	Relationship with other Directors and senior management
Independent Non-executive Directors						
Mr. WONG Sincere (黃誠思).	62	Independent Non-executive Director	January 6, 2026	January 6, 2026	Providing independent opinion and judgment to the Board	None
Mr. LEUNG Wai Yip (梁偉業) . . .	50	Independent Non-executive Director	May 9, 2026	May 9, 2026	Providing independent opinion and judgment to the Board	None
Ms. LU Jingxiao (盧菁瀟).	35	Independent Non-executive Director	May 9, 2026	May 9, 2026	Providing independent opinion and judgment to the Board	None

Executive Directors

Mr. XU Xin (胥昕), aged 36, is our executive Director, chairman of the Board, general manager and chief executive officer of our Company. Mr. Xu founded our Group in May 2015 and was appointed a Director on May 13, 2015 and re-designated as our executive Director on January 6, 2026, effective from the [**REDACTED**]. He has served as the chairman of the Board, general manager and chief executive officer of our Company since May 2015. He is primarily responsible for the overall planning of our Group's strategic iteration, technology innovation, organization structuring and operation system.

Mr. Xu served as a technical manager of Sina.Com Technology (China) Co., Ltd. (新浪網技術(中國)有限公司) from July 2012 to February 2013 and the chief technology officer of UNITEDSTACK (Beijing) Technology Co., Ltd. (UNITEDSTACK(北京)科技有限公司) from March 2013 to April 2015.

Mr. Xu obtained a bachelor's degree in electronic commerce from Wuhan Donghu College (武漢東湖學院) in the PRC in June 2012. He was recognized as a Zhongguancun High-end Leading Talents by Zhongguancun Science Park Administrative Committee (中關村科技園管理委員會) in March 2020. He was also featured in the Forbes 30 Under 30 Asia List in April 2019, and in the Fortune 40 Under 40 China List in May 2020, respectively.

Mr. Xu was a director of Kaiyuan Tianlu and Xingchen Huachuang (Beijing) Technology Co., Ltd. (星辰華創(北京)科技有限公司) prior to their deregistration. Each of Kaiyuan Tianlu and Xingchen Huachuang (Beijing) Technology Co., Ltd. is a limited liability company established under the laws of the PRC which was acting as a shareholding vehicle to facilitate the 2015 Restructuring and was voluntarily deregistered on March 23, 2022 and March 31, 2022, respectively, after the unwinding of our Group's previous offshore structure. Mr. Xu confirmed that (i) the above companies were solvent immediately prior to their deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above companies and was not aware of any actual or potential claim that had been or would be made against him as a result of such deregistration; and (iii) no misconduct or misfeasance had been involved in the deregistration of the above companies.

Mr. WANG Haomai (王豪邁), aged 34, is our executive Director, vice general manager and chief technology officer of our Company. He co-founded our Group in May 2015 and was appointed as a Director on December 13, 2021 and re-designated as our executive Director on January 6, 2026, effective from the [**REDACTED**]. He has served as the chief technology officer and vice general manager since December 2021. He is primarily responsible for technology R&D, product architecture decisions and core technological innovation.

Mr. Wang worked at UNITEDSTACK (Beijing) Technology Co., Ltd. (UNITEDSTACK(北京)科技有限公司) from September 2014 to April 2015. He served as a director of Ceph Foundation from September 2017 to September 2019. He also served as the part-time deputy director of National and Local Joint Engineering Laboratory of System Reliability Automatic Verification in Southwest Jiaotong University (西南交通大學系統可信性自動驗證國家地方聯合實驗室) from September 2022 to April 2025.

Mr. Wang obtained a bachelor's degree in information management and information system from Southwest Jiaotong University (西南交通大學) in the PRC in June 2014.

Mr. ZHANG Xuming (張旭明), aged 44, is our executive Director, vice general manager and chief operating officer of our Company. He joined our Group in October 2015 and was appointed as a Director on January 7, 2025 and re-designated as our executive Director on January 6, 2026, effective from the [**REDACTED**]. He has served as our vice general manager since December 2021 and as our chief operating officer since December 2023. He is primarily responsible for the management of business development and sales operations.

Mr. Zhang worked as a research and development engineer of ZTE Corporation (中興通訊股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000063) and the Stock Exchange (stock code: 0763)) from June 2006 to June 2008. He worked as R&D manager at United Information Technology Co., Ltd. (創新科技術有限公司) from July 2008 to March 2012, a company principally engaged in enterprise-level storage solutions. He also served as a senior research and development engineer of Huawei Technologies Co., Ltd. (華為技術有限公司) from May 2012 to July 2012 and a research and development manager of Data Fault Tolerance System Co., Ltd. (迪菲特科技股份有限公司) from July 2012 to July 2014.

Mr. Zhang obtained a bachelor's degree in mechanical design, manufacturing and automation and a master's degree in mechatronics engineering from Huazhong University of Science and Technology (華中科技大學) in the PRC in June 2003 and June 2006, respectively.

Ms. FANG Fei (方菲), aged 35, is our executive Director, general counsel and senior vice president of our Company. She joined our Group in October 2021 and was appointed as a Director on January 6, 2026 and re-designated as our executive Director on January 6, 2026, effective from the [**REDACTED**]. She has served as our general counsel since October 2021 and senior vice president since January 2024. She is primarily responsible for handling legal affairs, compliance management and risk assessment, as well as human resources and administrative management.

Ms. Fang served as a legal assistant at Sullivan & Cromwell LLP from August 2014 to May 2017 and an associate at Gunderson Dettmer Stough Villeneuve Franklin & Hachigian LLP from May 2017 to March 2021. Ms. Fang served as a legal counsel at Beijing Douyin Information Service Co., Ltd. (北京抖音信息服務有限公司) (formerly known as Beijing Bytedance Technology Co., Ltd. (北京字節跳動科技有限公司)) from April 2021 to October 2021.

Ms. Fang obtained a bachelor's degree in law from Renmin University of China (中國人民大學) in the PRC in June 2013 and a master's degree in law from Cornell University in the U.S. in May 2014. She was admitted as a Member of the New York Bar in November 2016 and obtained the PRC Bar qualification in August 2013.

Non-executive Director

Mr. LIN Lu (林路), aged 50, is our non-executive Director. He was appointed as a Director on January 7, 2025 and re-designated as our non-executive Director on January 6, 2026, effective from the [**REDACTED**]. He is responsible for evaluation and approval of business plans, strategies and major decisions of our Group through the Board.

Mr. Lin worked at Zhejiang Provincial Data Communications Bureau (浙江省數據通信局) from April 2001 to September 2002 and Internet Division of China Telecom Corporation Limited Zhejiang Branch (中國電信浙江公司互聯網事業部) from September 2002 to June 2010, where he was primarily responsible for Internet and mobile communication technology. From June 2010 to June 2012, he served as a senior manager at Baidu, Inc. (a company listed on the Stock Exchange (stock code: 9888) and NASDAQ (stock symbol: BIDU)). Since July 2012, he has served as a partner at Northern Light Venture Capital.

Mr. Lin obtained a bachelor's degree in industrial design from Jiangsu University of Technology (江蘇理工大學) (currently known as Jiangsu University (江蘇大學)) in the PRC in July 1998.

Mr. Lin was a director of Youzi Yunxiang (Chongqing) Information Technology Co., Ltd. (柚子雲享(重慶)信息技術有限公司) prior to its deregistration, which is a limited liability company established under the laws of the PRC principally engaged in mobile app development and was voluntarily deregistered on August 25, 2021 after its disposal to a third party. Mr. Lin confirmed that, to the best of his knowledge, (i) the above company was solvent immediately prior to its deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above company and was not aware of any actual or potential claim that had been or would be made against him as a result of such deregistration; and (iii) no misconduct or misfeasance had been involved in the deregistration of the above company.

Independent non-executive Directors

Mr. WONG Sincere (黃誠思), aged 62, is our independent non-executive Director. He was appointed as our independent Director on January 6, 2026 and re-designated as an independent non-executive Director on January 6, 2026, effective from the [**REDACTED**]. He is responsible for providing independent opinion and judgment to the Board.

Mr. Wong has over 30 years of experience in corporate legal compliance, listing supervision and capital markets. He served as an in-house counsel for Hutchison Whampoa group from September 1996 to January 2005, the senior legal adviser for China Resources Enterprise, Limited (now known as China Resources Beer (Holdings) Company Limited) (a company listed on the Stock Exchange (stock code: 0291)) from February 2005 to November 2006. He served as the chief legal officer and company secretary of Shui On Construction and Materials Limited (a company listed on the Stock Exchange (stock code: 0983)) from November 2006 to June 2010 and from November 2006 to January 2008, respectively, as well as the Vice President, Legal of Sateri (Shanghai) Management Limited, a subsidiary of Sateri Holdings Limited from July 2010 to May 2011. He worked at the Hong Kong Exchanges and Clearing Limited from August 2011 to April 2016, with his last position being vice president of IPO Transactions of the Listing Division of the Stock Exchange, where he was primarily responsible for reviewing listing applications. From May 2016 to November 2024, he became the founding partner of Wong Heung Sum & Lawyers (黃香沈律師事務所) (formerly known as Sincere Wong & Co. (黃誠思律師事務所)). He has served as a consultant in Heung Massie & Clement (香馬祁律師事務所) since December 2024.

Mr. Wong served as the independent non-executive director of Bank of Gansu Co., Ltd. (a company listed on the Stock Exchange (stock code: 2139)) from August 2017 to October 2023. He currently serves as the independent non-executive director of U Banquet Group Holding Limited (now known as Net-a-Go Technology Company Limited, a company listed on the Stock Exchange (stock code: 1483)), Fulu Holdings Limited (a company listed on the Stock Exchange (stock code: 2101)), Jinmao Property Services Co., Limited (a company listed on the Stock Exchange (stock code: 0816)) and Qian Xun Technology Limited (a company listed on the Stock Exchange (stock code: 1640)) since September 2018, August 2020, March 2022 and September 2024, respectively.

Mr. Wong received a bachelor's degree in social science from the Chinese University of Hong Kong in December 1986. He passed the Common Professional Examination at Wolverhampton Polytechnic (now known as University of Wolverhampton) in the United Kingdom in July 1990, and the Solicitors' Final Examination of the Law Society of England and Wales with first class honours in October 1991. He was then admitted as a solicitor of the High Court of Hong Kong in October 1993 and a solicitor of the Supreme Court of England & Wales in February 1994. Mr. Wong was qualified as a lawyer in the Guangdong-Hong Kong-Macao Greater Bay Area in September 2022.

Mr. Wong was a director of Amber Snow Limited, Excellent View Limited (採風有限公司) and WHSC Immigration Consultancy Limited (囊浩移民顧問有限公司) prior to their deregistration, each of which is a limited company incorporated under the laws of Hong Kong. Amber Snow Limited has no operation since its incorporation. Excellent View Limited is principally engaged in provision of sports information. WHSC Immigration Consultancy Limited is principally engaged in immigration and visa consultancy services. Mr. Wong confirmed that (i) the above companies were solvent immediately prior to their deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above companies and was not aware of any actual or potential claim that had been or would be made against him as a result of such deregistration; and (iii) no misconduct or misfeasance had been involved in the deregistration of the above companies.

Mr. LEUNG Wai Yip (梁偉業), aged 50, is our independent non-executive Director. He was appointed as our independent non-executive Director on May 9, 2026, effective from the [**REDACTED**]. He is responsible for providing independent opinion and judgment to the Board.

Mr. Leung has over 20 years of experience in auditing and financial management. He served as a staff accountant, senior accountant and manager at Ernst & Young from March 2000 to August 2005, consecutively. Mr. Leung also served as an internal auditor at Swire Pacific Limited (a company listed on the Stock Exchange (stock code: 0019 and 0087)) from September 2005 to April 2007 and the financial controller and company secretary at Tiangong International Company Limited (a company listed on the Stock Exchange (stock code: 0826)) from June 2007 to December 2010. Since December 2010, he has served as the chief financial officer and company secretary of Chaowei Power Holdings Limited (a company listed on the Stock Exchange (stock code: 0951)).

Mr. Leung also served as an independent non-executive director at Miko International Holdings Limited (米格國際控股有限公司) (a company listed on the Stock Exchange (stock code: 1247)) from December 2013 to February 2016. He currently serves as the independent non-executive director of HPC Holdings Limited (a company listed on the Stock Exchange (stock code: 1742)) since April 2018, Beijing Luzhu Biotechnology Co., Ltd. (北京綠竹生物技術股份有限公司) (a company listed on the Stock Exchange (stock code: 2480)) since March 2023 and Hangzhou Tangji Medical Technology Co., Ltd. (杭州糖吉醫療科技股份有限公司) since January 2026, respectively.

Mr. Leung obtained a bachelor's degree in commerce from the University of Alberta in Canada in June 1998 and a master's degree in business administration from the Hong Kong University of Science and Technology in Hong Kong in November 2010. He has been a member of the Washington State Board of Accountancy since June 2001, a member of the American Institute of Certified Public Accountants since December 2002 and an associate member of the Hong Kong Society of Accountants since May 2003.

Ms. LU Jingxiao (盧菁瀟), aged 35, is our independent non-executive Director. She was appointed as our independent non-executive Director on May 9, 2026, effective from the [**REDACTED**]. She is responsible for providing independent opinion and judgment to the Board.

Ms. Lu has extensive experience in tax advisory and tax compliance. From October 2013 to October 2022, she served as a tax consultant, assistant tax manager and tax manager at KPMG, consecutively, responsible for providing tax advisory services for multinational clients. She also served as a tax manager at Sun Hung Kai Properties Limited (新鴻基地產發展有限公司) (a company listed on the Stock Exchange (stock code: 0016 (HKD Counter) and 80016 (RMB

Counter))) from December 2022 to March 2025, responsible for tax Compliance and management in the PRC. Since June 2025, Ms. Lu has served as a tax manager at China Merchants Consulting Limited (中國商貿諮詢有限公司), responsible for tax advisory.

Ms. Lu obtained a bachelor's degree in business administration from the Chinese University of Hong Kong in Hong Kong in November 2013 and a master's degree in business administration from the Hong Kong University of Science and Technology in Hong Kong in November 2022. Ms. Lu was certified as a member of the Hong Kong Institute of Certified Public Accountants in March 2017.

Save as disclosed in the Document, none of our Directors (i) held any other positions in our Company or any other members of our Group as of the Latest Practicable Date; (ii) had any other relationship with any Directors, senior management or the Single Largest Shareholders Group as of the Latest Practicable Date; (iii) held any directorship in any other listed companies in the three years immediately prior to the date of the Document or (iv) had any other matters with respect to his/her appointment that need to be brought to the attention of our Shareholders or any information that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day operations and management of the business of our Group. The following table sets out information regarding the members of senior management of our Company:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. XU Xin (胥昕)	36	Executive Director, chairman of the Board, general manager and chief executive officer	May 2015	May 13, 2015	Responsible for the overall planning of our Group's strategic iteration, technology innovation, organization structuring and operation system	None
Mr. WANG Haomai (王豪邁)	34	Executive Director, vice general manager and chief technology officer	May 2015	May 13, 2015	Responsible for technology R&D, product architecture decisions and core technological innovation	None
Mr. ZHANG Xuming (張旭明)	44	Executive Director, vice general manager and chief operating officer	October 2015	December 13, 2021	Responsible for the management of business development and sales operations	None

Name	Age	Position(s)	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and senior management
Ms. FANG Fei (方菲)	35	Executive Director, general counsel and senior vice president	October 2021	January 6, 2026	Responsible for handling legal affairs, compliance management and risk assessment, as well as human resources and administrative management	None
Ms. WANG Xixi (王習習).	39	Board secretary and chief financial officer	January 2022	January 14, 2022	Responsible for overseeing corporate governance, coordinating information disclosure and investor relations, and formulating financial strategy as well as supervising accounting and financial matters	None

For details of the biographies of Mr. XU Xin (胥昕), Mr. WANG Haomai (王豪邁), Mr. ZHANG Xuming (張旭明) and Ms. FANG Fei (方菲), see "— Directors — Executive Directors" above.

Ms. WANG Xixi (王習習), aged 39, is the Board secretary and chief financial officer of our Company. She joined our Group in January 2022 as the Board secretary and has served as the chief financial officer of our Company since July 2025. She is primarily responsible for overseeing corporate governance, coordinating information disclosure and investor relations, and formulating financial strategy as well as supervising accounting and financial matters.

Prior to joining our Group, Ms. Wang worked at Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) from October 2008 to September 2011. She served as the securities affairs representative at People.cn Co., Ltd (人民網股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603000) from September 2011 to July 2018. She also served as the securities affairs representative at 360 Security Technology Inc. (三六零安全科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601360) from July 2018 to December 2021.

Ms. Wang obtained a bachelor's degree in international accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2008.

JOINT COMPANY SECRETARIES

Ms. WANG Xixi (王習習) is the Board secretary, chief financial officer and joint company secretary of our Company. For details of her biography, see "— Senior Management" in this section.

Ms. CHAN Wing Yan (陳詠欣) is the joint company secretary of our Company and was appointed on May 9, 2026.

Ms. Chan has over 8 years of extensive experience in company secretarial practice and corporate governance. She currently serves as a consultant of entity solutions team at Computershare Hong Kong Investor Services Limited.

Ms. Chan obtained a bachelor's degree in business and commerce from Monash University in Australia in October 2016. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or 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.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on December 10, 2025, and (ii) understands the requirements under the Listing Rules that are applicable to him or her as a director of a [**REDACTED**] issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

BOARD COMMITTEES

Our Company has established three Board Committees in accordance with the relevant PRC laws and regulations, the Articles and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

Audit Committee

We have established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. LEUNG Wai Yip, Ms. LU Jingxiao and Mr. WONG Sincere. Mr. LEUNG Wai Yip serves as the chairperson of the Audit Committee and is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary responsibilities of the Audit Committee are, among others, to review the financial controls and the internal control and risk management systems of our Company, monitor the integrity of the Company's financial statements, review and monitor the external auditor's independence and objectivity and effectiveness of the audit process, and perform other duties and responsibilities as assigned by our Board.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of three Directors, namely Ms. LU Jingxiao, Mr. LEUNG Wai Yip and Mr. WANG Haomai. Ms. LU Jingxiao serves as the chairperson of the Remuneration and Appraisal Committee. The primary responsibilities of the Remuneration and Appraisal Committee are, among others, to establish and review the policy and structure of the remuneration for our Directors and senior management, and make recommendations on remuneration packages of individual executive Directors and senior management.

Nomination Committee

We have established the Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of five Directors, namely Mr. XU Xin, Ms. FANG Fei, Mr. LEUNG Wai Yip, Ms. LU Jingxiao and Mr. WONG Sincere. Mr. XU Xin serves as the chairperson of the Nomination Committee. The primary responsibilities of the Nomination Committee are, among others, to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a Board skills matrix, and make recommendations on any proposed changes to the Board to complement our Company's corporate strategy.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent.

Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to our Board.

Our Board currently consists of two female Directors and six male Directors with a balanced mix of knowledge and skills, including but not limited to electronic commerce, information management and information system, engineering, law, industrial design, finance, accounting and social science. The Company is of the view that the Board satisfies our board diversity policy.

Our Nomination Committee is responsible for the implementation of our board diversity policy. Upon completion of the [**REDACTED**], our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management members receive remuneration in the forms of salaries, allowances, contribution to pension schemes, discretionary bonuses, share-based compensation and other benefits in kind.

The aggregate amount of remuneration (including salaries, allowances, contribution to pension schemes, discretionary bonuses and share-based compensation) and other benefits in kind paid to our Directors for the years ended December 31, 2023, 2024 and 2025 were approximately RMB8.7 million, RMB7.8 million and RMB7.4 million, respectively. Under the arrangement currently in force, we estimate the total remuneration before taxation to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB6.0 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

The aggregate amount of fees, salaries, allowances, discretionary bonus, pension schemes contribution, share-based compensation and other benefits in kind (if applicable) paid to the five highest-paid individuals of our Group for the years ended December 31, 2023, 2024 and 2025 were approximately RMB8.1 million, RMB7.8 million and RMB8.6 million, respectively. The five highest paid employees during the years ended December 31, 2023, 2024 and 2025 included three, two and one Directors, respectively. The aggregate amount of fees, salaries, allowances, discretionary bonus, pension schemes contribution and other benefits in kind (if applicable) paid to remaining highest paid employees for the years ended December 31, 2023, 2024 and 2025 were approximately RMB2.8 million, RMB4.1 million, and RMB1.4 million, respectively.

During the Track Record Period, there was no remuneration paid or payable by our Company to our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. During the Track Record Period, there was no compensation paid or payable by our Company to our Directors, former Directors or the five highest-paid individuals or the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

During the Track Record Period, none of our Directors has waived or agreed to waive any remuneration or benefits in kind for the past three years. Save as disclosed above, there were no other payments paid or payable by our Company or any of our subsidiaries to our Directors or the five highest-paid individuals during the Track Record Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer, and Mr. Xu currently performs these two roles. Our Board believes that vesting the roles of both chairman of our Board and chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within our Group, (ii) enabling more effective and efficient overall strategic planning for our Group, and (iii) facilitating the flow of information between the management and our Board. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of executive chairman of our Board and the chief executive officer of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

COMPLIANCE ADVISOR

We have appointed Altus Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

(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 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 to our Company regarding unusual movements in the price or [**REDACTED**] volume of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

CORE R&D TEAM MEMBERS

For further details of the experience of our core R&D team members, see "Business — Research and Development" in this Document.

OUR SINGLE LARGEST SHAREHOLDERS GROUP

As of the Latest Practicable Date, by virtue of the Concert Party Agreements, Mr. Xu, Mr. Wang and XSKY Tianshu, as a group of Shareholders, were collectively entitled to control the voting rights attaching to approximately 24.78% of the total issued Shares of our Company through (i) 52,705,817 Shares held by Mr. Xu; (ii) 22,455,647 Shares held by Mr. Wang; and (iii) 12,611,553 Shares held by XSKY Tianshu. Mr. Xu is the general partner of XSKY Tianshu, and has the rights and powers to manage and administer the affairs of XSKY Tianshu. Pursuant to the Concert Party Agreements, Mr. Xu, Mr. Wang and XSKY Tianshu, each of them, as a Shareholder of our Company, undertook to act in concert in respect of key decision-makings of the Company and follow the view of Mr. Xu when exercising voting rights at shareholders' meetings and Board's meetings of the Company. For further details, see "History, Development and Corporate Structure — Acting-In-Concert Arrangement" in this Document. The Concert Party Agreements shall remain effective within at least 36 months (or such longer period as required by laws and regulations or by regulators) after the [**REDACTED**].

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme), Mr. Xu, Mr. Wang and XSKY Tianshu will be collectively entitled to exercise the voting rights attaching to approximately [**REDACTED**]% of the total issued Shares of our Company. Accordingly, Mr. Xu, Mr. Wang and XSKY Tianshu will not be regarded as our controlling Shareholder as defined under the Listing Rules, but will remain as our Single Largest Shareholders Group upon completion of the [**REDACTED**].

NO COMPETITION AND CLEAR BUSINESS DELINEATION

As confirmed by our Single Largest Shareholders Group, as of the Latest Practicable Date, neither of them had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDERS GROUP

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from the Single Largest Shareholders Group and their respective close associates upon [**REDACTED**].

Management Independence

Our business is managed and operated by our Board and senior management. For more details, see "Directors and Senior Management". Notwithstanding that our executive Directors, Mr. Xu and Mr. Wang are members of the Single Largest Shareholders Group and Mr. Xu is the general partner of XSKY Tianshu, our Directors consider that our Board and senior management team are able to manage our business independently from the Single Largest Shareholders Group for the following reasons:

(a) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our senior management team, see "Directors and Senior Management" in this document;

(b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting;

(c) our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (i) our independent non-executive Directors are not associated with the Single Largest Shareholders Group or each of their close associates; (ii) our independent non-executive Directors account for more than one-third of the Board; and (iii) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional advice to our Company. In conclusion, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole; and

(d) 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 Single Largest Shareholders Group, which would support our independent management. For details, see "— Corporate Governance" in this section.

Operational Independence

Our Group does not rely on our Single Largest Shareholders Group and their close associates for our business development, staffing, 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 Single Largest Shareholders Group and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

Our Group has independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently of our Single Largest Shareholders Group and their close associates.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. We do not expect to rely on the Single Largest Shareholders Group and their close associates for financing after [**REDACTED**] as we expect that our working capital will be funded by cash, cash equivalent on hand as well as the net [**REDACTED**] from the [**REDACTED**]. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently of members of the Single Largest Shareholders Group and their close associates.

We are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Single Largest Shareholders Group and their close associates. As of the Latest Practicable Date, we confirm that there is no financial assistance provided by the Single Largest Shareholders Group to our Group and vice versa.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on our Single Largest Shareholders Group and their close associates upon [**REDACTED**].

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. We will adopt the following measures to ensure good corporate governance standards and avoid potential conflicts of interest between our Group and the Single Largest Shareholders Group:

(a) where a Shareholders' meeting is held for considering proposed transactions in which the Single Largest Shareholders Group has a material interest, the Single Largest Shareholders Group shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and the Single Largest Shareholders Group, the Single Largest Shareholders Group shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;

(d) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules;

(e) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules; and

(f) we have appointed Altus Capital Limited as our compliance advisor, which 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.

Based on the above, our Directors are satisfied that the corporate governance measures are sufficient to manage conflicts of interest that may arise between our Group and the Single Largest Shareholders Group, and to protect our minority Shareholders' interests after the [**REDACTED**].

SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB354,194,176, comprising 354,194,176 ordinary Shares of nominal value of RMB1.00 per Share.

Upon the Completion of the [REDACTED]

Immediately following completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, assuming that the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme, our share capital is as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100%**

Immediately following completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, and assuming that the [**REDACTED**] is fully exercised and no additional Shares are issued pursuant to the Share Option Scheme, our share capital is as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100%**

UNLISTED SHARES AND H SHARES

Upon the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, the Shares will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional [**REDACTED**] in the PRC, the qualified PRC [**REDACTED**] under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing shareholders the Unlisted Shares held by whom will be converted into H Shares according to the approval of the CSRC), H Shares generally cannot be [**REDACTED**] for by or [**REDACTED**] between legal or natural PRC persons.

Unlisted Shares and H Shares shall rank *pari passu* with each other in all other 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

If any of the unlisted Shares are to be [**REDACTED**], [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, such [**REDACTED**], [**REDACTED**] and [**REDACTED**] will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

Filing with the CSRC for Full Circulation

In accordance with the Overseas Listing Trial Measures and related guidelines announced by the CSRC, H-share listed companies which apply for the conversion of domestic shares into H shares for listing and circulation on the Stock Exchange shall file the application with the CSRC. An unlisted domestic joint stock company may apply for "Full Circulation" when applying for an overseas initial public offering.

We have filed with the CSRC an [**REDACTED**] for the conversion of [**REDACTED**] Unlisted Shares into H Shares on a one-for-one basis upon the completion of the [**REDACTED**] on January 28, 2026, and CSRC issued the filing notice in respect of the [**REDACTED**] dated [●], 2026.

The Conversion of Unlisted Shares into H Shares will involve a total of [**REDACTED**] Unlisted Shares (with a nominal value of RMB1.0 each) held by [**REDACTED**] existing Shareholders of the Company (the "**Full Circulation Participating Shareholders**") as of the Latest Practicable Date.

[**REDACTED**] Approval by the Stock Exchange

We have applied to the [**REDACTED**] of the Stock Exchange for the granting of [**REDACTED**] of, and permission to [**REDACTED**], (i) our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (including any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), (ii) the H Shares to be converted from [**REDACTED**] Unlisted Shares and (iii) the Shares to be issued pursuant to the outstanding options under the Share Option Scheme on the Main Board of the Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the conversion of unlisted shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS.

Domestic Procedures

The Full Circulation Participating Shareholders may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and listing:

(a) We will appoint China Securities Depository and Clearing Corporation Limited ("**CSDC**") as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at [**REDACTED**] in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

(b) According to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Full Circulation Participating Shareholders that held Domestic Shares shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic [**REDACTED**] at a domestic bank with relevant qualifications and open a fund account for the H Share "Full Circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities [**REDACTED**] account for the H Share "Full Circulation" at the Hong Kong Securities Company; and

(c) The Full Circulation Participating Shareholders shall submit [**REDACTED**] orders of the Converted H Shares through the Domestic Securities Company. [**REDACTED**] orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities [**REDACTED**] account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our Share capital registered shall be reduced by the number of Unlisted Shares converted and the number of H Shares shall be increased by the number of converted H Shares.

RESTRICTION ON TRANSFER OF SHARES [REDACTED] 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 [**REDACTED**] shares are [**REDACTED**] and [**REDACTED**] on the relevant stock exchange. As such, the Shares [**REDACTED**] by the Company prior to the [**REDACTED**] will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**].

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management in our Company.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See "Appendix V — Summary of the Articles of Association" in this document.

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for the Company to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Stock Exchange. The Company has obtained such approval at the Shareholders' general meeting held on January 6, 2026.

EMPLOYEE SHAREHOLDING SCHEME AND SHARE OPTION SCHEME

We have adopted the (i) Employee Shareholding Scheme on March 2, 2026 and (ii) the Share Option Scheme on August 20, 2026. See "Statutory and General Information — D. Employee Shareholding Scheme and Share Option Scheme" in Appendix VI to this document.

GENERAL MANDATES TO [REDACTED] SHARES AND REPURCHASE SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors will be granted general unconditional mandates to [**REDACTED**] our Shares and repurchase our Shares. See "Appendix VI — Statutory and General Information — A. Further Information about our Group — 4. Resolutions of our Shareholders" for further details.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] the Conversion of Unlisted Shares into H Shares and without taking into account any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**], the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, 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:

		As of the Latest Practicable Date		Immediately after the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)[2]		
Name	Nature of interest	Number and Type of Shares[1]	Approximate percentage of interest in the total issued share capital	Number and Type of Shares[1]	Approximate percentage of shareholding in the relevant type of Shares	Approximate shareholding percentage in the total issued share capital
Mr. Xu	Beneficial owner	52,705,817 Unlisted Shares	14.88%	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]%	[REDACTED]%
		–	–	[REDACTED][3]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation[4]/ Interest held jointly with other persons[5]	35,067,200 Unlisted Shares	9.90%	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Wang . . .	Beneficial owner	22,455,647 Unlisted Shares	6.34%	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest jointly held with other persons[5]	65,317,370 Unlisted Shares	18.44%	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]%	[REDACTED]%
XSKY Tianshu[4] . .	Beneficial owner	12,611,553 Unlisted Shares	3.56%	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest jointly held with other persons[5]	75,161,464 Unlisted Shares	21.22%	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]%	[REDACTED]%
Boyu Capital[6] . .	Beneficial owner	34,060,834 Unlisted Shares	9.62%	[REDACTED]	[REDACTED]%	[REDACTED]%
Shenzhen Jianwei[7] . .	Beneficial owner	26,551,692 Unlisted Shares	7.50%	[REDACTED]	[REDACTED]%	[REDACTED]%
Immense vantage[8] . .	Beneficial owner	25,435,064 Unlisted Shares	7.18%	[REDACTED]	[REDACTED]%	[REDACTED]%
Redpoint Ventures[9] . .	Beneficial owner	23,711,116 Unlisted Shares	6.69%	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Unlisted Shares in issue, [**REDACTED**] H Shares to be converted from Unlisted Shares in issue and [**REDACTED**] H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(3) Representing Shares underlying the options granted to Mr. Xu under the Share Option Scheme.

(4) As of the Latest Practicable Date, the general partner of XSKY Tianshu was Mr. Xu. Therefore, Mr. Xu is deemed to be interested in the Shares held by XSKY Tianshu in the Company under the SFO.

(5) Pursuant to the Concert Party Agreements, Mr. Xu, Mr. Wang and XSKY Tianshu are obligated to vote unanimously at all shareholders' meetings and Board's meetings of the Company. Mr. Wang and XSKY Tianshu shall act in accordance with the direction of Mr. Xu. See "History, Development and Corporate Structure — Acting-In-Concert Arrangement" for more details. Therefore, under the SFO, each of Mr. Xu, Mr. Wang and XSKY Tianshu is deemed to be interested in the Shares held by each other.

(6) Boyu Capital is managed by its general partner Boyu Jingtai Shanghai. As of the Latest Practicable Date, Boyu Jingtai (Shanghai) Equity Investment Partnership (Limited Partnership) (博裕景泰(上海)股權投資合夥企業(有限合夥)) held 77.14% partnership interest in Boyu Capital as its limited partner. Boyu Jingtai Shanghai is wholly owned by Boyu Jingtai, which is held as to 50% by Ms. Tao Rong (陶融) and 50% by Ms. Huang Ailian (黃愛蓮).

(7) The general partner of Shenzhen Jianwei is CRVC. As of the Latest Practicable Date, CVC held 99.18% partnership interest in Shenzhen Jianwei as its limited partner.

(8) Immense Vantage is owned by NLVF, NLSF and NLPF, which is ultimately managed by NLVC as the general partner, a venture capital firm ultimately controlled by Mr. Deng Feng.

(9) As of the Latest Practicable Date, Redpoint Ventures is held as to 97% and 3% by Redpoint Ventures VI, L.P. and Redpoint Associates. The general partner of Redpoint Ventures VI, L.P. is Redpoint Ventures VI, LLC, which is ultimately controlled by Alexander Bard, Jeffrey Brody, Satish Dharmaraj, Christopher Moore, Scott Raney, and David Yuan.

Save as disclosed herein, the Directors are not aware of any other person who will, immediately following the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (and the [**REDACTED**] of any additional H Shares pursuant to the [**REDACTED**]), have an interest or short position in Shares or underlying Shares of the Company, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, 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 or any other member of our Group.

You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountants Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are the largest independent distributed AI storage solution provider in China, as measured by installed capacity in 2025. We have developed our proprietary XSEA technology focusing on making data storage fast, resilient and efficient at scale, as well as our proprietary XScale technology focusing on managing large volumes of data in a flexible and scalable way. Leveraging these two proprietary technologies, we have developed our two main solutions, namely AI data lake storage and AI Training and Inference ("**T&I**") storage solutions, through which we enable deployment and implementation of AI storage into our enterprise customers' business operations, addressing critical storage needs during their AI-driven transformation. Our revenue remained relatively stable at RMB166.8 million in 2023 and RMB172.5 million in 2024, and increased by 54.8% to RMB267.0 million in 2025. Our revenue increased by 86.6% from RMB99.5 million in the six months ended June 30, 2025 to RMB185.8 million in the six months ended June 30, 2026.In 2023 and 2024, we recorded net losses of RMB180.7 million and RMB84.2 million; we recorded net profit of RMB7.1 million in 2025. We recorded net loss of RMB10.5 million in the six months ended June 30, 2025 and net profit of RMB0.3 million in the six months ended June 30, 2026. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our gross profit margin was 55.4%, 63.7%, 63.8%, 70.1% and 51.8%, respectively.

BASIS OF PREPARATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

For more information on the basis of preparation of the Historical Financial Information, see Note 2 of Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which may be beyond our control, including (i) the growth and competition environment of AI storage industry, (ii) overall economic conditions and political environment, (iii) relevant laws and regulations, governmental policies and initiatives, and (iv)

occurrence of force majeure events, outbreak of public health incidents, acts of war, social and economic chaos and natural disasters. In addition to the forementioned general factors, we believe our results of operations are also affected by a number of key factors specific to our Group, including the following:

Ability to Maintain Technology Innovation and Competitive Edge

Our ability to maintain technological innovation and a competitive edge through the development of new technologies, the design of new products and solutions and the enhancement and iteration of existing solutions is critical to our sustainable growth. To this end, we established an experienced R&D team with deep expertise in AI storage technologies and have allocated significant resources to the development and iteration of R&D projects. We expect to maintain a high level of research and development expenditure in the future to sustain technological innovation and competitive advantages. Continuous investment in research and development has directly contributed to the introduction of innovative products and expansion of sales therefrom. We have expanded our product portfolio to meet diverse customer requirements in high-performance computing and large-scale data analytics scenarios. These solutions have strengthened customer engagement, driving rapid revenue growth. As the functionality of our solutions improves, we have increased scalability through industry-specific adaptation and unified data foundation, enabling economies of scale, reducing technology migration costs and improving profit margins. Going forward, we anticipate that these technological developments will provide a foundation for sustainable growth in the rapidly evolving AI storage industry.

Our Solution Offerings and Downstream Demand

Our financial performance is contingent to the breadth of our solutions and their ability to adapt to downstream application scenarios. Our AI solutions are designed to meet the requirements of emerging sector applications such as AI LLMs, machine learning, high-performance computing, large-scale data analytics, scientific research and retrieval-augmented generation (RAG). As downstream applications expand, customers in sectors such as autonomous driving, large-model training, industrial AI and financial technology increasingly demand infrastructure that delivers high performance, low latency secure and persistence with long-lifecycle policies, as well as sustained throughput. Our AI storage solutions support block, file and object storage protocols, covering all mainstream standards enabling us to provide a unified and consistent data foundation across different computing architectures, business workloads and deployment models, thereby reducing system integration and migration costs for customers, which in turn improves adoption rates. In addition, our product mix may also affect our gross profit margin. Certain orders where we deliver turnkey appliances generally involve higher costs of sales compared to those where we only deliver software products. As customer preferences shift between these deployment options, the proportion of such solutions may vary across periods, resulting in corresponding fluctuations in our margin profile. Our profitability may also be affected by fluctuations in upstream supply costs and industry conditions that may affect our overall cost structure. In particular, as certain of our solutions delivered in the form of turnkey appliances involve the integration of hardware components, changes in component procurement costs may influence our overall cost structure and gross profit margin. Our ability to manage procurement timing, supplier relationships and pricing arrangements with customers may therefore affect our financial performance. Furthermore, by introducing industry-specific solutions, we improve deployment efficiency and system stability that drive revenue growth. As we gain deep insights into the operational challenges of a particular industry and develop standardized solutions, we are capable of replicating our solutions across multiple subsectors within that industry, allowing us to scale efficiently, achieve large-scale implementation and reduce delivery costs, thereby improving profit margins and strengthen overall profitability.

Our Ability to Expand Customer Base and to Deepen Relationships with Existing Customers

Our growth is dependent on our ability to expand our customer base and strengthen relationships with existing customers. Our customer base has continued to grow, which broadened the deployment of our solutions and created incremental sales opportunities, driving sustained revenue growth. In addition, we strive to maintain stable, long-term relationships by delivering customer-centric solutions to enhance customer stickiness and stable demand, which enhances revenue predictability and stability. Furthermore, leveraging standardized product portfolios and accumulated industry know-how, we have reduced implementation costs, improved delivery efficiency and enhanced deployment stability, helping customers shorten project timelines, reduce

costs and mitigate integration risks. These advantages encourage initial adoption and drive incremental revenue through cross-selling opportunities. Going forward, we aim to further expand and deepen customer relationships, enhance stickiness and improve overall profitability to support sustainable growth.

Our Ability to Effectively Improve Operational Efficiency

Our profitability is partially contingent on our ability to manage costs effectively and enhance operational efficiency. The structure of our cost of sales is influenced by our solutions portfolio, which may involve significant on-site deployment costs for developing and implementing flexible, customized solutions for customers. As we refine our portfolio, we focus on enhancing product compatibility and delivery capability, which increases replicability and reduces customization-related deployment costs, thereby improving our overall cost structure. In addition to optimizing deployment processes, we aim to boost execution efficiency and lower operating costs through technology architecture upgrades, procurement management improvements, technology reuse and better allocation of R&D resources. During the Track Record Period, our operating efficiency showed notable improvement. We will continue to improve product compatibility to significantly enhance solution delivery capability and replicability, enabling us to achieve meaningful cost reductions and further improvements in operational efficiency.

Working Capital Management

Our ability to manage working capital effectively has a significant impact on our operating performance and financial stability, which may affect the availability of funds for research and development. Our operating cash flow is influenced by profitability, changes in working capital and the timing of cash receipts and payments. The efficiency of managing accounts receivable, accounts payable and inventory levels directly affect the cash conversion cycle, which impacts our ability to generate positive cash flow from operating activities. During the Track Record Period, we recorded certain trade and notes receivables that have aged over three years. Long-outstanding balances may present liquidity risks if not recovered in a timely manner. We are actively implementing measures to optimize credit terms and accelerate collections, including enhanced monitoring and timely follow-up actions. By improving receivables management, accelerating cash inflows and maintaining prudent inventory control, we aim to shorten the cash conversion cycle, reduce capital tied up in operations and strengthen liquidity, which in turn maintains the financial flexibility necessary to support our continued business expansion in the AI storage industry.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are relevant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related 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 operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from 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. Our material accounting policy information are set forth in Note 4 of Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	166,841	172,484	267,013	99,529	185,760
Cost of sales	(74,434)	(62,630)	(96,590)	(29,732)	(89,446)
Gross profit	**92,407**	**109,854**	**170,423**	**69,797**	**96,314**
Other income	17,200	12,661	17,332	6,057	7,238
Impairment losses under expected credit loss model, net of reversal	528	359	(887)	(1,008)	609
Other gains and losses, net	(30)	(51)	347	34	286
Selling and marketing expenses	(124,107)	(86,526)	(73,645)	(36,170)	(36,852)
Research and development expenses	(110,012)	(87,959)	(77,186)	(38,010)	(41,426)
Administrative expenses	(56,185)	(32,140)	(24,937)	(11,041)	(13,468)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	(471)	(377)	(210)	(120)	(154)
(Loss)/profit before tax	**(180,670)**	**(84,179)**	**7,137**	**(10,461)**	**307**
Income tax expense	–	–	–	–	–
(Loss)/profit and total comprehensive (expense)/income for the year/period	**(180,670)**	**(84,179)**	**7,137**	**(10,461)**	**307**
(Loss)/profit per share (RMB)					
Basic and diluted	(0.48)	(0.23)	0.02	(0.03)	0.00

Revenue

During the Track Record Period, we generated revenue primarily from (i) the sales of data lake storage solutions, and (ii) the sales of storage solutions for T&I. These solutions are delivered to customers either (i) as software alone, or, (ii) in the form of software-embedded turnkey appliances. In general, customers' selection between software and integrated equipment typically depends on a range of factors, including their IT operations capabilities, procurement requirements, hardware reuse considerations, performance objectives and project timelines. Overall, our revenue exhibited an upward trajectory throughout the Track Record Period. We also offer AI storage services, including tail-end warranty, maintenance or renewals services that accompany our AI storage solutions. See "Business — Our Solutions." The following table sets forth a breakdown of our revenue by solution type in absolute amount and as a percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
AI Storage Solutions										
Data lake storage solutions	62,060	37.2	70,141	40.7	129,696	48.6	39,733	39.9	102,017	54.9

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Storage solutions for T&I	75,694	45.4	67,909	39.3	99,235	37.2	41,663	41.9	63,350	34.1
AI Storage Services	29,087	17.4	34,434	20.0	38,082	14.2	18,133	18.2	20,393	11.0
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Revenue by Sales Channel

The following table sets forth our revenue breakdown by sales channel in absolute amount and as percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Distribution	98,223	58.9	102,905	59.7	190,357	71.3	62,529	62.8	121,883	65.6
Direct sales	68,618	41.1	69,579	40.3	76,656	28.7	37,000	37.2	63,877	34.4
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Revenue by Product Mix

The following table sets forth our revenue breakdown by product mix in absolute amount and as percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Software-based solutions	56,793	34.1	70,022	40.6	114,806	43.0	46,871	47.1	62,701	33.7
Turnkey appliance	80,961	48.5	68,028	39.4	114,125	42.7	34,525	34.7	102,666	55.3
AI storage services	29,087	17.4	34,434	20.0	38,082	14.3	18,133	18.2	20,393	11.0
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) hardware costs, and (ii) employee compensations, primarily reflect the salaries, bonuses and social insurances of our deployment and maintenance personnel. The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total cost of sales for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Hardware costs	57,254	76.9	50,061	79.9	85,813	88.9	24,790	83.4	83,303	93.1

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee compensations	11,017	14.8	8,676	13.9	8,548	8.8	4,416	14.8	4,915	5.5
Service costs	3,283	4.4	2,844	4.5	1,089	1.1	301	1.0	1,066	1.2
Software costs	2,880	3.9	1,049	1.7	1,140	1.2	225	0.8	162	0.2
Total	**74,434**	**100.0**	**62,630**	**100.0**	**96,590**	**100.0**	**29,732**	**100.0**	**89,446**	**100.0**

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

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
AI Storage Solutions										
Data lake storage solutions	32,286	43.4	28,651	45.7	48,827	50.5	13,498	45.4	53,169	59.4
Storage solutions for T&I	30,006	40.3	23,360	37.3	38,126	39.5	11,517	38.7	30,296	33.9
AI Storage Services	12,142	16.3	10,619	17.0	9,637	10.0	4,717	15.9	5,981	6.7
Total	**74,434**	**100.0**	**62,630**	**100.0**	**96,590**	**100.0**	**29,732**	**100.0**	**89,446**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of revenue, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
AI Storage Solutions										
Data lake storage solutions	29,774	48.0	41,490	59.2	80,869	62.4	26,235	66.0	48,848	47.9
Storage solutions for T&I	45,688	60.4	44,549	65.6	61,109	61.6	30,146	72.4	33,054	52.2
AI Storage Services	16,945	58.3	23,815	69.2	28,445	74.7	13,416	74.0	14,412	70.7
Total	**92,407**	**55.4**	**109,854**	**63.7**	**170,423**	**63.8**	**69,797**	**70.1**	**96,314**	**51.8**

Gross Profit and Gross Profit Margin by Sales Channel

The following table sets forth a breakdown of our gross profit and gross profit margin by sales channel for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Distribution	42,774	43.6	48,787	47.4	108,079	56.8	36,159	57.8	52,672	43.2
Direct sales	49,633	72.3	61,067	87.8	62,344	81.3	33,638	90.9	43,642	68.3
Total	**92,407**	**55.4**	**109,854**	**63.7**	**170,423**	**63.8**	**69,797**	**70.1**	**96,314**	**51.8**

Gross Profit and Gross Profit Margin by Product Mix

The following table sets forth a breakdown of our gross profit and gross profit margin by product mix for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Software-based solutions	54,852	96.6	68,698	98.1	113,666	99.0	46,646	99.5	62,539	99.7
Turnkey appliance	20,610	25.5	17,341	25.5	28,312	24.8	9,735	28.2	19,363	18.9
AI storage services	16,945	58.3	23,815	69.2	28,445	74.7	13,416	74.0	14,412	70.7
Total	**92,407**	**55.4**	**109,854**	**63.7**	**170,423**	**63.8**	**69,797**	**70.1**	**96,314**	**51.8**

Other Income

During the Track Record Period, our other income comprised (i) interest income from bank and other deposits, and (ii) value-added tax refund, and (iii) subsidies awarded by the local government. The following table sets forth a breakdown of our other income for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income					
Value-added tax refund[(1)]	10,163	8,676	10,061	3,395	5,448
Interest income from bank and other deposits	5,314	3,825	4,950	2,617	1,775
Government grants	1,723	160	2,321	45	15
Total	**17,200**	**12,661**	**17,332**	**6,057**	**7,238**

Note (1): Value-added tax refund mainly represents the refund of value-added tax paid for sales of self-developed software in the PRC.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

During the Track Record Period, our impairment losses under expected credit loss model, net of reversal primarily comprised impairment losses recognized on trade receivables and contract assets. The following table sets forth a breakdown of our impairment losses under expected credit loss model, net of reversal, for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Impairment losses reversed/(recognized), net					
Trade receivables and contract assets	(544)	(624)	948	(1,032)	654
Other receivables	16	265	(61)	24	(45)
Total	**(528)**	**(359)**	**887**	**(1,008)**	**609**

Other Gains and Losses

During the Track Record Period, our other gains and losses primarily comprised (i) gain on disposal of property, plant and equipment, and (ii) loss on disposal of right-of-use assets. The following table sets forth a breakdown of our other gains and losses for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Gain on disposal of property, plant and equipment, net	79	197	252	23	234
Loss on disposal of right-of-use assets, net	–	(189)	–	–	–
Net foreign exchange gains	3	–	–	–	–
Others	(112)	(59)	95	11	52
Total	**(30)**	**(51)**	**347**	**34**	**286**

Selling and Marketing Expenses

During the Track Record Period, our selling and marketing expenses primarily comprised (i) staff costs and welfare expenses, (ii) business development expenses, mainly representing traveling expenses and engagement expenses incurred for client-facing activities, and (iii) depreciation and amortization. The following table sets forth a breakdown of our selling and marketing expenses in absolute amount and as a percentage of our total selling and marketing expenses for the years/periods indicated:

	Years ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Staff costs and welfare expenses	96,204	77.5	71,271	82.3	61,137	83.0	30,649	84.7	31,032	84.2
Business development expenses	19,890	16.0	9,284	10.7	7,361	10.0	2,948	8.2	3,594	9.7

	Years ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Depreciation and amortization	5,774	4.6	4,661	5.4	3,464	4.7	1,835	5.1	1,213	3.3
Rental expenses	1,066	0.9	858	1.0	753	1.0	377	1.0	368	1.0
Office expenses	693	0.6	230	0.3	435	0.6	147	0.4	244	0.7
Share-based payment expenses	–	–	–	–	–	–	–	–	–	–
Others[(1)]	480	0.4	222	0.3	495	0.7	214	0.6	401	1.1
Total	**124,107**	**100.0**	**86,526**	**100.0**	**73,645**	**100.0**	**36,170**	**100.0**	**36,852**	**100.0**

Note (1): Others primarily include transportation expenses, tendering expenses and training expenses.

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily comprised (i) staff costs and welfare expenses, and (ii) depreciation and amortization. Given that both data lake storage solutions and storage solutions for T&I are built upon a unified data foundation (including the distributed storage architecture, elastic unified data engine and flexible resource allocation framework), the underlying technical modules and foundational R&D assets developed for the two solutions are highly reusable. A portion of the R&D activities ran across both solutions, focusing on enhancing their general throughput performance, system stability and overall scalability, instead of the independent development for any specific business scenario. Thus, we did not allocate them by each of our Specialist Technology Product. We also did not capitalize R&D expenses by such division. The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the years/periods indicated:

	Years ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff costs and welfare expenses	91,197	82.9	71,949	81.8	66,378	86.0	32,582	85.7	35,709	86.2
Depreciation and amortization	9,023	8.2	9,936	11.3	6,442	8.3	3,544	9.3	2,976	7.2
Service fees	4,877	4.4	3,351	3.8	2,424	3.1	961	2.5	1,666	4.0
Traveling expenses	2,767	2.6	1,035	1.2	855	1.1	364	1.0	385	0.9
Rental expenses	915	0.8	829	0.9	684	0.9	339	0.9	360	0.9
Office expenses	441	0.4	235	0.3	48	0.1	12	0.0	43	0.1
Share-based payment expenses	–	–	–	–	–	–	–	–	–	–
Others[(1)]	792	0.7	624	0.7	355	0.5	208	0.6	287	0.7
Total	**110,012**	**100.0**	**87,959**	**100.0**	**77,186**	**100.0**	**38,010**	**100.0**	**41,426**	**100.0**

Note (1): Others primarily include testing expenses and patent-related expenses.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily comprised (i) staff costs and welfare expenses, (ii) professional service expenses, mainly representing consulting services, including consulting services related to capital operations, (iii) rental expenses, and (iv) entertainment expenses. The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the years/periods indicated:

	Years ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff costs and welfare expenses	37,773	67.2	21,490	66.9	16,379	65.6	7,725	70.0	7,920	58.8
Professional service expenses	6,224	11.1	2,300	7.2	2,051	8.2	595	5.4	1,893	14.1
Rental expenses	2,477	4.4	2,557	7.9	1,336	5.4	549	5.0	769	5.7
Entertainment expenses	1,644	2.9	1,568	4.9	1,083	4.3	635	5.7	506	3.8
Depreciation and amortization	1,553	2.8	1,345	4.2	888	3.6	462	4.2	429	3.2
Office expenses	2,926	5.2	805	2.5	1,126	4.5	479	4.3	882	6.5
Traveling expenses	523	0.9	523	1.6	789	3.2	246	2.2	315	2.3
Share-based payment expenses	–	–	–	–	–	–	–	–	–	–
Others[(1)]	3,065	5.5	1,552	4.8	1,285	5.2	350	3.2	754	5.6
Total	**56,185**	**100.0**	**32,140**	**100.0**	**24,937**	**100.0**	**11,041**	**100.0**	**13,468**	**100.0**

Note (1): Others primarily include transportation expenses, training expenses and delivery expenses.

Finance Costs

Our finance costs amounted to RMB0.5 million, RMB0.4 million, RMB0.2 million, RMB0.1 million and RMB0.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing interests on lease liabilities and interests on borrowings.

Income Tax Expense

We did not record any income tax expense during the Track Record Period. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are domiciled and operate. See Note 11 of the Accountants' Report in Appendix I to this document. During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were applicable to us and had no material disputes or unresolved tax issues with relevant tax authorities.

(Loss)/Profit and Total Comprehensive (Expense)/Income for the Year/Period

As a result of the foregoing, we recorded a loss and total comprehensive expense for the year/period of RMB180.7 million and RMB84.2 million in 2023 and 2024, as well as a profit and total comprehensive income for the year/period of RMB7.1 million in 2025, respectively. We recorded loss and total comprehensive expense of RMB10.5 million in the six months ended June 30, 2025 and profit and total comprehensive income of RMB0.3 million in the six months ended June 30, 2026.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended June 30, 2026 Compared with Six months ended June 30, 2025

Revenue

Our revenue increased by 86.6% from RMB99.5 million in the six months ended June 30, 2025 to RMB185.8 million in the six months ended June 30, 2026 driven by an increase in revenue from AI storage solutions, as the rapid adoption of AI technologies across downstream industries fueled demand for advanced storage products, supported by our ability to deliver solutions tailored to specific industry requirements. In particular:

- ***Revenue from data lake storage solutions.*** Our revenue from sales of data lake storage solutions increased significantly from RMB39.7 million in the six months ended June 30, 2025 to RMB102.0 million in the six months ended June 30, 2026. This growth was primarily driven by the improved performance of our data lake storage solutions, as customers placed 205 orders in the six months ended June 30, 2026, compared with 185 orders in the same period in 2025, with the average selling price of each project rising from RMB214.7 thousand in the six months ended June 30, 2025 to RMB497.6 thousand in the six months ended June 30, 2026, which was attributable to (i) growing market demand, together with our ongoing technological enhancements and product refinements, which drove an increase in order volume for our data lake storage solutions, (ii) an increase in the average selling price of certain offerings driven by larger project sizes as customers accelerated investments in AI-related data infrastructure and expanded the scale of their data storage clusters, as well as a shift in the product mix purchased by our customers, as certain customers placed a higher proportion of orders for turnkey appliance solutions that typically carry a higher average contract value.

- ***Revenue from storage solutions for T&I.*** Our revenue from sales of storage solutions for T&I increased by 52.0% from RMB41.7 million in the six months ended June 30, 2025 to RMB63.4 million in the six months ended June 30, 2026. This growth was primarily driven by the improved performance of our storage solutions for T&I, with the average selling price of each project rising from RMB287.3 thousand in the six months ended June 30, 2025 to RMB494.9 thousand in the six months ended June 30, 2026, which was attributable to (i) growing market demand, particularly from emerging application scenarios such as autonomous driving and artificial intelligent data centers, together with our ongoing technological enhancements and product refinements, which contributed to an increase in the average selling price for our storage solutions for T&I, (ii) an increase in the average selling price of certain offerings driven by larger project sizes as customers accelerated investments in AI-related data infrastructure and expanded the scale of their data storage clusters, as well as a shift in the product mix purchased by our customers, as certain customers placed a higher proportion of orders for turnkey appliance solutions that typically carry a higher average contract value.

In addition, revenue from our AI storage services increased by 12.5% from RMB18.1 million in the six months ended June 30, 2025 to RMB20.4 million in the six months ended June 30, 2026, primarily reflecting the recurring contribution from AI storage services associated with solutions delivered in prior periods.

Cost of Sales

Our cost of sales increased significantly from RMB29.7 million in the six months ended June 30, 2025 to RMB89.4 million in the six months ended June 30, 2026, primarily attributable to an increase in hardware costs, mainly driven by (i) an increase in sales volume, coupled with a shift in product mix toward a higher proportion of turnkey appliance solutions delivered during the period, which resulted in increased procurement costs, and (ii) an increase in the price of hardware components during the period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 38.0% from RMB69.8 million in the six months ended June 30, 2025 to RMB96.3 million in the six months ended June 30, 2026. Our gross profit margin decreased from 70.1% in the six months ended June 30, 2025 to 51.8% in the six months ended June 30, 2026. In particular:

- Our gross profit generated from sales of data lake storage solutions increased by 86.2% from RMB26.2 million in the six months ended June 30, 2025 to RMB48.8 million in the six months ended June 30, 2026. Our gross profit margin for data lake storage solutions decreased from 66.0% in the six months ended June 30, 2025 to 47.9% in the same period in 2026.

- Our gross profit generated from sales of storage solutions for T&I increased by 9.6% from RMB30.1 million in the six months ended June 30, 2025 to RMB33.1 million in the six months ended June 30, 2026. Our gross profit margin for storage solutions for T&I decreased from 72.4% in the six months ended June 30, 2025 to 52.2% in the six months ended June 30, 2026.

The above decrease in gross profit margin was primarily attributable to (i) a shift in product mix, as an increasing number of customers opted for turnkey appliance solutions to benefit from more favorable hardware pricing available through us, enabled by our procurement scale and established supplier relationships; and (ii) an increase in the price of hardware components incorporated into our turnkey appliance solutions, which further reduced the gross profit margin of such offerings. Notwithstanding the foregoing, we believe that the impact of these factors could be partially offset by our continued technological advancements and product enhancements, which support the premium pricing of our solutions.

In addition, gross profit generated from our AI storage services increased by 7.4% from RMB13.4 million in the six months ended June 30, 2025 to RMB14.4 million in the same period in 2026, and the gross profit margin for AI storage services remained relatively stable 74.0% in the six months ended June 30, 2025 and 70.7% in the same period in 2026.

Other Income

Our other income increased by 19.5% from RMB6.1 million in the six months ended June 30, 2025 to RMB7.2 million in the six months ended June 30, 2026, primarily attributable to an increase in value-added tax refund in line with our revenue growth.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model changed from impairment losses of RMB1.0 million in the six months ended June 30, 2025 to reversals of RMB0.6 million in the six months ended June 30, 2026, primarily attributable to the improved collection of trade receivables, which optimized the overall aging profile of our trade receivables and resulted in lower expected credit losses.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB36.2 million in the six months ended June 30, 2025 and RMB36.9 million in the six months ended June 30, 2026.

Research and Development Expenses

Our research and development expenses increased by 9.0% from RMB38.0 million in the six months ended June 30, 2025 to RMB41.4 million in the six months ended June 30, 2026, primarily attributable to an increase in staff costs and welfare expenses, as we enhanced compensation packages for key talents and high-performing employees in order to attract, retain and incentivize personnel engaged in the research and development activities.

Administrative Expenses

Our administrative expenses increased by 22.0% from RMB11.0 million in the six months ended June 30, 2025 to RMB13.5 million in the six months ended June 30, 2026, primarily attributable to an increase in professional service expenses, reflecting additional professional services engaged in connection with certain corporate financing activities.

Finance Costs

Our finance costs increased by 28.3% from RMB0.1 million in the six months ended June 30, 2025 to RMB0.2 million in the six months ended June 30, 2026, primarily attributable to an increase in interest on borrowings resulting from additional borrowings incurred during the period, see "— Indebtedness"; such increase was partially offset by a decrease in interest on lease liabilities following our termination of several leases associated with office premises.

Profit/(Loss) and Total Comprehensive Income/(Expense) for the Period

As a result of the foregoing, our loss and total comprehensive expense of RMB10.5 million in the six months ended June 30, 2025 changed to profit and total comprehensive income of RMB0.3 million in the six months ended June 30, 2026, primarily attributable to revenue growth mainly driven by the growing demand for advanced storage solutions across downstream application scenarios, which translated into increased customer adoption and new business opportunities, and was partially offset by an increase in cost of sales resulting from a shift in product mix toward turnkey appliance solutions during the period coupled with higher hardware components prices.

Year ended December 31, 2025 Compared with Year ended December 31, 2024

Revenue

Our revenue increased by 54.8% from RMB172.5 million in 2024 to RMB267.0 million in 2025 driven by an increase in revenue from AI storage solutions as the accelerated AI adoption across downstream industries increased demand for advanced storage solutions, supported by our customer-centric solutions designed to address industry-specific demands, further drove adoption and revenue growth. In particular:

- ***Revenue from data lake storage solutions.*** Our revenue from sales of data lake storage solutions increased by 84.9% from RMB70.1 million in 2024 to RMB129.7 million in 2025. This growth was primarily driven by the improved performance of our data lake storage solutions, as customers placed 508 orders in 2025 compared with 364 orders in the same period in 2024, with the average selling price of each project rising from RMB192.7 thousand in 2024 to RMB255.3 thousand in 2025, which was attributable to (i) expanding market demand, together with ongoing enhancements and refinements to our technologies, which drove a higher volume of orders for our data lake storage solutions, and (ii) the upward adjustments in the average selling price of certain solutions following technology upgrades, as well as higher average installed capacity per order, as measured by TB per order.

- ***Revenue from storage solutions for T&I.*** Our revenue from sales of storage solutions for T&I increased by 46.1% from RMB67.9 million in 2024 to RMB99.2 million in 2025. This growth was primarily driven by the improved performance of our storage solutions for T&I, as customers placed 384 orders in 2025 compared with 293 orders in 2024, which was attributable to expanding market demand, together with ongoing enhancements and refinements to our technologies, which drove a higher volume of orders for our solutions for T&I.

In addition, revenue from our AI storage services increased by 10.6% from RMB34.4 million in 2024 to RMB38.1 million in 2025, primarily reflecting the continued contribution from AI storage services associated with solutions delivered in prior periods.

Cost of Sales

Our cost of sales increased by 54.2% from RMB62.6 million in 2024 to RMB96.6 million in 2025, primarily attributable to an increase in hardware costs arising from a shift in customer demand toward a higher proportion of turnkey appliance offerings, which generally carry a higher cost of sales. In addition, prevailing market pricing conditions for certain components, such as storage chips, further contributed to the increase in hardware costs. To proactively manage the impact of sustained high hardware costs, we implemented the following measures: (i) we moderately increase the procurement of certain hardware components during periods when prices were relatively favorable; and (ii) we continue to expand and diversify our supplier base to identify alternative or supplemental sourcing channels with more competitive pricing.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 55.1% from RMB109.9 million in 2024 to RMB170.4 million in 2025. Our gross profit margin remained relatively stable at 63.7% in 2024 and 63.8% in 2025.

Other Income

Our other income increased by 36.9% from RMB12.7 million in 2024 to RMB17.3 million in 2025, primarily attributable to (i) an increase in value-added tax refund in line with our revenue growth, and (ii) an increase in government grants, as we were eligible for certain government incentive and support programs (such as the "Little Giant") in 2025.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model changed from impairment loss reversals of RMB0.4 million in 2024 to losses of RMB0.9 million in 2025, as our receivable cycle returned to a stable pattern following our collection efforts in 2024, together with an increase in trade receivables as our business scale continued to expand.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 14.9% from RMB86.5 million in 2024 to RMB73.6 million in 2025, primarily attributable to a decrease in staff costs and welfare expenses and business development expenses, driven by the optimization of the sales team structure, reallocation of resources toward markets with higher customer acquisition potential and refined performance evaluation metrics, which collectively improved operational efficiency. In addition, the cumulative effects of our prior brand-building initiatives enabled us to leverage flagship customers to attract additional clients within the same industry, reducing the need for broad-based promotional spending.

Research and Development Expenses

Our research and development expenses decreased by 12.3% from RMB88.0 million in 2024 to RMB77.2 million in 2025, primarily attributable to (i) a decrease in staff costs and welfare expenses following the structure optimization of our R&D team and resource allocation through a more focused R&D approach and the deployment of an AI-enabled quality engineering system, and (ii) a decrease in depreciation and amortization in line with lowered server procurement as we streamline our R&D initiatives and focus on priority research areas. The early stage of our R&D activities involved broader exploration. As our technologies have matured, our R&D efforts have

become more focused and efficient, with outputs increasingly reusable across projects. This was further supported by a shift in our R&D focus from foundational architecture exploration to platform-level iteration and productization, as our core underlying technologies (including XSEA and XScale), have undergone over a decade of continuous development and entered a mature stage. In addition, we have implemented AI-enabled quality engineering system optimizations, which have enhanced our R&D efficiency through (i) the adoption of unified R&D processes and a modular architecture across products, enabling extensive reuse of core technology components and significantly reducing incremental development effort for new products; and (ii) the broad deployment of AI-driven quality engineering systems and R&D productivity tools, including (a) automated detection of code quality issues and potential performance bottlenecks, shortening regression and compatibility testing cycles; (b) AI-assisted coding, code completion and documentation support, improving individual productivity and documentation quality within a streamlined R&D team; and (c) automation of routine tasks such as system monitoring and anomaly alerts, reducing repetitive manual effort. As a result, personnel optimization was primarily driven by workflow efficiency improvements rather than direct headcount control. Looking ahead, our R&D team size will be maintained in line with our R&D initiatives on next-generation AI-native storage platforms and related vertical expansion and adaptation, ensuring alignment between talent deployment and our long-term development roadmap. See "Future Plans and Use of [**REDACTED**]."

Administrative Expenses

Our administrative expenses decreased by 22.4% from RMB32.1 million in 2024 to RMB24.9 million in 2025, primarily attributable to a decrease in staff costs and welfare expenses resulting from the ongoing optimization of our staffing and organizational structure, as well as the extensive adoption of AI toolchains and automated workflows to support routine tasks, which enhanced overall productivity.

Finance Costs

Our finance costs decreased by 44.3% from RMB0.4 million in 2024 to RMB0.2 million in 2025, primarily attributable to a decrease of interests on lease liabilities following our early termination of several leases associated with office premises.

(Loss)/Profit and Total Comprehensive (Expense)/Income for the Year

As a result of the foregoing, our loss and total comprehensive expense of RMB84.2 million in 2024 changed to profit and total comprehensive income of RMB7.1 million in 2025, primarily attributable to revenue growth driven by broader solution adoption and new customer acquisitions amid rising demand for advanced storage solutions in downstream application scenarios, together with a decrease in operating expenses resulting from team structure optimization and the adoption of AI toolchains and automated workflows to enhance productivity.

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

Revenue

Our revenue remained relatively stable at RMB166.8 million in 2023 and RMB172.5 million in 2024. In particular:

- ***Revenue from data lake storage solutions.*** Our revenue from sales of data lake storage solutions increased by 13.0% from RMB62.0 million in 2023 to RMB70.1 million in 2024. This growth was primarily driven by the growing downstream demand for AI storage related solutions, combined with the strengthened competitiveness of our solutions resulting from continuous technology upgrades, enabling us to capture more customer demands, which was evidenced by 364 orders placed by customers in 2024 compared with 257 orders in 2023.

- ***Revenue from storage solutions for T&I.*** Our revenue from sales of storage solutions for T&I decreased by 10.3% from RMB75.7 million in 2023 to RMB67.9 million in 2024, primarily attributable to more limited availability of certain advanced training processors (such as the H20 series) in 2024 due to import control constraints; such constraints affected downstream AI cluster construction and delayed customer procurement and project deployment during the year.

In addition, revenue from our AI storage services remained relatively stable at RMB29.1 million in 2023 and RMB34.4 million in 2024.

Cost of Sales

Our cost of sales decreased by 15.9% from RMB74.4 million in 2023 to RMB62.6 million in 2024, primarily due to a decrease in hardware costs as certain customers shifted toward a higher proportion of software-based solutions, which generally carry lower cost of sales.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 18.9% from RMB92.4 million in 2023 to RMB109.9 million in 2024. Our gross profit margin increased from 55.4% in 2023 to 63.7% in 2024, primarily attributable to (i) the enhanced technology of our solutions which strengthened our competitiveness and in turn improved our overall ability to charge premium pricing for our solutions, and (ii) change in product mix as certain customers placed a higher proportion of orders for software-based solutions that typically carry a higher gross profit margin. In particular:

- ***Data lake storage solutions.*** Our gross profit generated from sales of data lake storage solutions increased by 39.4% from RMB29.8 million in 2023 to RMB41.5 million in 2024, and our gross profit margin for data lake storage solutions increased from 48.0% in 2023 to 59.2% in 2024, primarily attributable to (i) a lower hardware costs as certain customers shifted toward a higher proportion of software-based solutions, which generally carry lower cost of sales, and (ii) the strengthened competitiveness of our products resulting from continuous technology upgrades, which enabled us to charge a premium for our data lake storage solutions.

- ***Storage solutions for T&I.*** Our gross profit generated from sales of storage solutions for T&I remained relatively stable at RMB45.7 million in 2023 and RMB44.6 million in 2024. Our gross profit margin for storage solutions for T&I increased from 60.4% in 2023 to 65.6% in 2024, primarily attributable to a shift in the product mix purchased by our customers, as certain customers placed a higher proportion of orders for software-based solutions that typically carry a higher gross profit margin.

In addition, gross profit generated from our AI storage services increased by 40.5% from RMB16.9 million in 2023 to RMB23.8 million in 2024, and the gross profit margin for AI storage services increased from 58.3% in 2023 to 69.2% in 2024, primarily attributable to service scale expansion and resulting economies of scale.

Other Income

Our other income decreased by 26.4% from RMB17.2 million in 2023 to RMB12.7 million in 2024, primarily attributable to (i) a decrease in value-added tax refund due to fluctuations in the underlying tax base and the timing of VAT refund receipts across periods, and (ii) a decrease in interest income from bank and other deposits.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment loss reversals under expected credit loss model remained relatively stable at RMB0.5 million in 2023 and RMB0.4 million in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 30.3% from RMB124.1 million in 2023 to RMB86.5 million in 2024, primarily attributable to a decrease in business development expenses, driven by our efforts to optimize the structure of our sales team and reallocate resources targeting selected markets, coupled with refined performance evaluation metrics that collectively enhanced operational efficiency. In addition, our historical brand-building initiatives have generated cumulative effects; we leveraged flagship customers to attract additional clients in the same industry, which we believed enhanced our customer acquisition efficiency and reduced the need for broad-based promotional spending.

This was further supported by broadly adopted automation and AI-enabled tools in our sales and marketing operations, including automated preparation and standardization of AI-assisted customer communications, marketing materials and internal reports, automated scheduling and coordination of meetings and site visits, and workflow automation for routine administrative and follow-up tasks, reducing repetitive manual work and improved execution efficiency, thereby lowering overall expenses through streamlined workflows and enhanced labor productivity, rather than direct headcount reduction. Going forward, we plan to maintain a sufficient talent pool for localized sales, pre-sales and delivery teams aligned with our key verticals in order to support industry-tailored service delivery. See "Future Plans and Use of [**REDACTED**]."

Research and Development Expenses

Our research and development expenses decreased by 20.0% from RMB110.0 million in 2023 to RMB88.0 million in 2024, primarily attributable to a decrease in staff costs and welfare expenses mainly driven by the optimization of team structure and resource allocation through more focused R&D approach with the priority on our next-generation AI-native storage platform. See "— Period-to-period Comparison of Results of Operations — Year ended December 31, 2025 Compared with Year ended December 31, 2024 — Research and Development Expenses."

Administrative Expenses

Our administrative expenses decreased by 42.9% from RMB56.2 million in 2023 to RMB32.1 million in 2024, primarily attributable to (i) a decrease in staff costs and welfare expenses as we continuously optimized the staffing and organizational structure of our administrative team and extensively adopted AI toolchains and automated workflows to support routine tasks, thereby enhancing overall productivity, and (ii) a decrease in professional service expenses, as certain consulting costs were non-recurring. Specifically, we widely deployed basic process automation tools combining robotic process automation and AI across standardized administrative and human resources workflows, including (i) process automation in routine finance and HR functions such as financial reconciliation, invoice review, employee expense reimbursement and preliminary resume screening; and (ii) office and decision-support tools, including large language model-based assistants for meeting documentation, routine document processing and preliminary contract reviews. These initiatives were further supported by the continued enhancement and integration of our internal digital infrastructure, which reduced cross-departmental coordination costs. As a result, the reduction in administrative expenses was primarily driven by process optimization and productivity gains rather than direct headcount control.

Finance Costs

Our finance costs remained relatively stable at RMB0.5 million in 2023 and RMB0.4 million in 2024.

Loss and Total Comprehensive Expense for the Period

As a result of the foregoing, our loss and total comprehensive expense for the year decreased by 53.4% from RMB180.7 million in 2023 to RMB84.2 million in 2024, primarily driven by a decrease in operating expenses as we optimized the personnel structure and leveraged innovative use of AI and other efficiency tools to enhance workforce productivity.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current Assets and Liabilities

The following table sets forth selected information from our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	24,506	15,581	9,040	8,568
Right-of-use assets	9,994	4,962	4,032	2,691
Intangible assets	1,155	763	617	546
Term deposits	81,107	121,682	40,947	41,700
Prepayments, deposits and other receivables	1,008	919	227	3,598
Total non-current assets	**117,770**	**143,907**	**54,863**	**57,103**
Non-current liabilities				
Contract liabilities	22,081	22,494	24,451	27,646
Lease liabilities	5,366	1,250	1,153	800
Total non-current liabilities	**27,447**	**23,744**	**25,604**	**28,446**

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment comprised (i) machinery, equipment and vehicles, including production equipment used in the manufacturing and assembly process such as operating workstations, pressure and torque testing instruments and servers used for testing purposes, (ii) office equipment, computers and others, including office equipment used for day-to-day operation as well as office equipment used in the production process, such as laptop computers and material barcode scanners, and (iii) leasehold improvement. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Machinery, equipment and vehicles	534	286	141	72
Office equipment, electric equipment and others	19,383	12,465	7,828	8,305
Leasehold improvement	4,589	2,830	1,071	191
Total	**24,506**	**15,581**	**9,040**	**8,568**

Our property, plant and equipment decreased by 36.4% from RMB24.5 million as of December 31, 2023 to RMB15.6 million as of December 31, 2024, primarily attributable to (i) a decrease in office equipment, electric equipment and other, reflecting the disposal and gradual depreciation of servers and related devices purchased in 2023 to support our business operations, and (ii) a decrease in leasehold improvement, representing ongoing amortization of prior office renovation costs. Our property, plant and equipment further decreased by 42.0% to RMB9.0 million as of December 31, 2025, primarily attributable to a decrease in office equipment, electric equipment and others, reflecting the disposal and gradual depreciation of servers and related devices previously purchased. Our property, plant and equipment further decreased by 5.2% from RMB9.0 million as of December 31, 2025 to RMB8.6 million as of June 30, 2026, primarily attributable to a decrease in leasehold improvement as the remaining amortization period of such leasehold improvement shortened, which was partially offset by an increase in office equipment, electronic equipment and other assets, primarily attributable to the procurement of additional servers for our research and development activities.

Right-of-use Assets

During the Track Record Period, our right-of-use assets were leased offices. Our right-of-use assets decreased by 50.4% from RMB10.0 million as of December 31, 2023 to RMB5.0 million as of December 31, 2024 following our termination of several leases associated with office premises. Our right-of-use assets decreased by 18.7% to RMB4.0 million as of December 31, 2025, and further decreased by 33.3% to RMB2.7 million as of June 30, 2026, primarily attributable to the continued depreciation of existing leases.

Intangible Assets

During the Track Record Period, our intangible assets were software. Our intangible assets decreased by 33.9% from RMB1.2 million as of December 31, 2023 to RMB0.8 million as of December 31, 2024, and further decreased to RMB0.6 million as of December 31, 2025 and RMB0.5 million as of June 30, 2026, primarily attributable to the amortization of software. In particular, at the end of each year/period during the Track Record Period, we assess the carrying amounts of our non-financial assets to determine whether there is any indication of impairment, in accordance with the accounting policy set out in Note 4 to the Accountants' Report in Appendix I to this document. Although we had net losses in 2023 and 2024, such losses were within our expectation as we remained in the research and development stage and made significant investments in research and development activities. With expanding sales, we reached the break even point in 2025. Having reviewed both internal and external sources of information, we did not identify any indicators of impairment for our non-financial assets. Accordingly, we concluded that there was no impairment needed for our non-financial assets as of December 31, 2023, 2024, 2025 and June 30, 2026.

Contract Liabilities

Our contract liabilities primarily arise from (i) the advanced payments made by the customers while the underlying solutions or services are not yet provided, and (ii) the software maintenance and upgrade services which are accounted for as a separate performance obligation of which the revenue is recognized over the service period. The following table sets forth a breakdown of the current and non-current portions of contract liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current	22,081	22,494	24,451	27,646
Current	30,400	32,967	26,316	26,967
Total	**52,481**	**55,461**	**50,767**	**54,613**

Our contract liabilities increased by 5.7% from RMB52.5 million as of December 31, 2023 to RMB55.5 million as of December 31, 2024, primarily in line with the changes in advanced payments received and revenue recognized for the relevant periods. Our contract liabilities decreased by 8.5% from RMB55.5 million as of December 31, 2024 to RMB50.8 million as of December 31, 2025, primarily attributable to a decrease in the current portion of contract liabilities, reflecting a lower balance of advance payments received for goods yet to be delivered. This was partially offset by an increase in the non-current portion of contract liabilities, which mainly comprised consideration related to warranty services associated with our solutions offerings and remained broadly in line with the growth of solution sales. Our contract liabilities increased by 7.6% from RMB50.8 million as of December 31, 2025 to RMB54.6 million as of June 30, 2026, primarily attributable to an increase in the non-current portion of contract liabilities mainly consisting of warranty services associated with our solutions offerings, which remained generally in line with the growth of our sales.

As of July 31, 2026, approximately RMB1.7 million, or 6.3% of the current portion of our contract liabilities as of June 30, 2026 had been utilized.

Current Assets and Liabilities

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

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Inventories	32,255	22,873	24,113	55,087	53,881
Trade and notes receivables	54,667	32,704	88,619	123,465	117,215
Contract assets	139	59	645	435	435
Prepayments, deposits and other receivables	12,130	18,670	13,366	25,072	25,085
Financial assets at FVTPL	–	50,075	–	–	–
Term deposits	128,176	40,273	82,768	32,323	32,323
Restricted bank deposits	–	623	–	472	472
Cash and cash equivalents	165,370	114,629	47,263	26,335	26,237
Total current assets	**392,737**	**279,906**	**256,774**	**263,189**	**255,648**
Current liabilities					
Trade and other payables	45,428	45,139	64,136	41,648	43,934
Contract liabilities	30,400	32,967	26,316	26,967	26,967
Lease liabilities	4,628	3,538	2,294	1,618	3,692
Borrowings	–	–	–	28,019	28,000
Total current liabilities	**80,456**	**81,644**	**92,746**	**98,252**	**102,593**
Net current assets	**312,281**	**198,262**	**164,028**	**164,937**	**153,055**

Our net current assets decreased by 36.5% from RMB312.3 million as of December 31, 2023 to RMB198.3 million as of December 31, 2024. The decrease was primarily attributable to (i) a decrease in cash and cash equivalents, (ii) a decrease in term deposits, partially due to previously purchased deposits gradually matured, and (iii) a decrease in trade and notes receivables primarily attributable to a decrease in trade receivables attributable to strengthened collection supervision, which improved accounts receivable collections. This decrease was partially offset by an increase in financial assets at FVTPL, reflecting a one-time temporary investment in structured deposits from a reputable bank.

Our net current assets decreased by 17.3% from RMB198.3 million as of December 31, 2024 to net current assets of RMB164.0 million as of December 31, 2025. The decrease was primarily attributable to (i) a decrease in financial assets at FVTPL, primarily due to the maturity of a one-time temporary investment in structure deposits, and (ii) an increase in trade and other payables, resulting from moderately increased procurement of certain hardware components during a relatively favorable pricing period. This decrease was partially offset by (i) an increase in trade and notes receivables following the surge in customer demand as increased sales volumes from our

customer-centric solutions resulted in a corresponding rise in accounts receivables, and (ii) an increase in the current portion of term deposits, primarily attributable to our selection and allocation of deposit products based on prevailing interest rate levels.

Our net current assets remained relatively stable at RMB164.0 million as of December 31, 2025 and RMB164.9 million as of June 30, 2026.

Our net current assets decreased by 7.2% from RMB164.9 million as of June 30, 2026 to RMB153.1 million as of July 31, 2026. This decrease was primarily attributable to (i) a decrease in trade and notes receivables, primarily attributable to the subsequent settlement and collection of receivables recognized in connection with delivery and acceptance milestones that are typically scheduled and completed near quarter-end; (ii) an increase in trade and other payables, primarily attributable to increased procurement of hardware in anticipation of potential increase in hardware prices; and (iii) an increase in lease liabilities under current portion, primarily attributable to the renewal of certain leased properties approaching expiry.

Inventories

During the Track Record Period, our inventories primarily comprised (i) raw materials, primarily consisted of performance-critical components such as SSDs, memory and NICs, (ii) finished goods, representing fully assembled turnkey appliances combining both hardware and software, and (iii) goods in transit, mainly representing turnkey appliances that have been shipped to our customers but are pending deployment and final acceptance. The following table sets forth a breakdown of our inventories as of the dates:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	20,249	3,788	6,208	49,909
Finished goods	1,643	468	812	1,644
Goods in transit	10,363	18,617	17,093	3,534
Total	**32,255**	**22,873**	**24,113**	**55,087**

Our inventories decreased by 29.1% from RMB32.3 million as of December 31, 2023 to RMB22.9 million as of December 31, 2024, primarily attributable to a decrease in raw materials, reflecting our ongoing efforts to optimize supply chain and inventory management, improve turnover efficiency and reduce stockpiling. This decrease was partially offset by an increase in goods in transit, mainly due to scheduling arrangements to align with customer installation timelines. Our inventories increased by 5.4% from RMB22.9 million as of December 31, 2024 to RMB24.1 million as of December 31, 2025, primarily attributable to an increase in raw materials, reflecting the moderate increase in inventory levels during relatively favorable pricing periods to support anticipated growth in customer demand and in response to the potential increase in certain hardware component prices, including storage chips. Our inventories increased significantly from RMB24.1 million as of December 31, 2025 to RMB55.1 million as of June 30, 2026, primarily attributable to an increase in raw materials, as we strategically built up inventory during periods of relatively favorable prices to mitigate the impact of anticipated raw material price increases; this increase was partially offset by a decrease in goods in transit, as certain customers accelerated product acceptance and settlement processes to secure available supply and lock in lower prices amid expectations of rising hardware component costs.

The following table sets forth the aging analysis of our inventory after deduction of provision as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	25,780	19,286	23,478	54,687
Over 1 year	6,475	3,587	635	400
Total	**32,255**	**22,873**	**24,113**	**55,087**

The following table sets forth the turnover days of our inventories for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
		(days)		
Inventory turnover days[(1)]	182.0	158.4	87.6	79.7

Note:

(1) Inventory turnover days for a year/period equal the average of the gross value of the opening and closing inventory balance divided by cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360/180 days for each year/period.

Our inventory turnover days decreased significantly from 182.0 days in 2023 to 158.4 days in 2024, and further decreased to 87.6 days in 2025, primarily attributable to our ongoing efforts to optimize supply chain and inventory management and improve turnover efficiency. We also shortened delivery cycles and secured higher credit limits by establishing long-term strategic partnerships with key suppliers, enabling us to better navigate a complex supply chain environment with frequent fluctuations in upstream components. In addition, as our product portfolio have broadened to include more software-based solutions, which generally involve shorter implementation procedures, our overall inventory turnover performance further improved. Our inventory turnover days further decreased from 87.6 days in 2025 to 79.7 days in the six months ended June 30, 2026, primarily attributable to our continued efforts to optimize supply chain management and improve inventory turnover efficiency, as well as accelerated product acceptance and settlement by certain customers seeking to secure available supply.

Specifically, we adopt a series of inventory management measures that contributed to the decrease in our inventory level during the Track Record Period, including (i) enhanced collection supervision through stricter performance assessments for distributors, with caps on the volume and value of overdue orders and the potential reduction or termination of cooperation upon breach of such thresholds; (ii) inventory policy to maintain lower stock levels, primarily in response to frequent changes in hardware specifications resulting from ongoing technology architecture iterations; and (iii) rolling demand forecasting, under which we maintain frequent communication with suppliers on delivery schedules and pricing trends and coordinate internally between sales and operations to improve inventory turnover efficiency. In addition, we maintain long-term relationships with strategic suppliers to secure priority supply and favorable pricing, and enter into fixed-price procurement contracts to lock in costs. Accordingly, although certain raw materials experienced price fluctuations during the Track Record Period, such fluctuations did not materially affect our inventory management policies or inventory levels.

As of July 31, 2026, approximately RMB3.7 million, or 6.6% of our inventories as of June 30, 2026 had been utilized or sold.

Trade and Notes Receivables

During the Track Record Period, our trade and notes receivables comprised trade receivables and notes receivables. The following table sets forth a breakdown of our net trade and notes receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	56,248	36,706	90,520	126,164
Notes receivables	3,669	625	3,658	2,213
Less: Allowance for credit losses	(5,250)	(4,627)	(5,559)	(4,912)
Trade and notes receivables, net	**54,667**	**32,704**	**88,619**	**123,465**

Our trade and notes receivables decreased by 40.2% from RMB54.7 million as of December 31, 2023 to RMB32.7 million as of December 31, 2024, primarily attributable to a decrease in trade receivables, driven by our strengthened collection supervision and stricter performance assessments for distributors, which improved timeliness of accounts receivables collections and reduced overall trade receivable balance. Our trade and notes receivables increased significantly from RMB32.7 million as of December 31, 2024 to RMB88.6 million as of December 31, 2025, primarily attributable to an increase in trade receivables reflecting (i) the revenue and overall business scale increase due to our efforts to upgrade and diversify our solutions and services as well as to acquire new customers, and (ii) the addition of certain reputable customers in the relevant industries during the year, for whom we moderately extended payment terms to align with their internal financial and budgetary arrangement, taking into account their credit profiles and cooperation circumstances. Our trade and notes receivables increased by 39.3% from RMB88.6 million as of December 31, 2025 to RMB123.5 million as of June 30, 2026, primarily attributable to an increase in trade receivables mainly reflecting the growth of our revenue and overall business scale driven by the continued enhancement and diversification of solutions and expansion of our customer base.

Our allowance for credit losses was determined using expected credit loss model under IFRS 9. Considering that (i) we have implemented stringent credit risk management measures, including assigning a designated team to set credit limits, approving credit terms and monitoring overdue balances to ensure timely recovery, (ii) we regularly evaluate the recoverability of trade receivables, taking into account customer credit profiles, historical repayment patterns, aging analysis and subsequent settlement, and (iii) the majority of our trade and notes receivables are aged within one year, our Directors are of the view that there are no material recoverability issues with the trade receivables as of the Latest Practicable Date.

The following table sets forth an aging analysis of our trade receivables based on the dates of receiving customer confirmation for delivery or rendering of services, as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	35,526	28,003	82,035	114,718
1 to 2 years	14,029	1,547	3,534	8,149
Over 2 years	6,693	7,156	4,951	3,297
Total	**56,248**	**36,706**	**90,520**	**126,164**

We typically offer major customers a credit period up to 60 days, except for certain credit worthy customers, where the credit periods are extended to a longer period. We maintain strict control over outstanding trade and notes receivables through established policies, under which extended credit terms of 30 to 150 days are granted only for certain credit worthy counterparties with an appropriate credit history. During the Track Record Period, a majority of our trade receivables, being 63.2%, 76.3%, 90.6% and 90.9% as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively, were aged within one year. The following table sets forth the turnover days of our trade and notes receivables for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
		(days)		
Trade and notes receivables turnover days[(1)]	145.7	91.2	81.8	102.8

Note:

(1) Trade and notes receivables turnover days for a year/period equal the average of opening and closing balance of trade and notes receivables (net of impairment) for the relevant year/period divided by revenue for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360/180 days for each year/period.

Our trade and notes receivables turnover days significantly decreased from 145.7 days in 2023 to 91.2 days in 2024, primarily attributable to strengthened collection efforts, including performance-based collection assessments and the targeted clearance of historical aged receivables. Our trade and notes receivable turnover days decreased from 91.2 days in 2024 and 81.8 days in 2025, primarily attributable to our revenue growth during the year while the overall credit policies remained prudent and stable. Our trade and notes receivable turnover days increased from 81.8 days in 2025 to 102.8 days in the six months ended June 30, 2026 as certain of the newly secured projects were for end customers such as telecommunications companies and financial institutions that generally involve delivery and acceptance near quarter-end. As a result, we recorded a higher trade receivables balance as of June 30, 2026 following the completion of such delivery and acceptance.

As of July 31, 2026, approximately RMB24.8 million, or 19.7% of our trade receivables as of June 30, 2026, had been settled.

Prepayments, Deposits and Other Receivables

During the Track Record Period, our prepayments, deposits and other receivables primarily comprised (i) other receivables, representing amounts due from the employee shareholding platforms for the repurchase prices paid to the resigned employees on behalf of the platforms, as well as the placement of a capital reduction guarantee deposit with one of our shareholders, (ii) prepayments to suppliers and prepaid expenses, primarily to procure raw materials, software and related services, (iii) deposits for targeted capital repurchase, see Note 23 of Appendix I to this document, and (iv) prepayment other tax expense, mainly representing deductible input VAT. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	3,303	10,381	10,731	15,788
Deposits for targeted capital repurchase	–	4,000	–	–
Less: Allowance for credit losses	(40)	(305)	(244)	(289)
Sub-total other receivables	**3,263**	**14,076**	**10,487**	**15,499**
Prepayment to suppliers and prepaid expenses	2,478	1,902	2,274	9,873
Deferred issue costs	–	–	824	3,298
Prepaid other tax expenses	7,397	3,611	–	–
Prepaid income tax expense	–	–	8	–
Total	**13,138**	**19,589**	**13,593**	**28,670**

The following table sets forth a breakdown of the current and non-current portions of prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current	1,008	919	227	3,598
Current	12,130	18,670	13,366	25,072
Total	**13,138**	**19,589**	**13,593**	**28,670**

Our prepayments, deposits and other receivables increased by 49.1% from RMB13.1 million as of December 31, 2023 to RMB19.6 million as of December 31, 2024, primarily attributable to an increase in other receivables, representing (i) amounts due from the employee shareholding platforms for the repurchase prices paid to the resigned employees on behalf of the platforms, see "History, Development and Corporate Structure — Our Incentive Plans and Employee Shareholding Platforms," as well as (ii) the placement of a capital reduction guarantee deposit with one of our shareholders. This increase was partially offset by a decrease in prepaid other tax expenses in line with the increase of sales in 2024. Our prepayments, deposits and other receivables decreased from RMB19.6 million as of December 31, 2024 to RMB13.6 million as of December 31, 2025, primarily attributable to (i) a decrease in deposits for targeted credit losses, reflecting the receipt of the capital reduction guarantee deposit previously placed with one of our shareholders upon the completion of the capital reduction, and (ii) a decrease in prepaid other tax expenses in line with the increase of sales in 2025. Our prepayments, deposits and other receivables increased significantly from RMB13.6 million as of December 31, 2025 to RMB28.7 million in the six months ended June 30, 2026, primarily attributable to (i) an increase in prepayment to suppliers and prepaid expenses, as we strategically procured servers and hardware components during periods of relatively favorable pricing in anticipation of continued increase in hardware component price; (ii) an increase in other receivables, representing outstanding value-added tax refunds receivable from the relevant tax authority; and (iii) an increase in deferred issue costs in relation to the [**REDACTED**].

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss primarily consisted of our investment in structured deposits from a reputable bank. Our financial assets at fair value through profit or loss increased significantly from nil as of December 31, 2023 to RMB50.1 million as of December 31, 2024, and further decreased to nil as of December 31, 2025, primarily attributable to the maturity of a one-time temporary investment in structured deposits. Our financial assets at fair value through profit or loss remained at nil as of December 31, 2025 and as of June 30, 2026.

We consistently prioritize capital preservation and sufficient liquidity while selectively investing in high-yield products offered by banks to optimize our financial investment portfolio. We believe that such investments serve the best interests of our Company by enhancing income without interference with our business operations or capital expenditure plans. To safeguard funds and preserve capital, we have implemented a series of risk management policy and internal control measures governing our investments in structured deposits. Key policies and measures include: (i) the scale and term of each investment must align with our cash flow planning; (ii) all investments must undergo assessment by our finance department, and subject to the approval of the authorized bodies of the shareholders' meeting and the Board; and (iii) we only purchase low-risk structured deposits.

Term Deposits

During the Track Record Period, our term deposits primarily represent bank deposits with original maturities of two to three years and carry interest rates ranging from 2.15% to 2.90% per annum. The following table sets forth a breakdown of the current and non-current portions of term deposits as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current	81,107	121,682	40,947	41,700
Current	128,176	40,273	82,768	32,323
Total	**209,283**	**161,955**	**123,715**	**74,023**

Our term deposits under non-current portion increased from RMB81.1 million as of December 31, 2023 to RMB121.7 million as of December 31, 2024, primarily attributable to our increased purchases of term deposits to enhance returns on surplus funds. Our term deposits under non-current portion decreased to RMB40.9 million as of December 31, 2025, as certain long-term deposits were approaching their maturity within 12 months as of the same date. Our term deposits under non-current portion remained relatively stable at RMB40.9 million as of December 31, 2025 and RMB41.7 million as of June 30, 2026. Our term deposits under current portion decreased from RMB128.2 million as of December 31, 2023 to RMB40.3 million as of December 31, 2024, primarily attributable to our selection and allocation of deposit products based on prevailing interest rate levels. Our term deposits under current portion increased to RMB82.8 million as of December 31, 2025, following the approaching maturity of certain long-term deposits that were expected to mature within 12 months as of the same date. Our term deposits under current portion decreased from RMB82.8 million as of December 31, 2025 to RMB32.3 million as of June 30, 2026, primarily reflecting the reallocation of our cash resources toward the strategic procurement of hardware components during the period of relatively favorable pricing, in anticipation of further increase in hardware component costs and to support customer delivery schedules.

Trade and Other Payables

During the Track Record Period, our trade and other payables primarily comprised (i) trade payables mainly representing our settlement with suppliers, (ii) salaries, welfare and bonus payables to employees, and (iii) payables for targeted capital repurchase. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	15,070	15,711	26,127	9,642
Notes payables	–	1,246	–	945
Salaries, welfare and bonus payable	21,638	21,092	25,018	17,871
Other tax payables	2,590	2,116	5,301	4,009
Other payables[(1)]	6,130	4,974	7,690	9,181
Total	**45,428**	**45,139**	**64,136**	**41,648**

Note:

(1) Other payables primarily represent social insurance and housing provident fund withheld and remitted on behalf of employees, as well as deposits and security margins paid to suppliers.

Our trade and other payables remained relatively stable at RMB45.4 million as of December 31, 2023 and RMB45.1 million as of December 31, 2024. Our trade and other payables increased from RMB45.1 million as of December 31, 2024 to RMB64.1 million as of December 31, 2025, primarily attributable to an increase in trade payables, reflecting our moderately higher procurement of certain hardware components during the relatively favorable pricing period to support anticipated growth in customer demand and in response to the potential price increase in certain hardware components prices. Our trade and other payables decreased from RMB64.1 million as of December 31, 2025 to RMB41.6 million as of June 30, 2026, primarily attributable to (i) a decrease in trade payables, mainly reflecting our increased use of advance payment arrangements for certain hardware purchases to secure product availability and lock in favorable pricing amid anticipated supply constraints and rising prices of storage servers and related hardware components; and (ii) a decrease in salaries, welfare and bonus payable, mainly reflecting a lower balance of accrued annual bonuses as of June 30, 2026 compared with December 31, 2025, as bonus accruals are partially settled through payments made during the first half of the year.

Our trade and other payables are normally settled on credit terms within 60 days. The following table sets forth an aging analysis of the trade payables based on the invoice dates as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	13,871	14,820	25,351	9,594
1 to 2 years	1,199	891	776	48
Total	**15,070**	**15,711**	**26,127**	**9,642**

The following table sets forth the turnover days of our trade and notes payables for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
		(days)		
Trade and notes payables turnover days[(1)]	123.2	92.0	80.3	36.9

Note:

(1) Trade and notes payables turnover days for a year/period equal the average of the opening and closing balance of trade and notes payables for the relevant year/period divided by the cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360/180 days for each year/period.

Our trade and notes payables turnover days decreased significantly from 123.2 days in 2023 to 92.0 days in 2024; our trade and notes payables further decreased to 80.3 days in 2025, primarily driven by (i) increased cooperation with suppliers offering more competitive pricing, which may involve shorter payment terms as part of commercial negotiations, and (ii) the onboarding of new suppliers to meet rising customer demand for upgraded specifications, where credit terms are generally shorter at the initial stage of cooperation. Our trade and notes payables turnover days decreased from 80.3 days in 2025 to 36.9 days in the six months ended June 30, 2026, primarily attributable to the continued impact of our procurement arrangements and onboarding of new suppliers as discussed above and, in particular, our increased use of advance payment arrangements for certain hardware purchases to secure product availability and favorable pricing in anticipation of tightening supply and higher price of storage servers and related hardware components.

As of July 31, 2026, approximately RMB18.7 million, or 44.8% of our trade and other payables as of June 30, 2026 had been settled.

KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2023	2024	2025	2026
Revenue growth[(1)] (%)	N/A	3.4	54.8	86.6
Net (loss)/profit rate[(2)] (%)	(108.3)	(48.8)	2.7	0.2
Gross profit margin[(3)] (%)	55.4	63.7	63.8	51.8
Current ratio[(4)]	4.9	3.4	2.8	2.7
Quick ratio[(5)]	4.5	3.1	2.5	2.1
Debt-to-asset ratio[(6)] (%)	21.1	24.9	38.0	39.6

Notes:

(1) Revenue growth rate is calculated based on revenue growth for the relevant year/period divided by revenue for the previous year/period and multiplied by 100%. See "— Period-to-Period Comparison of Results of Operations" for a discussion of the factors affecting our revenue changes during the Track Record Period.

(2) Net loss or profit rate is calculated based on loss or profit and total comprehensive income or expense for the year/period divided by revenue and multiplied by 100%. See "— Period-to-Period Comparison of Results of Operations" for a discussion of the factors affecting our net profit or loss changes during the Track Record Period.

(3) Gross profit or loss margin is calculated based on gross profit or loss divided by revenue and multiplied by 100%. See "— Period-to-Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit or loss margin changes during the Track Record Period.

(4) Current ratio equals total current assets divided by total current liabilities as of the relevant dates. Our current ratio decreased from 4.9 as of December 31, 2023 to 3.4 as of December 31, 2024, primarily because our total current assets decreased while our total current liabilities remained relatively stable. Our current ratio decreased from 3.4 as of December 31, 2024 to 2.8 as of December 31, 2025, primarily because our total current assets decreased, coupled with a simultaneous decrease in our total current liabilities. Our current ratio remained relatively stable at 2.8 as of December 31, 2025 and 2.7 as of June 30, 2026.

(5) Quick ratio equals total current assets less inventories divided by total current liabilities as of the relevant dates. Our quick ratio decreased from 4.5 as of December 31, 2023 to 3.1 as of December 31, 2024, primarily because our total current assets less inventories decreased while our total current liabilities remained relatively stable. Our quick ratio decreased from 3.1 as of December 31, 2024 to 2.5 as of December 31, 2025, primarily because our total current assets less inventories decreased, coupled with a simultaneous decrease in our total current liabilities. Our quick ratio decreased from 2.5 as of December 31, 2025 to 2.1 as of June 30, 2026, primarily because our total current assets less inventories decreased, coupled with a simultaneous increase in our total current liabilities.

(6) Debt-to-asset ratio equals total liabilities divided by total assets and multiplied by 100% as of the relevant dates. Our debt-to-asset ratio increased from 21.1% as of December 31, 2023 to 24.9% as of December 31, 2024, primarily because our total assets decreased while our total liabilities remained relatively stable. Our debt-to-asset ratio further increased to 38.0% as of December 31, 2025, primarily because our total assets decreased while our total liabilities increased. Our debt-to-asset ratio remained relatively stable at 38.0% as of December 31, 2025 and 39.6% as of June 30, 2026.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operations and equity financing. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2023, 2024, 2025 and June 30, 2026, we had cash and cash equivalents of RMB165.4 million, RMB114.6 million, RMB47.3 million and RMB26.3 million, respectively. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of operating cash flow, equity and debt financing and the estimated net [**REDACTED**] received from the [**REDACTED**].

Cash Flow

The following table sets forth our cash flow for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash flows used in operating activities	(152,561)	(39,266)	(25,459)	(30,973)	(93,480)
Net cash flows (used in)/generated from investing activities	(96,451)	(2,244)	91,085	49,869	48,582
Net cash flows (used in)/generated from financing activities	(5,173)	(9,231)	(132,992)	(2,146)	23,970
Net decrease in cash and cash equivalents	(254,185)	(50,741)	(67,366)	16,750	(20,928)
Cash and cash equivalents at beginning of the year/period	419,552	165,370	114,629	114,629	47,263
Effect of foreign exchange rate changes	3	–	–	–	–
Cash and cash equivalents at end of year/period	165,370	114,629	47,263	131,379	26,335

Net Cash Flows Used in Operating Activities

Our net cash flows used in operating activities primarily represented our loss or profit before tax for the year/period adjusted by: (i) non-cash and non-operating items, and (ii) changes in working capital.

In the six months ended June 30, 2026, our net cash flows used in operating activities was RMB93.5 million, which was primarily attributable to our profit before tax of RMB0.3 million as adjusted by (i) non-cash and nonoperating items, primarily comprising depreciation of property, plant and equipment of RMB3.5 million, and depreciation of right-of-use assets of RMB2.1 million and (ii) changes in working capital, which primarily comprised increase in trade and notes receivables of RMB34.2 million, increase in inventories of RMB31.0 million and decrease in trade and other payables of RMB22.8 million. In 2025, our net cash flows used in operating activities was RMB25.5 million, which was primarily attributed to our profit before tax of RMB7.1 million as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB8.7 million, and depreciation of right-of-use assets of RMB4.2 million and (ii) changes in working capital, which primarily comprised increase in trade and notes receivables of RMB56.8 million, partially offset by increase in trade and other payables of RMB18.3 million.

In 2024, our net cash flows used in operating activities was RMB39.3 million, which was primarily attributed to our loss before tax of RMB84.2 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB12.3 million; and (ii) changes in working capital, which primarily comprised increase in prepayments, deposits and other receivables of RMB2.8 million, partially offset by decrease in trade and notes receivables of RMB22.6 million and decrease in inventories of RMB9.2 million.

In 2023, our net cash flows used in operating activities was RMB152.6 million, which was primarily attributed to our loss before tax of RMB180.7 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB11.8 million; and (ii) changes in working capital, which primarily comprised decrease in trade and other payables of RMB33.5 million, partially offset by decrease in trade and notes receivables of RMB32.1 million.

Net Cash Flows Generated from or Used in Investing Activities

In the six months ended June 30, 2026, our net cash flows generated from investing activities was RMB48.6 million, which was primarily attributable to withdrawal of term deposits of RMB51.0 million. This was partially offset by purchases of property, plant and equipment of RMB3.0 million. In 2025, our net cash flows generated from investing activities was RMB91.1 million, which was primarily attributable to withdrawal of term deposits of RMB81.0 million and proceeds from disposal of financial assets at FVTPL of RMB50.0 million. This was partially offset by placement of term deposits of RMB41.0 million.

In 2024, our net cash flows used in investing activities was RMB2.2 million, which was primarily attributable to placement of term deposits of RMB80.0 million and purchases of financial assets at FVTPL of RMB50.0 million, partially offset by withdrawal of term deposits of RMB127.7 million.

In 2023, our net cash flows used in investing activities was RMB96.5 million, which was primarily attributable to placement of term deposits of RMB101.0 million, partially offset by proceeds from disposal of property, plant and equipment of RMB11.9 million.

Net Cash Flows Generated from or Used in Financing Activities

In the six months ended June 30, 2026, our net cash flows generated from financing activities was RMB24.0 million which was primarily attributable to proceeds from borrowings of RMB28.0 million. In 2025, our net cash flows used in financing activities was RMB133.0 million, which was primarily attributable to payments of targeted capital reduction of RMB132.3 million. In 2024, our net cash flows used in financing activities was RMB9.2 million, which was primarily attributable to repayments of lease liabilities of RMB4.9 million. In 2023, our net cash flows used in financing activities was RMB5.2 million, which was primarily attributable to repayments of lease liabilities of RMB4.7 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Workforce employment[(1)]	216,664	176,383	150,152	81,773	87,016
Direct production costs, including materials[(2)]	96,171	49,117	97,262	29,282	165,062
Research and development costs[(3)]	9,784	6,073	4,366	1,884	2,741
Product marketing[(4)]	22,131	10,592	9,045	3,686	4,607
Non-income taxes, royalties and other governmental charges[(5)]	17,199	12,952	15,305	6,815	10,798
Total	361,949	255,117	276,130	123,439	270,225

Notes:

(1) Workforce employment represents staff costs mainly including salaries and wages.

(2) Direct production costs, including materials, represent the costs of sales (excluding non-cash items under cost of sales) adjusted by changes in working capital relating to service and production as of the previous and current year/period end.

(3) Research and development costs represent R&D expenses (excluding staff costs and non-cash items under R&D expenses) adjusted for changes in working capital relating to R&D activities as of previous and current year/period end.

(4) Product marketing represents selling and marketing expenses (excluding staff costs and non-cash items under selling and marketing expenses) adjusted for changes in working capital relating to sales and marketing activities as of previous and current year/period end.

(5) Non-income taxes, royalties and other governmental charges represents various taxes and fees paid mainly including value-added tax and urban construction tax.

INDEBTEDNESS

As of July 31, 2026, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB36.3 million, comprising lease liabilities and borrowings. As of December 31, 2023, 2024 and 2025, June 30, 2026 and July 31, 2026, our total indebtedness amounted to RMB10.0 million, RMB4.8 million, RMB3.4 million, RMB30.4 million and RMB36.3 million, respectively.

The following table sets forth the details of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current lease liabilities	5,366	1,250	1,153	800	4,584
Current lease liabilities	4,628	3,538	2,294	1,618	3,692
Borrowings	–	–	–	28,019	28,000
Total	**9,994**	**4,788**	**3,447**	**30,437**	**36,276**

Our total lease liabilities decreased by 52.1% from RMB10.0 million as of December 31, 2023 to RMB4.8 million as of December 31, 2024, RMB3.4 million as of December 31, 2025, and further decreased to RMB2.4 million as of June 30, 2026, primarily attributable to (i) the termination of several leases associated with office premises; and (ii) the scheduled settlement of lease liabilities under our existing lease arrangements. Our total lease liabilities increased significantly from RMB2.4 million as of June 30, 2026 to RMB8.3 million as of July 31, 2026, primarily attributable to the renewal of certain leased properties approaching expiry.

Our borrowings remained nil as of December 31, 2023, 2024 and 2025, and increased to RMB28.0 million as of June 30, 2026, primarily because we obtained bank borrowings during the period to support our inventory stocking strategy in response to the increase of hardware components prices, which continued to trend upward during the period, while maintaining prudent liquidity management and adequate inventory levels. Our borrowings remained stable at RMB28.0 million as of July 31, 2026.

Our Directors confirm that, there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. After careful consideration, our Directors confirm that, there has been no material change in our indebtedness since July 31, 2026, being our indebtedness statement date up to the Latest Practicable Date.

Except as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured.

R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our R&D expenditure primarily consisted of R&D expenses adjusted by adding back intangible assets acquired from a third party and capitalized in connection with R&D software and deducting amortization expenses of capitalized intangible assets included in R&D expenditure. The table below sets forth our annual and total R&D expenditure for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Research and development expenses	110,012	87,959	77,186	38,010	41,426
Adjustments:					
Less: amortization expense of capitalized intangible assets included in research and development expenditure[(1)]	273	262	114	57	55
Annual R&D expenditure	109,739	87,697	77,072	37,953	41,371
Total R&D expenditure			274,508[(2)]		315,879

Notes:

(1) Primarily related to software procured from third parties for our R&D activities.

(2) Total R&D expenditure for the three financial years prior to the [**REDACTED**].

(3) Total R&D expenditure over the Track Record Period.

The table below sets forth our annual and total operating expenditure for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Research and development expenses	110,012	87,959	77,186	38,010	41,426
Selling and Marketing Expenses	124,107	86,526	73,645	36,170	36,852
Administrative expenses	56,185	32,140	24,937	11,041	13,468
Adjustments:					
Less: amortization expense of capitalized intangible assets included in research and development expenditure[(1)]	273	262	114	57	55
Annual total operating expenditure	290,031	206,363	175,654	85,164	91,691
Total operating expenditure			672,048[(2)]		763,739[(3)]

Notes:

(1) Primarily related to software procured from third parties for our R&D activities.

(2) Total R&D expenditure for the three financial years prior to the [**REDACTED**].

(3) Total R&D expenditure over the Track Record Period.

The table below sets forth our annual R&D expenditure ratio and total R&D expenditure ratio for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Annual R&D expenditure ratio[(1)]	37.8%	42.5%	43.9%	44.6%	45.1%
Total R&D expenditure ratio			40.8%[(2)]		41.4%[(3)]

Notes:

(1) Calculated by dividing annual R&D expenditure by annual total operating expenditure.

(2) Calculated by dividing total R&D expenditure for the three financial years prior to the [**REDACTED**] by total operating expenditure for the three financial years prior to the [**REDACTED**].

(3) Calculated by dividing total R&D expenditure over the Track Record Period by total operating expenditure over the Track Record Period.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025 and June 30, 2026, we did not have any contingent liabilities.

CAPITAL COMMITMENTS

The following table sets forth the details of our capital commitments for the years/periods indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Purchase of Property, plant and equipment	–	785	125	–
Total	**–**	**785**	**125**	**–**

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditure comprised expenditures on (i) purchase of property, plant and equipment, (ii) payments for right-for-use assets, and (iii) purchase of other intangible assets. The following table sets forth the details of our capital expenditures for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Property, plant and equipment	11,859	3,545	2,534	1,525	3,020
Right-for-use assets	428	23	236	236	106
Other intangible assets	450	89	–	–	–
Total	**12,737**	**3,657**	**2,770**	**1,761**	**3,126**

Our capital expenditures in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026 were RMB12.7 million, RMB3.7 million, RMB2.8 million, RMB1.8 million and RMB3.1 million, respectively. We funded our capital expenditure requirements during the Track Record Period mainly from cash generated from our daily business operations and our pre-[**REDACTED**] investments. We intend to fund our future capital expenditures and long-term investments with a combination of operating cash flow, equity and debt financing and net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may reallocate the fund to be utilized on capital expenditure based on our ongoing business needs.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 36 of Appendix I to this Document. Our Directors believe that our transactions with related parties during the Track Record Period and up to the Latest Practicable Date were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK

Our major financial instruments include trade and notes receivables, deposits and other receivables, cash and cash equivalents, financial assets at FVTPL and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (that is, interest rate risk, credit risk and liquidity risk). The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. See Note 34 of the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

DIVIDENDS AND DIVIDEND POLICY

No dividends were paid or declared by our Company during the Track Record Period. Our dividend policy provides that no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any declaration of dividends shall be proposed by our

Board of Directors and shall be subject to the approval of our shareholders in general meeting in accordance with our Articles of Association and all applicable laws and regulations. We currently do not have a formal dividend policy or any fixed dividend pay-out ratio. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, the long-term bank deposits and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, and (ii) payments for property, plant and equipment, intangible assets, right-for-use assets and lease liabilities. Our historical cash burn rate was RMB14.2 million, RMB4.0 million, RMB2.7 million and RMB16.4 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, mainly representing our investment in R&D activities. We had relatively higher cash burn rates in 2023, primarily due to relatively higher employee compensations paid in cash. We also recorded a relatively higher cash burn rate in the six months ended June 30, 2026, primarily because we increased our hardware procurement during favorable pricing windows and, where appropriate, made advance payments to suppliers to secure supply and favorable pricing. As the need for additional inventory build-up and advance payments is expected to decrease, and together with the anticipated growth in product sales in the second half of 2026, we expect our cash burn rate to decline in the second half of 2026.

We had (i) cash and cash equivalents of RMB26.2 million, (ii) committed unutilized bank facilities of RMB50.0 million, and (iii) term deposits (current and non-current) of RMB74.0 million as of July 31, 2026. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] after deducting the [**REDACTED**] and expenses payable by us in the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]. Assuming an expected average future monthly cash burn of RMB[**REDACTED**] based on the following principal assumptions: (i) hardware procurement costs and related working capital requirements remaining at a relatively elevated level; as advised by CIC, upstream hardware prices are expected to remain subject to potential upward pressure driven by industry supply-demand dynamics; (ii) cash outflows associated with the expected increase in hardware procurement costs being partially offset by cash inflows generated from the continued growth in sales of our Specialist Technology Products; and (iii) our operating expense profile remaining broadly stable following the implementation of operational optimization initiatives, we estimate that our cash and cash equivalents, term deposits, and committed unutilized bank facilities totaling RMB150.2 million as of July 31, 2026, will be able to maintain our financial viability for [**REDACTED**] months from [**REDACTED**] to [**REDACTED**]. If further taking into account [**REDACTED**]% of the estimated net [**REDACTED**] from [**REDACTED**] at an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], we estimate sufficiency of financial viability for [**REDACTED**] months, from [**REDACTED**] to [**REDACTED**]; and if taking into account [**REDACTED**] of such estimated net [**REDACTED**], we estimate sufficiency of financial viability for [**REDACTED**] months, from [**REDACTED**] to [**REDACTED**].

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any distributable reserves.

[**REDACTED**]

[**REDACTED**] consist of professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising: (i) [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]); and (ii) non [**REDACTED**]-related expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]); and (b) other fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be deducted from equity upon completion of the [**REDACTED**]. The [**REDACTED**] are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations in 2026.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this Document, there had been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the end date of the periods reported in Appendix I to this Document, and there is no event since June 30, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this Document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" in this document for a detailed description of our future plans.

USE OF [REDACTED]

Assuming that the [**REDACTED**] is not exercised, after deducting the [**REDACTED**] and other estimated [**REDACTED**] expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the range of the [**REDACTED**] stated in this document), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**]. We intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for enhancing R&D capabilities and enriching our AI storage solution portfolio over the next five years. In particular,

  Investments in R&D of next-generation AI-native storage platforms.

  - approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for R&D of a high-performance distributed storage engine optimized for large model training. This investment focuses on improving how data is delivered to GPUs during training, so AI models can train faster and more efficiently as hardware continues to evolve; such initiative forms an upgrade of our existing offerings (such as MeshFS). We plan to use the net [**REDACTED**] as follows: (i) approximately HK$[**REDACTED**] for hardware and software procurement to enhance data I/O efficiency through prefetching, parallel I/O scheduling and advanced erasure coding, thereby reducing storage costs and the total cost of ownership for large-scale AI workloads, including (a) hardware procurement, comprising approximately seven sets of training validation clusters, each comprising GPU servers, storage nodes and high-speed network switches, and (b) software procurement, primarily including storage scheduling software licenses and testing tools; and (ii) approximately HK$[**REDACTED**] will be used for staff costs and recruitment-related expenses;

  - approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for building a unified object and file storage foundation designed for AI inference and online services. This framework will make it easier for AI applications (such as online inference, vector search and content generation) to access data in real time through a single, consistent storage system by building a unified metadata management framework; such initiative forms an expansion of the existing offerings (such as MeshFusion and MeshSpace). Specifically, we plan to use the net [**REDACTED**] as follows: (i) approximately HK$[**REDACTED**] for hardware and software procurement to integrate object and distributed file storage under a unified metadata management framework, thereby addressing the demanding requirements of AI applications, including handling massive volumes of small files, hot/cold data tiering, and low-latency delivery for online services including (a) hardware procurement, comprising approximately eight sets of inference/retrieval validation clusters, and (b) software procurement, primarily including unified metadata management and testing software; and (ii) approximately HK$[**REDACTED**] will be used for staff costs and recruitment-related expenses.

In particular, we plan to recruit approximately 20-25 additional personnel for high-performance distributed storage engines and AI storage products, comprising distributed systems architects, storage kernel development engineers and test engineers; the actual recruitment plan may be adjusted to align with our business development progress. These personnel will primarily be responsible for designing distributed storage system architecture, optimizing system performance and scalability, developing the storage kernel I/O stack, metadata management and cache scheduling functions, and defining and executing testing strategies to ensure product quality and user experience.

Investments in expansion and vertical adaptation of AI storage solution portfolio.

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used to adapt our AI storage solutions for different industries, allowing us to better address industry-specific data characteristics and compliance requirements. Specifically, we plan to use the net [**REDACTED**] in the following industry verticals: (i) approximately HK$[**REDACTED**] will be used for the financial services vertical, primarily for desensitized financial risk control data packages, validation toolkits and related demonstration and validation environments required for financial risk control model training platforms; (ii) approximately HK$[**REDACTED**] will be used for the intelligent manufacturing vertical, primarily for industrial image and defect sample datasets, validation toolkits and related production-line inspection validation environments; (iii) approximately HK$[**REDACTED**] will be used for the media video cloud vertical, primarily for video or image datasets, video analysis validation toolkits and related large-scale storage validation environments required for video analysis storage scenarios; and (iv) approximately HK$[**REDACTED**] will be used for the scientific research vertical, primarily for industry-specific datasets, specialized validation toolkits and related validation environments required for scientific research data lake and high-performance computing storage scenarios. Specifically, we plan to use the net [**REDACTED**] as follows: (i) approximately HK$[**REDACTED**] for hardware and software procurement, comprising approximately ten sets of industry-specific datasets, specialized validation toolkits and labeling tools, and (ii) approximately HK$[**REDACTED**] will be used for staff costs and recruitment-related expenses;

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used to enhance data management and migration capabilities in multi-cloud and hybrid-cloud environments, with a specific focus on AI applications involving robotics and autonomous driving that typically rely on large volumes of distributed data. We plan to use the net [**REDACTED**] as follows: (i) approximately HK$[**REDACTED**] will be used for hardware and software procurement to enhance data management and migration capabilities in multi-cloud and hybrid-cloud environments and enable customers to flexibly orchestrate AI workloads between on-premises infrastructure and public cloud platforms, thereby optimizing computing costs and operational efficiency, including (a) hardware procurement, comprising approximately five sets of integrated multi-cloud/hybrid-cloud validation servers, and (b) software procurement, primarily comprising multi-cloud management and migration software licenses and (ii) approximately HK$[**REDACTED**] will be used for staff costs and recruitment-related expenses;

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for R&D of edge AI storage products and lightweight solutions. Edge AI storage products refer to storage products deployed close to where data is generated, such as production lines, robots, vehicles, cameras or edge servers, to process and transmit data locally and reduce latency and bandwidth pressure. Lightweight solutions refer to smaller-scale and more flexible AI storage solutions for single scenarios, pilot projects or edge environments, enabling customers to

validate AI storage capabilities at lower cost before scaling up deployment. We plan to use the net [**REDACTED**] as follows: (i) approximately HK$[**REDACTED**] for hardware and software procurement to develop edge AI storage products and lightweight solutions that support stable data ingestion and local data processing capabilities, including (a) hardware procurement, comprising approximately 25 sets of edge prototype/pilot kits, and (b) software procurement, comprising related software licenses and testing tools; and (ii) approximately HK$[**REDACTED**] will be used for staff costs and recruitment-related expenses.

In particular, we plan to recruit approximately 20-25 additional personnel for the expansion and vertical adaptation of our AI storage solution portfolio, comprising solutions directors, key account sales personnel for intelligent manufacturing and LLM infrastructure, and industry experts; the actual recruitment plan may be adjusted to align with our business development progress. These personnel will primarily be responsible for building industry solution frameworks, providing technical sales support, driving adoption of our AI storage solutions among target industry customers, promoting partnerships with telecom operators and cloud vendors, conducting scenario research, delivering industry architecture support and producing industry white papers.

Investments in ecosystem compatibility development.

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for compatibility certification, joint validation and performance optimization with leading GPU/CPU vendors, cloud providers and AI framework developers. We plan to use the net [**REDACTED**] as follows: (i) approximately HK$[**REDACTED**] will be used for hardware and software procurement to verify product compatibility, conduct performance tuning and develop validated reference architectures for customers and ecosystem partners, including (a) hardware procurement, comprising approximately 45 sets of GPU servers, general-purpose servers and storage devices to test and validate our products across different hardware platforms and AI frameworks, general-purpose servers, and associated storage/networking gear to build testing environments that reflect real AI T&I workloads; and (b) software procurement comprising testing licenses for AI frameworks and cloud platforms; and (ii) approximately HK$[**REDACTED**] will be used for staff costs and recruitment-related costs;

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used to build a compatible developer platform. We plan to use the net [**REDACTED**] as follows: (i) approximately HK$[**REDACTED**] will be used for hardware and software procurement to establish an API/SDK-based developer integration environment, including (a) hardware procurement, comprising approximately 25 sets of dedicated servers for the developer platform, which will be used to support API/SDK and plug-in development and testing, as well as facilitating interface development, regression testing and third-party integration debugging; and (b) software procurement, comprising API/SDK and CI/CD toolchains; and (ii) approximately HK$[**REDACTED**] will be used for staff costs and recruitment-related expenses. For our ecosystem development model, we plan to adopt an open API/SDK-based developer platform model, under which we will provide APIs, SDKs, plug-in frameworks and CI/CD environments to enable third-party developers and ISVs to integrate with and extend our storage platform. Such open access refers to access to software integration interfaces, and does not involve open-sourcing our proprietary source code or making any customer data publicly available. We will also implement identity authentication, permission controls and security audit mechanisms to safeguard data privacy and security.

In particular, we plan to recruit approximately 15-20 additional personnel for ecosystem compatibility development, comprising ecosystem platform architects, SDK/API development engineers, GPU/AI framework compatibility engineers and developer relations experts; the actual recruitment plan may be adjusted to align with our business development progress. These personnel will primarily be responsible for building our open platform, API gateway and developer portal, developing SDKs and CLI tools, maintaining technical documentation, validating compatibility with mainstream GPU/AI frameworks, and promoting developer engagement through technical content and community activities.

- The following table outlines the anticipated outcomes of our R&D initiatives for the next five years, based on our current estimates and subject to adjustment in light of our actual requirements, R&D progress and prevailing market conditions.

R&D projects	Expected R&D outcomes	Expected enhancement to existing products or launch of new products
R&D for next-generation AI-native storage platform		
High-performance distributed storage engine	• achieve TB/s-level sustained throughput within a single cluster, reduce training-data cache access latency to approximately 20 microseconds • support storage requirements for ultra-large GPU clusters at the scale of 100,000 GPUs	• Enhancement of MeshFS and other T&I storage solutions, including XSEA and XEBS-XINFINI/XGFS
Building unified objects and file storage foundation	• support EB-level capacity under a single namespace, unify the management of object and file data • enable low-latency concurrent access to massive small files at the scale of hundreds of billions for online inference and vector search	• Enhancement of MeshFusion, MeshSpace and other object and file storage products, including XEOS/XEDP/XGFS
R&D for expansion and vertical adaptation of AI storage solution portfolio		
Vertical adaptation	• develop standardized ready-to-use industry toolkits for key industries • improve adaptability to industry-specific data characteristics and compliance requirements	• Industry-specific configuration and extension of existing solution offerings

R&D projects	Expected R&D outcomes	Expected enhancement to existing products or launch of new products
Data management and migration capabilities in multi-cloud and hybrid-cloud environments	• enable a unified namespace and data view across mainstream public and private clouds • improve cross-domain data migration and synchronization efficiency compared with existing solutions	• Enhancement of existing data management capabilities across our solution offerings
Edge AI storage products and lightweight solutions	• enable single-node or few-node lightweight deployment • support local data caching and preprocessing at the edge	• Development of new solution offerings
R&D for ecosystem compatibility development		
Compatibility certification, joint validation and performance optimization	• complete compatibility certification with mainstream GPU/CPU vendors, cloud service providers and AI frameworks	• R&D adaptation and validation project for existing solution offerings
Building compatible developer platform	• establish a developer integration platform based on APIs, SDKs, plug-in frameworks and CI/CD environments	• Development of new capability to support third-party developers and ISV integration across our solution offerings

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for expansion of sales coverage in strategic industries over the next five years. In particular,
    - approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used to expand localized sales, pre-sales and delivery teams in major economic hubs and key regions in China, serving finance, internet, public sector and manufacturing customers. Specifically, we plan to use the net [**REDACTED**] to conduct the following go-to-market activities: (i) approximately HK$[**REDACTED**] will be used to lease approximately 2,000 sq.m. of office space upon full expansion, comprising a 1,000 sq.m. finance and manufacturing customer demonstration and ecosystem validation center in Shanghai and a 1,000 sq.m. AI hardware ecosystem and delivery support center in Shenzhen; these premises will primarily be used to (a) host live demonstrations of our AI infrastructure solutions in real operating environments, allowing potential customers to evaluate the performance and value of our storage systems under AI training workloads and supporting customer acquisition and sales conversion; and (b) organize developer salons and AI technology forums to facilitate technical engagement with customers, enhance the market visibility and industry recognition of our solutions, and support the identification of business opportunities arising from customers' AI infrastructure expansion and upgrade plans; (ii) approximately HK$[**REDACTED**] will be used for the procurement of demo/POC

systems todeepen engagement with enterprise and ecosystem partners; and (iii) approximately HK$[**REDACTED**] will be used for employee compensation for sales and service personnel;

Specifically, we intend to conduct the following go-to-market activities and expand sales coverage by building a vertical-focused sales, pre-sales and delivery team with the following expertise: (i) for the finance sector, expertise in financial workloads and AI infrastructure performance requirements; (ii) for the internet sector, deep understanding of large-model training and inference across the AI lifecycle; (iii) for the public sector, expertise in regulatory compliance; and (iv) for the manufacturing sector, capabilities in industrial AI, machine vision and data-intensive workloads. By building industry-focused teams with specialized domain knowledge, we expect to better identify customer needs, tailor our solutions accordingly and provide more effective customer support, thereby enhancing our competitiveness and supporting customer conversion and sales growth.

  - approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for brand building and marketing initiatives, including the execution of major marketing events such as AI storage-focused technical conferences, customer engagement days, industry salons, and participation in leading domestic and international trade shows. Specifically, we plan to use the net [**REDACTED**] to (i) co-host joint go-to-market activities with key partners — including compute infrastructure providers, cloud platforms, and independent software vendors (ISVs) — to amplify our visibility and strengthen our position as a trusted brand in the AI infrastructure ecosystem; and (ii) pay employee compensation.

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], as working capital and for general corporate uses.

In the event that the [**REDACTED**] is set at the maximum [**REDACTED**] or the minimum [**REDACTED**] of the indicative [**REDACTED**] range, the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**], respectively. If we make an upward or downward [**REDACTED**] adjustment to set the final [**REDACTED**] to be above or below the mid-point of the [**REDACTED**] range, we will increase or decrease the allocation of the net [**REDACTED**] to the above purposes on a pro rata basis.

The total net [**REDACTED**] that we would receive if the [**REDACTED**] was exercised in full would be (i) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the maximum [**REDACTED**] of the indicative [**REDACTED**] range), (ii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] range) and (iii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the minimum [**REDACTED**] of the indicative [**REDACTED**] range). We intend to apply the additional net [**REDACTED**] to the above uses on a pro rata basis.

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes, we will only deposit such [**REDACTED**] in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

[**REDACTED**]

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[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-62, received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING XSKY TECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Beijing XSKY Technology Co., Ltd. (北京星辰天合科技股份有限公司, formerly known as XSKY (Beijing) Data Technology Co., Ltd. or 星辰天合(北京)數據科技有限公司, the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-62, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025 and June 30, 2026, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 and six months ended June 30, 2026 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[4] to I-62 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●], 2026 (the "Document") in connection with the [**REDACTED**] of 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 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants" Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2023, 2024 and 2025 and June 30, 2026, of the Company's financial position as at December 31, 2023, 2024 and 2025 and June 30, 2026 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2025 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has

come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 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-[3] have been made.

Dividends

We refer to Note 16 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[●]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the year ended December 31,			For the six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue	*6*	166,841	172,484	267,013	99,529	185,760
Cost of sales		(74,434)	(62,630)	(96,590)	(29,732)	(89,446)
Gross profit		92,407	109,854	170,423	69,797	96,314
Other income	*7*	17,200	12,661	17,332	6,057	7,238
Impairment losses reversed/(recognized) under expected credit loss model	*8*	528	359	(887)	(1,008)	609
Other gains and losses, net	*9*	(30)	(51)	347	34	286
Selling and marketing expenses		(124,107)	(86,526)	(73,645)	(36,170)	(36,852)
Research and development expenses		(110,012)	(87,959)	(77,186)	(38,010)	(41,426)
Administrative expenses		(56,185)	(32,140)	(24,937)	(11,041)	(13,468)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	*10*	(471)	(377)	(210)	(120)	(154)
(Loss)/profit before tax		(180,670)	(84,179)	7,137	(10,461)	307
Income tax expense	*11*	–	–	–	–	–
(Loss)/profit and total comprehensive (expense)/income for the year/period	*12*	(180,670)	(84,179)	7,137	(10,461)	307
(Loss)/profit per share (RMB)						
Basic and diluted	*15*	[(0.48)]	[(0.23)]	[0.02]	[(0.03)]	[0.00]

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets					
Property, plant and equipment	17	24,506	15,581	9,040	8,568
Right-of-use assets	18	9,994	4,962	4,032	2,691
Intangible assets	19	1,155	763	617	546
Term deposits	25	81,107	121,682	40,947	41,700
Prepayments, deposits and other receivables	23	1,008	919	227	3,598
		117,770	143,907	54,863	57,103
Current Assets					
Inventories	21	32,255	22,873	24,113	55,087
Trade and notes receivables	22	54,667	32,704	88,619	123,465
Contract assets	6	139	59	645	435
Prepayments, deposits and other receivables	23	12,130	18,670	13,366	25,072
Financial assets at fair value through profit or loss ("FVTPL")	24	–	50,075	–	–
Term deposits	25	128,176	40,273	82,768	32,323
Restricted bank deposits	25	–	623	–	472
Cash and cash equivalents	25	165,370	114,629	47,263	26,335
		392,737	279,906	256,774	263,189
Current Liabilities					
Trade and other payables	26	45,428	45,139	64,136	41,648
Contract liabilities	6	30,400	32,967	26,316	26,967
Lease liabilities	27	4,628	3,538	2,294	1,618
Borrowings	28	–	–	–	28,019
		80,456	81,644	92,746	98,252
Net Current Assets		312,281	198,262	164,028	164,937
Total Assets less Current Liabilities		430,051	342,169	218,891	222,040
Non-current Liabilities					
Contract liabilities	6	22,081	22,494	24,451	27,646
Lease liabilities	27	5,366	1,250	1,153	800
		27,447	23,744	25,604	28,446
Net Assets		402,604	318,425	193,287	193,594
Capital and Reserves					
Share capital	29	366,400	366,400	354,194	354,194
Reserves		329,081	329,081	209,012	209,012
Accumulated losses		(292,877)	(377,056)	(369,919)	(369,612)
Total Equity		402,604	318,425	193,287	193,594

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Assets					
Property, plant and equipment	*17*	24,506	15,581	9,040	8,568
Right-of-use assets	*18*	9,994	4,962	4,032	2,691
Intangible assets	*19*	1,155	763	617	546
Investments in subsidiaries	*38*	–	–	–	–
Term deposits	*25*	81,107	91,042	20,471	41,700
Prepayments, deposits and other receivables	*23*	1,008	919	227	3,598
		117,770	113,267	34,387	57,103
Current Assets					
Inventories	*21*	32,255	22,873	24,113	55,087
Trade and notes receivables	*22*	54,667	32,704	88,619	123,465
Contract assets	*6*	139	59	645	435
Prepayments, deposits and other receivables	*23*	12,088	18,627	13,342	25,022
Financial assets at FVTPL	*24*	–	50,075	–	–
Amounts due from subsidiaries		8,183	69,770	79,910	33,655
Term deposits	*25*	128,176	20,273	51,218	32,323
Restricted bank deposits	*25*	–	623	–	472
Cash and cash equivalents	*25*	164,953	114,018	46,602	25,942
		400,461	329,022	304,449	296,401
Current Liabilities					
Trade and other payables	*26*	43,951	43,570	62,316	40,021
Contract liabilities	*6*	30,400	32,967	26,316	26,967
Lease liabilities	*27*	4,628	3,538	2,294	1,618
Borrowings	*28*	–	–	–	28,019
		78,979	80,075	90,926	96,625
Net Current Assets		321,482	248,947	213,523	199,776
Total Assets less Current Liabilities		439,252	362,214	247,910	256,879
Non-current Liabilities					
Contract liabilities	*6*	22,081	22,494	24,451	27,646
Lease liabilities	*27*	5,366	1,250	1,153	800
		27,447	23,744	25,604	28,446
Net Assets		411,805	338,470	222,306	228,433
Capital and Reserves					
Share capital	*29*	366,400	366,400	354,194	354,194
Reserves		329,081	329,081	209,012	209,012
Accumulated losses		(283,676)	(357,011)	(340,900)	(334,773)
Total Equity		411,805	338,470	222,306	228,433

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Statutory surplus reserve	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	366,400	329,081	–	–	(112,207)	583,274
Loss and total comprehensive expense for the year	–	–	–	–	(180,670)	(180,670)
Recognition of equity-settled share-based payments expense *(Note 30)*	–	–	–	–	–	–
At December 31, 2023	366,400	329,081	–	–	(292,877)	402,604
Loss and total comprehensive expense for the year	–	–	–	–	(84,179)	(84,179)
Recognition of equity-settled share-based payments expense *(Note 30)*	–	–	–	–	–	–
At December 31, 2024	366,400	329,081	–	–	(377,056)	318,425
Targeted Capital Repurchase *(Note 29)*	(25,046)	(107,229)	–	–	–	(132,275)
Targeted Capitalization of Capital Reserve *(Note 29)*	12,840	(12,840)	–	–	–	–
Profit and total comprehensive income for the year	–	–	–	–	7,137	7,137
Recognition of equity-settled share-based payments expense *(Note 30)*	–	–	–	–	–	–
At December 31, 2025	354,194	209,012	–	–	(369,919)	193,287
Profit and total comprehensive income for the period	–	–	–	–	307	307
Recognition of equity-settled share-based payments expense *(Note 30)*	–	–	–	–	–	–
At June 30, 2026	354,194	209,012	–	–	(369,612)	193,594
At January 1, 2025	366,400	329,081	–	–	(377,056)	318,425
Loss and total comprehensive expense for the period	–	–	–	–	(10,461)	(10,461)
Recognition of equity-settled share-based payments expense *(Note 30)*	–	–	–	–	–	–
At June 30, 2025 *(unaudited)*	366,400	329,081	–	–	(387,517)	307,964

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Operating activities					
(Loss)/profit before tax	(180,670)	(84,179)	7,137	(10,461)	307
Adjustments for:					
Finance costs	471	377	210	120	154
Interest income	(5,314)	(3,825)	(4,950)	(2,617)	(1,775)
Depreciation of property, plant and equipment	11,842	12,332	8,737	4,646	3,485
Depreciation of right-of-use assets	4,805	4,632	4,206	2,088	2,119
Amortization of intangible assets	691	481	146	73	71
Impairment losses (reversed) recognized under expected credit loss model	(528)	(359)	887	1,008	(609)
Impairment loss on inventories	1,702	180	16	145	1
Gain on disposal of property, plant and equipment	(79)	(197)	(252)	(23)	(234)
Loss on disposal of right-of-use assets	–	189	–	–	–
Net foreign exchange gains	(3)	–	–	–	–
Operating cash flows before movements in working capital	(167,083)	(70,369)	16,137	(5,021)	3,519
Decrease/(increase) in inventories	9,041	9,202	(1,256)	(2,583)	(30,975)
Decrease/(increase) in trade and notes receivables	32,114	22,586	(56,847)	(26,229)	(34,199)
Decrease/(increase) in contract assets	107	81	(602)	(543)	218
(Increase)/decrease in prepayments, deposits and other receivables	(1,839)	(2,834)	2,889	3,117	(12,657)
(Increase)/decrease in restricted bank deposits	–	(623)	623	623	(472)
(Decrease)/increase in trade and other payables	(33,491)	(289)	18,299	3,030	(22,768)
Increase/(decrease) in contract liabilities	8,590	2,980	(4,694)	(3,367)	3,846
Cash used in operations	(152,561)	(39,266)	(25,451)	(30,973)	(93,488)
Income taxes (paid) refunded	–	–	(8)	–	8
Net cash used in operating activities	(152,561)	(39,266)	(25,459)	(30,973)	(93,480)

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Investing activities					
Interest received	4,819	3,378	3,265	1,583	467
Withdrawal of term deposits	12,300	127,700	81,000	–	51,000
Proceeds from disposal of property, plant and equipment	167	335	590	47	241
Proceeds from disposal of financial assets at FVTPL	–	–	50,000	50,000	–
Purchases of financial assets at FVTPL	–	(50,000)	–	–	–
Placement of term deposits	(101,000)	(80,000)	(41,000)	–	–
Purchases of property, plant and equipment	(11,859)	(3,545)	(2,534)	(1,525)	(3,020)
Payments for right-for-use assets	(428)	(23)	(236)	(236)	(106)
Purchases of other intangible assets	(450)	(89)	–	–	–
Net cash (used in)/generated from investing activities	(96,451)	(2,244)	91,085	49,869	48,582
Financing activities					
Payments of share issue cost	–	–	(126)	–	(2,194)
Proceeds from borrowings	–	–	–	–	28,000
Repayments of lease liabilities	(4,702)	(4,854)	(4,381)	(2,026)	(1,701)
Interest paid for borrowings	–	–	–	–	(75)
Interest paid for lease liabilities	(471)	(377)	(210)	(120)	(60)
Deposits paid for targeted Capital Repurchase *(Note 29)*	–	(4,000)	–	–	–
Received of deposits paid for targeted Capital Repurchase *(Note 29)*	–	–	4,000	–	–
Payments of targeted Capital Repurchase *(Note 29)*	–	–	(132,275)	–	–
Net cash (used in)/generated from financing activities	(5,173)	(9,231)	(132,992)	(2,146)	23,970
Net (decrease)/increase in cash and cash equivalents	(254,185)	(50,741)	(67,366)	16,750	(20,928)
Cash and cash equivalents at beginning of the year/period	419,552	165,370	114,629	114,629	47,263
Effect of foreign exchange rate changes	3	–	–	–	–
Cash and cash equivalents at end of the year/period	165,370	114,629	47,263	131,379	26,335

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Beijing XSKY Technology Co., Ltd.* (北京星辰天合科技股份有限公司, formerly known as XSKY (Beijing) Data Technology Co., Ltd.* (星辰天合(北京)數據科技有限公司), the "Company"), was established as a limited liability company in the People's Republic of China ("PRC") on May 13, 2015. The Company was converted into a joint stock company with limited liability under the Company Law of the PRC on December 21, 2021, while its name changed to Beijing XSKY Technology Co., Ltd.* ("北京星辰天合科技股份有限公司"). The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Document.

The Company and its subsidiaries (collectively the "Group") are primarily engaged in providing artificial intelligence ("AI") storage solutions in the PRC. Details of the subsidiaries are disclosed in Note 37.

The Historical Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

The statutory financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with relevant accounting principles and financial regulations applicable to the enterprises in PRC. The statutory financial statements of the Company for the year ended December 31, 2023 were audited by RSM China CPA LLP (容誠會計師事務所(特殊普通合夥)) and the statutory financial statements of the Company for the year ended December 31, 2024 and 2025 were audited by Beijing Zhuodixin Certified Public Accountants GP* (北京卓迪信會計師事務所(普通合夥)).

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2026, throughout the Track Record Period.

New and Amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures[2]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 20	Regulatory Assets and Regulatory Liabilities[3]

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after January 1, 2027

3 Effective for annual periods beginning on or after January 1, 2029

* *English name for identification purpose only*

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provides disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improves aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7 *Financial Instruments Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

Except for IFRS 18, the directors of the Company (the "Directors") anticipate that the application of the above new and amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less accumulated impairment losses, if any.

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contracts with multiple performance obligations

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Information about the Group's accounting policies relating to each category of revenue is provided in Note 6.

Leases

The Group assesses whether a contract is or contains a lease, at inception of a contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of certain properties and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted for under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to state-managed retirement benefit scheme are recognized as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages, salaries and annual leave) after deducting any amount already paid.

Equity-settled share-based payment transactions

Share options/restricted share units (the "RSUs") granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to capital reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will be transferred to accumulated losses.

When RSUs granted are vested, the amount previously recognized in share-based payments reserve will be transferred to capital reserve. When restricted shares are forfeited after the vesting date, the amount previously recognized in share-based payments reserve will be transferred to accumulated losses.

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification occurs after vesting period, the incremental fair value granted is recognized immediately, or over the vesting period if additional period of service is required before the modified equity instruments are vested.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss)/profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in CGU. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the CGU. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less the estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and notes receivables, contract assets, amounts due from subsidiaries, deposits and other receivables, term deposits, restricted bank deposits and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and contract assets. The ECL on trade receivables and contract assets are assessed individually for those relating to customers with significant doubt on collection of receivables and collectively using a provision matrix with appropriate groupings for others with similar credit risk characteristics.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower; or

(b) a breach of contract, such as a default or past due event.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and notes receivables and contract assets are considered on a collective basis taking into consideration debtors' aging and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and notes receivables, contract assets, deposits and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables

Provision of ECL for trade receivables was estimated based on provision matrix through grouping of various debtors that have similar loss patterns, after considering ageing, internal credit ratings of trade debtors, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. In addition, trade receivables that are credit-impaired (if any) are assessed for ECL individually. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL on the Group's trade receivables are disclosed in Note 34.

6. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue from contracts with customers

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Types of goods or service					
Sales of goods	137,754	138,050	228,931	81,396	165,367
Services	29,087	34,434	38,082	18,133	20,393
Total	166,841	172,484	267,013	99,529	185,760
Timing of revenue recognition					
A point in time	137,754	138,050	228,931	81,396	165,367
Over time	29,087	34,434	38,082	18,133	20,393
Total	166,841	172,484	267,013	99,529	185,760

(b) Performance obligations for contracts with customers and revenue recognition policies

The Group derives revenue from sales of goods and the related services.

(i) Sales of goods

The Company provides AI storage solutions products including storage software and turnkey appliances in different forms, such as servers and other devices. The storage software or turnkey appliances are sold separately or bundled with related services. In the sales of turnkey appliances, the hardware and embedded software are highly interdependent and interrelated with each other and represent multiple inputs to a combined output that is transferred to the customers. Accordingly, the sales of turnkey appliances is accounted for as a single performance obligation.

Revenue is recognized at a point in time when storage software or turnkey appliances is delivered to the customer or the customer's designated place, inspected and accepted by the customer. Payment of the transaction price is generally due within 5-180 days from the delivery.

Warranties associated with the turnkey appliances cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

(ii) Services

The Company also provides AI storage services in the form of software maintenance and upgrade services for a specific period (normally 1-3 years after the customer's acceptance) separately or alongside with the sales of software or turnkey appliances. The maintenance and upgrade services are considered to be distinct services as it is also regularly supplied by the Group to customers on a stand-alone basis and therefore are accounted for as a separate performance obligation. The transaction price is allocated between sales of products and the maintenance and upgrade services on a relative stand-alone selling price basis. Revenue from provision of maintenance and upgrade services is recognized over time. The transaction price allocated to these services is recognized as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service. The Group does not consider the advance payments from customers contain a significant financing component.

(c) Segment information

For the purpose of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

During the Track Record Period, substantially all of the Group's revenue was generated from the PRC and all of its non-current assets were located in the PRC. Accordingly, no geographical information is presented.

Information about major customers

Revenue from customers of the corresponding years and periods contributing over 10% of the total revenue of the Group are as follows:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Customer A	28,576	36,671	45,684	14,931	41,057
Customer B	24,014	17,486	N/A	N/A	N/A
Customer C	N/A	N/A	N/A	10,428	19,701

(d) Contract assets and contract liabilities

The contract assets primarily represent the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

The contract liabilities mainly arise from the advanced payments made by the customers while the underlying services are not yet provided by the Group.

The Group and the Company

As at January 1, 2023, December 31, 2023, 2024 and 2025 and June 30, 2026, the contract assets amounted to RMB248,000, RMB139,000, RMB59,000, RMB645,000 and RMB435,000.

As at January 1, 2023, December 31, 2023, 2024 and 2025 and June 30, 2026, the contract liabilities amounted to RMB43,891,000, RMB52,481,000, RMB55,461,000, RMB50,767,000 and RMB54,613,000. The contract liabilities mainly relate to the software maintenance and upgrade services which are accounted for as a separate performance obligation of which the revenue will be recognized during the service period. The Group typically receives the transaction price, including the transaction price allocated to the separate performance obligations, within the credit period after the delivery of goods. The Directors expect that the contract liabilities as of June 30, 2026 will be recognized as revenue within the service period.

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	52,481	55,461	50,767	54,613
Analyzed for reporting purposes as:				
Current	30,400	32,967	26,316	26,967
Non-Current	22,081	22,494	24,451	27,646
Total	52,481	55,461	50,767	54,613

The following table shows the amount of the revenue recognized in the year relates to the previous year's carried-forward contract liabilities.

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue recognized that was included in the contract liabilities at the beginning of the year	20,019	29,419	31,551	20,941	12,715

7. OTHER INCOME

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Value-added tax refund *(Note)*	10,163	8,676	10,061	3,395	5,448
Interest income from bank and other deposits	5,314	3,825	4,950	2,617	1,775
Government grants	1,723	160	2,321	45	15
	17,200	12,661	17,332	6,057	7,238

Note: The Company is engaged in the business of sales of self-developed software. Under the current PRC tax regulation, the Company is entitled to a refund of value-added tax paid for sales of self-developed software in the PRC.

8. IMPAIRMENT LOSSES REVERSED/(RECOGNIZED) UNDER EXPECTED CREDIT LOSS MODEL

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Impairment losses reversed/ (recognized), net:					
– Trade receivables and contract assets	544	624	(948)	(1,032)	654
– Other receivables	(16)	(265)	61	24	(45)
Total	528	359	(887)	(1,008)	609

9. OTHER GAINS AND LOSSES, NET

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Gain on disposal of property, plant and equipment, net	79	197	252	23	234
Loss on disposal of right-of-use assets, net	–	(189)	–	–	–
Net foreign exchange gains	3	–	–	–	–
Others	(112)	(59)	95	11	52
Total	(30)	(51)	347	34	286

10. FINANCE COSTS

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest on lease liabilities	471	377	210	120	60
Interest on borrowings	–	–	–	–	94
Total	471	377	210	120	154

11. INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the Track Record Period.

Certain subsidiaries are qualified as small low-profit enterprises in the PRC. From January 1, 2023 to December 31, 2027, the annual taxable income of a small low-profit enterprise is subject to a preferential income tax rate of 5%.

The Company is entitled to a preferential income tax rate of 15% for the year ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2026, as the Company was qualified as a High-New Technology Enterprises (the "HNTE"). The HNTE qualification was approved and valid for 3 years from October 18, 2022 to October 17, 2025. These qualifications are subject to review by the relevant tax authorities in the PRC for every three years. The HNTE qualification has been renewed and valid through October 27, 2028. The unutilized tax losses incurred by the qualified HNTE can be utilized in 10 years from the year of loss.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining the taxable income for that year ("Super Deduction"). Such claim has been further increased to 200% since October 1, 2022.

The income tax expense for the Track Record Period can be reconciled to the (loss)/profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
(Loss)/profit before tax	(180,670)	(84,179)	7,137	(10,461)	307
Tax at PRC statutory income tax rate of 25%	(45,168)	(21,045)	1,784	(2,615)	77
Tax effect of expenses not deductible for tax purposes	1,306	938	526	261	329
Tax effect of tax losses not recognized	67,295	40,250	13,721	10,413	7,985
Tax effect of deductible temporary differences not recognized	431	111	226	209	41
Utilization of deductible temporary differences previously not recognized	(218)	(629)	(379)	(240)	(166)
Tax effect of Super Deduction	(23,646)	(19,625)	(15,878)	(8,028)	(8,266)

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Income tax expense for the year/period	–	–	–	–	–

12. (LOSS)/PROFIT FOR THE YEAR/PERIOD

The Group's (loss)/profit for the year/period has been arrived at after charging:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Depreciation of property, plant and equipment	11,842	12,332	8,737	4,646	3,485
Depreciation of right-of-use assets	4,805	4,632	4,206	2,088	2,119
Amortization of intangible assets	691	481	146	73	71
Total depreciation and amortization	17,338	17,445	13,089	6,807	5,675
Auditor's remuneration	738	509	45	45	79
Employee benefit expenses (including directors', chief executives' and supervisors' emoluments as set out in *Note 13*)					
– Salaries, bonuses and other allowance	170,595	130,205	114,882	56,930	60,078
– Share-based payments expenses *(Note 30)*	–	–	–	–	–
– Retirement benefits scheme contributions	18,300	14,229	13,554	6,814	6,667
– Welfare, medical and other employee benefits	35,229	20,022	15,675	7,211	7,916
Total staff costs	224,124	164,456	144,111	70,955	74,661
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Provision for impairment of inventories, net of reversal	1,702	180	16	145	1

13. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS

Details of the emoluments paid or payable by the entities comprising the Group to the directors, chief executive officer and supervisors of the Company (including emolument for services as employee/directors of the group entities prior to becoming the directors and supervisors of the Company) during the Track Record Period are as follows:

	For the year ended December 31, 2023				
	Salaries, allowance, welfare and other benefits	Performance based bonuses	Retirement benefits scheme	Share-based payments expenses	Total
	RMB'000	*RMB'000 (note i)*	*RMB'000*	*RMB'000 (Note 30)*	*RMB'000*
Executive directors: *(note i)*					
Mr. XU Xin (Chief executive officer)	771	–	63	–	834
Mr. WANG Haomai	758	–	63	–	821
Mr. ZHANG Xuming	1,442	412	46	–	1,900
Ms. FANG Fei	1,553	114	63	–	1,730
Mr. ZHAI Jing	722	898	63	–	1,683
Mr. ZHAO Zeyu	1,062	200	63	–	1,325
Sub-total	6,308	1,624	361	–	8,293

	For the year ended December 31, 2023				
	Salaries, allowance, welfare and other benefits	Performance based bonuses	Retirement benefits scheme	Share-based payments expenses	Total
	RMB'000	*RMB'000 (note i)*	*RMB'000*	*RMB'000 (Note 30)*	*RMB'000*
Non-executive directors: *(note ii)*					
Mr. DENG Feng	–	–	–	–	–
Mr. LIN Lu	–	–	–	–	–
Sub-total	–	–	–	–	–
Independent non-executive directors: *(note iii)*					
Ms. WANG Huanxin	150	–	–	–	150
Ms. SHI Dandan	150	–	–	–	150
Mr. ZHOU Zhengchun	150	–	–	–	150
Sub-total	450	–	–	–	450
Supervisors: *(note iv)*					
Ms. HAN Qi	359	12	52	–	423
Ms. REN Jun	304	10	42	–	356
Mr. LU Jiafu	970	208	63	–	1,241
Mr. WANG Feng	769	191	63	–	1,023
Sub-total	2,402	421	220	–	3,043
Total	9,160	2,045	581	–	11,786

	For the year ended December 31, 2024				
	Salaries, allowance, welfare and other benefits	Performance based bonuses	Retirement benefits scheme	Share-based payments expenses	Total
	RMB'000	*RMB'000 (note i)*	*RMB'000*	*RMB'000 (Note 30)*	*RMB'000*
Executive directors: *(note i)*					
Mr. XU Xin (Chief executive officer)	833	–	66	–	899
Mr. WANG Haomai	821	–	66	–	887
Mr. ZHANG Xuming	1,441	563	50	–	2,054
Ms. FANG Fei	1,565	55	66	–	1,686
Mr. ZHAI Jing	725	144	66	–	935
Mr. ZHAO Zeyu	1,132	–	61	–	1,193
Sub-total	6,517	762	375	–	7,654
Non-executive directors: *(note ii)*					
Mr. DENG Feng	–	–	–	–	–
Mr. LIN Lu	–	–	–	–	–
Sub-total	–	–	–	–	–
Independent non-executive directors: *(note iii)*					
Ms. WANG Huanxin	60	–	–	–	60
Ms. SHI Dandan	60	–	–	–	60
Mr. ZHOU Zhengchun	5	–	–	–	5
Sub-total	125	–	–	–	125
Supervisors: *(note iv)*					
Ms. HAN Qi	363	15	53	–	431
Ms. REN Jun	307	10	43	–	360
Mr. LU Jiafu	977	98	66	–	1,141
Mr. WANG Feng	579	224	49	–	852
Sub-total	2,226	347	211	–	2,784
Total	8,868	1,109	586	–	10,563

	For the year ended December 31, 2025				
	Salaries, allowance, welfare and other benefits	Performance based bonuses	Retirement benefits scheme	Share-based payments expenses	Total
	RMB'000	*RMB'000 (note i)*	*RMB'000*	*RMB'000 (Note 30)*	*RMB'000*
Executive directors: *(note i)*					
Mr. XU Xin (Chief executive officer)	834	660	68	–	1,562
Mr. WANG Haomai	822	660	68	–	1,550
Mr. ZHANG Xuming	1,441	625	57	–	2,123
Ms. FANG Fei	1,566	300	68	–	1,934
Mr. ZHAI Jing	60	–	6	–	66
Sub-total	4,723	2,245	267	–	7,235
Non-executive directors: *(note ii)*					
Mr. LIN Lu	–	–	–	–	–
Sub-total	–	–	–	–	–
Independent non-executive directors: *(note iii)*					
Ms. WANG Huanxin	60	–	–	–	60
Ms. SHI Dandan	60	–	–	–	60
Mr. ZHOU Zhengchun	–	–	–	–	–
Sub-total	120	–	–	–	120
Supervisors: *(note iv)*					
Ms. HAN Qi	387	28	52	–	467
Ms. REN Jun	307	12	45	–	364
Mr. LU Jiafu	978	139	68	–	1,185
Sub-total	1,672	179	165	–	2,016
Total	6,515	2,424	432	–	9,371

	For the six months ended June 30, 2025 *(unaudited)*				
	Salaries, allowance, welfare and other benefits	Performance based bonuses	Retirement benefits scheme	Share-based payments expenses	Total
	RMB'000	*RMB'000 (note i)*	*RMB'000*	*RMB'000 (Note 30)*	*RMB'000*
Executive directors: *(note i)*					
Mr. XU Xin (Chief executive officer)	404	13	34	–	451
Mr. WANG Haomai	398	13	34	–	445
Mr. ZHANG Xuming	489	231	29	–	749
Ms. FANG Fei	758	25	34	–	817
Mr. ZHAI Jing	60	–	6	–	66
Sub-total	2,109	282	137	–	2,528

	For the six months ended June 30, 2025 *(unaudited)*				
	Salaries, allowance, welfare and other benefits	Performance based bonuses	Retirement benefits scheme	Share-based payments expenses	Total
	RMB'000	*RMB'000* *(note i)*	*RMB'000*	*RMB'000* *(Note 30)*	*RMB'000*
Non-executive directors: *(note ii)*					
Mr. LIN Lu	–	–	–	–	–
Sub-total	–	–	–	–	–
Independent non-executive directors: *(note iii)*					
Ms. WANG Huanxin	30	–	–	–	30
Ms. SHI Dandan	30	–	–	–	30
Mr. ZHOU Zhengchun	–	–	–	–	–
Sub-total	60	–	–	–	60
Supervisors: *(note iv)*					
Ms. HAN Qi	188	6	26	–	220
Ms. REN Jun	150	4	22	–	176
Mr. LU Jiafu	411	78	34	–	523
Sub-total	749	88	82	–	919
Total	2,918	370	219	–	3,507

	For the six months ended June 30, 2026				
	Salaries, allowance, welfare and other benefits	Performance based bonuses	Retirement benefits scheme	Share-based payments expenses	Total
	RMB'000	*RMB'000* *(note i)*	*RMB'000*	*RMB'000* *(Note 30)*	*RMB'000*
Executive directors: *(note i)*					
Mr. XU Xin (Chief executive officer)	391	26	34	–	451
Mr. WANG Haomai	386	25	34	–	445
Mr. ZHANG Xuming	425	298	28	–	751
Ms. FANG Fei	733	63	34	–	830
Sub-total	1,935	412	130	–	2,477
Non-executive directors: *(note ii)*					
Mr. LIN Lu	–	–	–	–	–
Sub-total	–	–	–	–	–
Independent non-executive directors: *(note iii)*					
Ms. WANG Huanxin	25	–	–	–	25
Ms. SHI Dandan	25	–	–	–	25
Mr. LEUNG Wai Yip	10	–	–	–	10
Ms. LU Jingxiao	10	–	–	–	10
Mr. WONG Sincere	30	–	–	–	30
Sub-total	100	–	–	–	100

	For the six months ended June 30, 2026				
	Salaries, allowance, welfare and other benefits	Performance based bonuses	Retirement benefits scheme	Share-based payments expenses	Total
	RMB'000	*RMB'000* *(note i)*	*RMB'000*	*RMB'000* *(Note 30)*	*RMB'000*
Supervisors: *(note iv)*					
Ms. HAN Qi	182	11	26	–	219
Ms. REN Jun	145	9	22	–	176
Mr. LU Jiafu	333	156	34	–	523
Sub-total	660	176	82	–	918
Total	2,695	588	212	–	3,495

Notes:

i. Mr. XU Xin, founder of the Company, was appointed as chief executive officer and executive director of the Company on May 13, 2015.

Mr. WANG Haomai was appointed as executive director of the Company on December 13, 2021. Mr. XU Xin and Mr. WANG Haomai are collectively referred to as the "Founder Group".

Mr. ZHANG Xuming was appointed as executive director of the Company on January 7, 2025.

Ms. FANG Fei was appointed as executive director of Company on January 6, 2026.

Mr. ZHAI Jing was appointed as executive director of the Company on December 13, 2021 and resigned on January 31, 2025.

Mr. ZHAO Zeyu has been appointed as executive director of the Company on December 13, 2021 and resigned on November 29, 2024.

ii. Mr. DENG Feng was appointed as non-executive director of the Company on December 13, 2021, and resigned in December 2024.

Mr. LIN Lu was appointed as non-executive director of the Company on January 7, 2025.

iii. Ms. WANG Huanxin was appointed as independent non-executive director of the Company on December 13, 2021.

Ms. SHI Dandan was appointed as independent non-executive director of the Company on December 13, 2021.

Mr. ZHOU Zhengchun was appointed as independent non-executive director of the Company on December 13, 2021 and resigned on November 30, 2025.

Mr. WONG Sincere was appointed as independent non-executive director of the Company on January 6, 2026.

Mr. LEUNG Wai Yip was appointed as independent non-executive director of the Company on May 9, 2026.

Ms. LU Jingxiao was appointed as independent non-executive director of the Company on May 9, 2026.

iv. Ms. HAN Qi was appointed as supervisor of the Company on December 13, 2021 and resigned on January 6, 2026.

Ms. REN Jun was appointed as supervisor of the Company on December 13, 2021 and resigned on January 6, 2026.

Mr. LU Jiafu was appointed as supervisor of the Company on January 7, 2025 and resigned on January 6, 2026.

Mr. WANG Feng was appointed as supervisor of the Company on December 13, 2021 and resigned on September 30, 2024.

The emoluments of executive directors and supervisors shown above were mainly for their services in connection with the management of affairs of the Company and the Group. Performance-based bonuses are determined based on the Group's performance and performance of the relevant individuals within the Group. Non-executive directors' emoluments shown above were borne by the shareholders of the Company. The independent non-executive directors' emoluments shown above were mainly for their services as the directors.

During the Track Record Period, certain directors and supervisors were granted shares in respect of their services to the Group, and the details are set out in Note 30 to the Historical Financial Information.

There was no arrangement under which a director, supervisor or chief executive of the Company waived or agreed to waive any remuneration during the Track Record Period.

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included 3, 2, 4, 3 and 2 directors and/or supervisors for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, and the details of whose remuneration are set out in Note 13 above. Details of the remuneration for the remaining 2, 3, 1, 2 and 3 individuals who are not a director, chief executive officer or supervisor of the Company were as follows:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, allowance, welfare and other benefits	1,866	2,882	991	1,056	1,697
Performance-based bonuses	842	1,064	342	–	–
Share-based payment expense *(Note 30)*	–	–	–	–	–
Retirement benefits scheme	126	163	57	63	103
	2,834	4,109	1,390	1,119	1,800

The emoluments of the five highest paid employees who are not the directors, chief executive or supervisors of the Company are within the following bands:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	Number of employees	Number of employees	Number of employees	Number of employees	Number of employees
				(Unaudited)	
Nil to HK$1,000,000	–	–	–	2	3
HK$1,000,001 to HK$1,500,000	1	1	1	–	–
HK$1,500,001 to HK$2,000,000	1	2	–	–	–
Total	2	3	1	2	3

During the Track Record Period, no emoluments were paid by the Group to any of the Directors, supervisors, chief executive of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

During the Track Record Period, certain non-director, non-chief executive and non-supervisor highest paid employees were granted share-based payments in respect of their services to the Group, and the details are set out in Note 30.

15. (LOSS)/PROFIT PER SHARE

The calculation of the basic and diluted (loss)/profit per share attributable to the owners of the Company is based on the following data:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss)/profit for the year/period attributable to the owners of the Company for the purpose of basic and diluted (loss)/profit per share	(180,670)	(84,179)	7,137	(10,461)	307

Number of shares

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/profit per share	373,507,662	373,507,662	368,772,983	373,507,662	348,461,897

The weighted average number of ordinary shares for the purpose of calculating basic (loss)/profit per share has been determined on the assumption that the Capitalization of Capital Reserve (as defined in (Note 29)) had been effective since January 1, 2023. The unvested restricted shares granted to Founder Group in 2025 (as disclosed in Note 30) have been excluded from the computation of diluted earnings per share for the year ended December 31, 2025 and the six months ended June 30, 2026.

There were no potential dilutive ordinary shares in issue for the Track Report Period.

16. DIVIDENDS

No dividend was declared or paid by the Company and its subsidiaries in respect of the Track Record Period.

17. PROPERTY, PLANT AND EQUIPMENT

The Group and the Company

	Machinery, equipment and vehicles	Office equipment, electronic equipment and others	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At January 1, 2023	1,484	37,859	7,864	47,207
Additions	–	11,703	156	11,859
Disposals	(4)	(2,315)	–	(2,319)
At December 31, 2023	1,480	47,247	8,020	56,747
Additions	–	3,545	–	3,545
Disposals	(349)	(976)	–	(1,325)
At December 31, 2024	1,131	49,816	8,020	58,967
Additions	–	2,534	–	2,534
Disposals	–	(6,402)	–	(6,402)
At December 31, 2025	1,131	45,948	8,020	55,099
Additions	–	3,020	–	3,020
Disposals	(3)	(137)	–	(140)
At June 30, 2026	1,128	48,831	8,020	57,979
DEPRECIATION				
At January 1, 2023	718	20,342	1,570	22,630
Charge for the year	232	9,749	1,861	11,842
Eliminated on disposals	(4)	(2,227)	–	(2,231)
At December 31, 2023	946	27,864	3,431	32,241
Charge for the year	173	10,400	1,759	12,332
Eliminated on disposals	(274)	(913)	–	(1,187)
At December 31, 2024	845	37,351	5,190	43,386
Charge for the year	145	6,833	1,759	8,737
Eliminated on disposals	–	(6,064)	–	(6,064)
At December 31, 2025	990	38,120	6,949	46,059
Charge for the period	69	2,536	880	3,485
Eliminated on disposals	(3)	(130)	–	(133)
At June 30, 2026	1,056	40,526	7,829	49,411
CARRYING AMOUNT				
At December 31, 2023	534	19,383	4,589	24,506
At December 31, 2024	286	12,465	2,830	15,581
At December 31, 2025	141	7,828	1,071	9,040
At June 30, 2026	72	8,305	191	8,568

The above items of property, plant and equipment, after taking into account the residual value, are depreciated on a straight-line basis at the following rates per annum:

Machinery, equipment and vehicles	19.00%-31.67%
Office equipment, electronic equipment and others	19.00%-31.67%
Leasehold improvement	Over the relevant lease terms or 25.00%-33.33%, whichever is lower

18. RIGHT-OF-USE ASSETS

The Group and the Company

	Leased offices
	RMB'000
COST	
At January 1, 2023	17,978
Additions	3,737
At December 31, 2023	21,715
Additions	1,675
Rent concessions	(239)
Lease terminations	(8,095)
At December 31, 2024	15,056
Additions	3,276
Lease terminations	(427)
At December 31, 2025	17,905
Additions	778
Lease terminations	(1,107)
At June 30, 2026	17,576
DEPRECIATION	
At January 1, 2023	6,916
Charged for the year	4,805
At December 31, 2023	11,721
Charged for the year	4,632
Eliminated on lease terminations	(6,259)
At December 31, 2024	10,094
Charged for the year	4,206
Eliminated on lease terminations	(427)
At December 31, 2025	13,873
Charged for the period	2,119
Eliminated on lease terminations	(1,107)
At June 30, 2026	14,885
CARRYING AMOUNT	
At December 31, 2023	9,994
At December 31, 2024	4,962
At December 31, 2025	4,032
At June 30, 2026	2,691

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Expense relating to short-term leases	929	717	220	157	65
Total cash outflow for leases	6,530	5,971	5,047	2,539	1,932

For the Track Record Period, the Group and the Company leased various offices for its operations. Lease contracts were entered into for fixed term of 2 to 4 years. Lease terms were negotiated on an individual basis and contained a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group and the Company applied the definition of a contract and determined the period for which the contract was enforceable.

The Group and the Company regularly entered into short-term leases for certain leased offices. As at December 31, 2023, 2024 and 2025 and June 30, 2026, the portfolio of short-term leases was similar to the portfolio of short-term leases to which the short-term lease expense was disclosed above.

19. INTANGIBLE ASSETS

The Group and the Company

	Software
	RMB'000
COST	
At January 1, 2023	3,234
Additions	450
At December 31, 2023	3,684
Additions	89
At December 31, 2024	3,773
Additions	–
At December 31, 2025	3,773
Additions	–
At June 30, 2026	3,773
AMORTIZATION	
At January 1, 2023	1,838
Charge for the year	691
At December 31, 2023	2,529
Charge for the year	481
At December 31, 2024	3,010
Charge for the year	146
At December 31, 2025	3,156
Charge for the period	71
At June 30, 2026	3,227
CARRYING AMOUNT	
At December 31, 2023	1,155
At December 31, 2024	763
At December 31, 2025	617
At June 30, 2026	546

The above intangible assets have finite useful lives and are amortized on a straight-line basis over 3-10 years.

20. DEFERRED TAX ASSETS/LIABILITIES

The Group

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	1,499	718	517	363
Deferred tax liabilities	(1,499)	(718)	(517)	(363)
	–	–	–	–

The following are the major deferred tax assets/(liabilities) recognized and movements thereon during the Track Record Period:

	Right-of-use assets	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	(1,659)	1,659	–
Credit (charge) to profit or loss	160	(160)	–
At December 31, 2023	(1,499)	1,499	–
Credit (charge) to profit or loss	781	(781)	–
At December 31, 2024	(718)	718	–
Credit (charge) to profit or loss	201	(201)	–
At December 31, 2025	(517)	517	–
Credit (charge) to profit or loss	154	(154)	–
At June 30, 2026	(363)	363	–

At the end of each reporting period, the Group has following unused tax losses and deductible temporary differences:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	712,840	873,839	924,592	956,528
Deductible temporary differences	7,796	5,725	5,113	4,614

No deferred tax asset has been recognized in respect of these tax losses and deductible temporary differences due to the unpredictability of future profit streams.

The unused tax losses will be carried forward and expire in years as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2025	4,129	4,129	–	–
2026	1,138	1,138	1,138	1,138
2027	3,674	3,674	3,674	3,674
2028	22,181	22,181	22,181	22,181
2029	15,169	15,169	15,169	15,169
2030	35,529	35,529	35,529	35,529
2031	143,796	143,796	143,796	143,796
2032	218,047	218,047	218,047	218,047
2033	269,177	269,177	269,177	269,177
2034	–	160,999	160,999	160,999
2035	–	–	54,882	54,882
2036	–	–	–	31,936
	712,840	873,839	924,592	956,528

The Company

For the purpose of presentation in the statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	1,499	718	517	363
Deferred tax liabilities	(1,499)	(718)	(517)	(363)
	–	–	–	–

The following are the major deferred tax assets/(liabilities) recognized and movements thereon during the Track Record Period:

	Right-of-use assets	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	(1,659)	1,659	–
Credit (charge) to profit or loss	160	(160)	–
At December 31, 2023	(1,499)	1,499	–
Credit (charge) to profit or loss	781	(781)	–
At December 31, 2024	(718)	718	–
Credit (charge) to profit or loss	201	(201)	–
At December 31, 2025	(517)	517	–
Credit (charge) to profit or loss	154	(154)	–
At June 30, 2026	(363)	363	–

At the end of each reporting period, the Company has following unused tax losses and deductible temporary differences:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	703,706	854,015	895,805	922,122
Deductible temporary differences	7,813	5,761	5,314	4,815

No deferred tax asset has been recognized in respect of these tax losses and deductible temporary differences due to the unpredictability of future profit streams.

The unused tax losses will be carried forward and expire in years as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2025	4,129	4,129	–	–
2026	1,138	1,138	1,138	1,138
2027	3,674	3,674	3,674	3,674
2028	22,181	22,181	22,181	22,181
2029	15,169	15,169	15,169	15,169
2030	35,529	35,529	35,529	35,529
2031	143,796	143,796	143,796	143,796
2032	218,047	218,047	218,047	218,047
2033	260,043	260,043	260,043	260,043
2034	–	150,309	150,309	150,309
2035	–	–	45,919	45,919
2036	–	–	–	26,317
	703,706	854,015	895,805	922,122

21. INVENTORIES

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	20,249	3,788	6,208	49,909
Finished goods	1,643	468	812	1,644
Goods in transit	10,363	18,617	17,093	3,534
Total	32,255	22,873	24,113	55,087

22. TRADE AND NOTES RECEIVABLES

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	56,248	36,706	90,520	126,164
Notes receivables	3,669	625	3,658	2,213
Less: Allowance for credit losses	(5,250)	(4,627)	(5,559)	(4,912)
Total	54,667	32,704	88,619	123,465

As at January 1, 2023, carrying amount of trade receivables from contracts with customers amounted to RMB84,599,000.

The Group and the Company primarily allow a credit period up to 60 days, except for certain credit worthy customers, where the credit periods are extended to a longer period.

The following is an aged analysis of trade receivables based on dates of receiving customer confirmation for delivery or rendering of services at the end of each reporting period.

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	35,526	28,003	82,035	114,718
1-2 years	14,029	1,547	3,534	8,149
2-3 years	2,390	3,239	1,236	1,283
3-4 years	2,029	406	2,041	597
4-5 years	39	1,727	405	718
Over 5 years	2,235	1,784	1,269	699
Total	56,248	36,706	90,520	126,164

The Group held notes received for future settlement of trade receivables. All notes received by the Group are with a maturity period of less than one year.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, included in the Group's trade receivable balances are debtors with an aggregate carrying amount of RMB35,863,000, RMB20,775,000, RMB46,100,000 and RMB31,155,000 respectively which are past due as at the reporting date. Out of the past due balances, RMB22,641,000, RMB12,382,000, RMB30,593,000 and RMB19,011,000 has been past due 90 days or more. Those past due are not considered as in default as there has not been a significant change in credit quality and the amounts are considered recoverable.

Details of impairment assessment of trade and notes receivables during the Track Record Period are set out in Note 34.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	3,303	10,381	10,731	15,788
Deposits for targeted Capital Repurchase *(Note)*	–	4,000	–	–
Less: allowance for credit losses	(40)	(305)	(244)	(289)
Sub-total	3,263	14,076	10,487	15,499
Prepayment to suppliers and prepaid expenses	2,478	1,902	2,274	9,873
Deferred issue costs	–	–	824	3,298
Prepaid other tax expenses	7,397	3,611	–	–
Prepaid income tax expense	–	–	8	–
Total	13,138	19,589	13,593	28,670
Analyzed for reporting purposes as:				
Non-current assets	1,008	919	227	3,598
Current assets	12,130	18,670	13,366	25,072
Total	13,138	19,589	13,593	28,670

Note: The balance as at December 31, 2024 represents the deposits paid for the targeted Capital Repurchase transaction as disclosed in Note 29. The deposits have been received subsequently when the transaction was completed.

Details of impairment assessment of other receivables during the Track Record Period are set out in Note 34.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	3,303	10,381	10,719	15,756
Deposits for targeted Capital Repurchase	–	4,000	–	–
Less: allowance for credit losses	(40)	(305)	(244)	(289)
Sub-total	3,263	14,076	10,475	15,467
Prepayment to suppliers and prepaid expenses	2,436	1,859	2,262	9,855
Deferred issue costs	–	–	824	3,298
Prepaid other tax expenses	7,397	3,611	–	–
Prepaid income tax expense	–	–	8	–
Total	13,096	19,546	13,569	28,620
Analyzed for reporting purposes as:				
Non-current assets	1,008	919	227	3,598
Current assets	12,088	18,627	13,342	25,022
Total	13,096	19,546	13,569	28,620

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment in structured deposits	–	50,075	–	–

The principal and return of the structured deposits are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, the structured deposits issued by banks are measured at FVTPL. The structured deposits were redeemed in January 2025.

The fair value of structured deposits placed with licensed banks is determined using valuation model for which not all inputs are observable and is within Level 2 of the fair value hierarchy (Note 34). Expected rate of return ranges from 1.30% to 1.95%.

25. CASH AND CASH EQUIVALENTS/TERM DEPOSITS/RESTRICTED BANK DEPOSITS

The Group and the Company

Bank balances and cash of the Group and the Company comprise cash and bank balances that bear interest at prevailing market rates ranging from 0.05% to 0.25% per annum.

Restricted bank deposits represent deposits pledged to banks to secure note payables of the Group. At December 31, 2024 and June 30, 2026, deposits amounting to RMB623,000 and RMB472,000, respectively, have been pledged to secure note payables and are therefore classified as current assets. Restricted bank deposits carried interests at market rate of 0.10% and 0.05% per annum at December 31, 2024 and June 30, 2026, respectively.

The term deposits of the Group and the Company represent bank deposits with original maturities of 2 to 3 years and carry interest rates ranging from 2.15% to 2.90% per annum.

Details of impairment assessment of bank balances, restricted bank deposits and term deposits are set out in Note 34.

26. TRADE AND OTHER PAYABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	15,070	15,711	26,127	9,642
Notes payables	–	1,246	–	945
Salaries, welfare and bonus payable	21,638	21,092	25,018	17,871
Other tax payables	2,590	2,116	5,301	4,009
Other payables	6,130	4,974	7,690	9,181
	45,428	45,139	64,136	41,648

An aged analysis of the Group's trade payables presented based on the invoice date or date of receipt of goods as at the end of each reporting period is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	13,871	14,820	25,351	9,594
1-2 years	1,199	891	776	48
	15,070	15,711	26,127	9,642

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	15,070	15,711	26,123	9,642
Notes payables	–	1,246	–	945
Salaries, welfare and bonus payable	20,267	19,648	23,306	16,398
Other tax payables	2,484	1,991	5,197	3,856
Other payables	6,130	4,974	7,690	9,180
	43,951	43,570	62,316	40,021

An aged analysis of the Company's trade payables presented based on the invoice date or date of receipt of goods as at the end of each reporting period is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	13,871	14,820	25,347	9,594
1-2 years	1,199	891	776	48
	15,070	15,711	26,123	9,642

27. LEASE LIABILITIES

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	4,628	3,538	2,294	1,618
Within a period of more than one year but not exceeding two years	4,357	1,125	1,071	800
Within a period of more than two years but not exceeding five years	1,009	125	82	–
	9,994	4,788	3,447	2,418
Analyzed as:				
Amounts due for settlement within one year shown under current liabilities	4,628	3,538	2,294	1,618
Amounts due for settlement after one year shown under non-current liabilities	5,366	1,250	1,153	800

The incremental borrowing rates applied to lease liabilities for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 ranged from 3.85% to 4.70%, from 3.39% to 4.70%, from 3.39% to 4.70% and from 3.13% to 4.70%, respectively.

28. BORROWINGS

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings – secured and unguaranteed *(Note i)*	–	–	–	18,013
Bank borrowings – unsecured and unguaranteed *(Note ii)*	–	–	–	10,006
	–	–	–	28,019

Notes:

i. The borrowings are within one year shown under current liabilities, bearing fixed interest of 2.85% per annum, and are secured by the pledge of a patent held by the Company.

ii. The borrowings are within one year shown under current liabilities, bearing fixed interest of 2.45% per annum, and are unsecured and unguaranteed.

29. SHARE CAPITAL

The Group and the Company

	Number of shares	Share capital
	'000	*RMB'000*
Shares of RMB1 each		
Issued and fully paid:		
As at January 1, 2023, December 31, 2023 and 2024		
Ordinary shares	122,851	122,851
Ordinary shares with preferential rights	243,549	243,549
	366,400	366,400
Targeted Capital Repurchase		
– Ordinary shares	(12,840)	(12,840)
– Ordinary shares with preferential rights	(12,206)	(12,206)
Targeted Capitalization of Capital Reserve		
– Ordinary shares	5,732	5,732
– Ordinary shares with preferential rights	7,108	7,108
As at December 31, 2025 and June 30, 2026		
Ordinary shares	115,743	115,743
Ordinary shares with preferential rights	238,451	238,451
	354,194	354,194

XSKY Cooperation (the "Cayman Company"), a limited liability company incorporated under the laws of the Cayman Islands on September 18, 2015, was historically the holding company of the Group.

Since the date of incorporation, the Cayman Company has completed five rounds of financings by issuing preferred shares to investors (the "Series A", "Series B", "Series C", "Series D", "Series D+").

In February 2021, in anticipation of potential domestic financings, the Company decided to conduct a series of recapitalization to re-integrate businesses into the Company (previously the variable interest entity controlled by the Cayman Company through contractual arrangements) and terminate the contractual arrangements (the "Restructuring"). On February 8, 2021, pursuant to a restructuring agreement entered into by Cayman Company, the Company and shareholders of Cayman Company, the Company acquired 100% of the equity interests in SKYTRON (Beijing) Technology Co., Ltd. (the wholly owned subsidiary of Cayman Company through an intermediate holding company in Hong Kong, the "WFOE") and the shareholding interests of investors of Cayman Company were mirrored to the Company.

Upon the completion of the Restructuring in April 2021, the Company became the holding company of the Group. Subsequently, the Cayman Company and WFOE were deregistered. All the ordinary shares with preferential rights issued by the Company remain the same as the preferred shares issued by Cayman Company.

As part of the Restructuring, and pursuant to subscription agreements entered into on September 1, 2021, (1) Series E investors purchased 47% of the shares held by the Cayman Company investors (the "Equity Purchase by Series E") and (2) Series E investors subscribed the shares with preferential rights issued by the Company (the "Series E").

Subsequently, pursuant to the shares purchase agreement dated September 30, 2021, the Company completed the Series F financing (the "Series F").

In anticipation of potential domestic listing, pursuant to the shareholders' resolutions and a promoters' agreement dated December 13, 2021, entered into by all existing shareholders, on December 22, 2021, the Company was converted from a limited liability company to a joint stock company with limited liability (the "Conversion"). Upon completion of the Conversion, the total issued share capital of the Company was 7,712,671 shares. Then the shares were further increased to 360,000,000 through capitalization of the capital reserve (including 122,851,000 ordinary shares and 237,149,000 ordinary shares with preferential rights) with a nominal value of RMB1.00 each, which were subscribed by then existing shareholders in proportion to their respective interests in the Company before the Conversion.

Pursuant to the shares purchase agreement dated December 26, 2022, the Company completed the Series F+ financing (the "Series F+").

Pursuant to an agreement of targeted capital reduction and capitalization of capital reserve entered into by the Company and all shareholders on August 12, 2025, the Company agreed to repurchase 25,045,765 shares held by certain shareholders, including Suzhou Jichuang Xinyuan Venture Capital Partnership (Limited Partnership) (蘇州極創欣源創業投資合夥企業(有限合夥)) ("Jichuang Xinyuan") and Chongqing Jichuang Fengyuan Private Equity Investment Fund Partnership (Limited Partnership) (重慶極創澧源私募股權投資基金合夥企業(有限合夥)) ("Jichuang Fengyuan"), who are related parties of the Company, at a total consideration of RMB132,275,000 (the "Capital Repurchase") determined based on the original issue prices of those shares. The Capital Repurchase was completed as of December 31, 2025. The Company also agreed to issue 12,839,941 ordinary shares to certain shareholders through the capital reserve (the "Capitalization of Capital Reserve") upon the completion of the Capital Repurchase, including 5,732,279 ordinary shares to founder Mr. XU Xin and chief technology officer Mr. WANG Haomai which are treated as share-based payments with the details disclosed in Note 30. As of December 31, 2025, the Company has completed the business registration of change of share capital and the total share capital of the Company has then been changed to 354,194,176 shares.

Ordinary Shares with Preferential Rights

Details of ordinary shares with preferential rights issued by the Company as of December 31, 2023, 2024 and 2025 and June 30, 2026 are set out below.

	Date of agreement	Share capital as of December 31, 2023 and 2024	Share capital as of December 31, 2025 and June 30, 2026
		RMB'000	*RMB'000*
Series A	December 9, 2015	13,896	13,896
Series B	May 18, 2016	20,844	20,844
Series C	May 10, 2017	21,745	21,745
Series D	April 27, 2018	22,097	22,097
Series D+	June 29, 2020	27,659	28,663
Equity Purchase by Series E	September 1, 2021	71,493	74,088
Series E	September 1, 2021	25,620	22,645
Series F	September 30, 2021	33,795	30,918
Series F+	December 26, 2022	6,400	3,555
		243,549	238,451

Key terms of preferential rights associated with the ordinary shares

(a) Redemption right

For Series A to Series F financings, the investors have the right to require the Company to redeem their investments for cash upon certain events, including (i) a non-completion of a Qualified [**REDACTED**] of the Company by June 30, 2024 (except where such failure is waived in writing by all shareholders with preferential rights unanimously); or (ii) the Company or the founders materially breach any representations, warranties, covenants or obligations under the transaction documents, which has caused a material adverse effect to the Company. For Series F+, the obligation to the redemption right is borne by the founders.

The redemption price (as proportionally adjusted for share splits, share dividends, recapitalizations and the like) shall be as follows:

(i) For Series D, Series D+, Series E, Series F and Series F+: 130% of issue price and all declared but unpaid dividends thereon, or pro rata for a partial year;

(ii) For Series C: 140% of the issue price and all declared but unpaid dividends thereon, or pro rata for a partial year;

(iii) For Series B: 150% issue price and all declared but unpaid dividends thereon, or pro rata for a partial year;

(iv) For Series A: the issue price and all declared but unpaid dividends thereon, or pro rata for a partial year, plus a 15% rate of internal return for each year such Series A shares were outstanding measured from December 9, 2015 through the date of redemption.

(b) Liquidation preference

In the event of a legal liquidation (refers to the liquidation, dissolution or winding up of the Company) or a deemed liquidation (refers to the change of control of the Company or the sale of all or substantially all properties of the Company), after paying the liquidation expenses, employee salaries, social insurance, statutory severance payments, unpaid taxes, and all creditors' claims and claims that may be preferred by applicable law, each holder of the shares with preferential rights shall be entitled to receive the amount equal to the higher of (1) the original issue price for Series F+, Series F, Series E, Series D+, Series D and Series C investors, 120% of the original issue price for Series B investors and 150% of the original issue price for Series A investors and plus all dividends declared and unpaid with respect thereto, and (2) the distributable liquidation property can be distributed according to the equity proportion at that time, and in the priority order of Series F+, Series F, Series E, Series D+, Series D, Series C, Series B to Series A.

(c) Anti-dilution right

If the Company issues additional shares or increases its registered capital for a consideration of price per share less than the price paid by the shareholders with preferential rights, the subscription price per unit invested by the anti-dilution right holder in the Company will be adjusted, so that the equity proportion held by the shareholders with preferential rights can reach that can be subscribed according to the adjusted subscription price per unit.

Termination of the Company's obligation to redemption right

On December 13, 2021, the Company and all investors at that time entered into a preferential rights termination agreement, pursuant to which the obligation to the redemption right shall be transferred from the Company to the founders effective on October 31, 2021.

On August 12, 2025, the Company and all investors entered into a supplemental agreement, pursuant to which the aforementioned date of the non-completion of a Qualified [**REDACTED**] has been extended to December 31, 2026.

On January 23, 2026, the Company and all investors entered into another supplemental agreement, pursuant to which the redemption rights and liquidation preference right shall be terminated on the date immediately before the date of the submission of the [**REDACTED**] to the Stock Exchange and be reinstated and restated (i.e. redemption rights against the Founder Group and liquidation preference right against the Company) in the events including i) the Company's withdrawal of its [**REDACTED**] to the Stock Exchange or the China Securities Regulatory Commission ("CSRC"), or ii) the rejection, return and/or termination of the [**REDACTED**], or iii) non-completion of the [**REDACTED**] within 15 months from the date of submission of the [**REDACTED**] (or within 18 months if the Company obtains CSRC filing notice within 15 months from the first submission of the [**REDACTED**]) and the anti-dilution right shall be terminated on the date of completion of [**REDACTED**].

Presentation and classification of ordinary shares with preferential rights

Before the termination of the Company's obligation to the redemption rights effective on October 31, 2021, the redemption rights granted to the investors constitute as the Company's obligations to repurchase its own equity instruments for cash. These obligations were recognized as financial liabilities. Upon the termination of the Company's obligation to the redemption rights, the financial liabilities were reclassified and presented within equity.

The anti-dilution right is accounted for as a derivative financial instrument measured at FVTPL. Its fair value was considered insignificant.

30. SHARE-BASED PAYMENT TRANSACTIONS

The Group and the Company

Cayman Stock Option Plan

The Cayman Company's employee stock option plan was adopted pursuant to a resolution passed by the board and shareholders meeting of the Cayman Company on March 7, 2016 and was subsequently amended and restated pursuant to a resolution passed by the board and shareholders meeting on October 16, 2017 (the "Cayman Stock Option Plan") for the purpose of employee incentives. According to the resolutions, the Cayman Company reserved 16.96% of registered capital of the Cayman Company, representing the maximum number of shares of 21,200,000 at that time, that may be issued under the plan. Subsequently on October 30, 2018 and June 29, 2020, the maximum number of shares may be issued was approved by the board and shareholders meeting to be expanded to 35,529,246 shares in total.

The stock options shall be subject to a vesting schedule of 4 years with 25% of the options vesting on the first anniversary of the vesting commencement date and the remaining 75% of the options vesting in 36 equal monthly installments from the first anniversary of the vesting commencement date. The contractual life of the stock options is 10 years. 13,000,000, 1,865,000 and 2,930,000 options have been granted on August 1, 2016, October 16, 2017 and October 30, 2018, respectively. The Cayman Stock Option Plan was subsequently terminated and replaced by the PRC Shareholding Scheme as disclosed below.

Fair value of stock options granted

The Company applied the binomial option pricing model in determining the fair value of the stock options.

PRC Shareholding Scheme

As part of the Restructuring, pursuant to a resolution passed by the shareholders meeting of the Company on March 3, 2021, 7 limited partnerships (the "Shareholding Platforms") have been established (1) to replace the Cayman Stock Option Plan and transfer the grantees to 3 of the Shareholding Platforms, (2) for the shareholding of the founders on one of the Shareholding Platforms and (3) to grant new RSUs to eligible employees through the other 3 Shareholding Platforms (the "PRC Shareholding Scheme"). The Shareholding Platforms subscribed to the newly issued paid in capital (representing 37,216,378 ordinary shares of the Company upon the Conversion) of the Company at a total consideration of RMB26,278,000, representing 26,278,000 share units of the Shareholding Platforms.

Replacement of the Cayman Stock Option Plan

Considering the options and RSUs under both plans have been granted to same participants with same quantity, the fair value of the RSUs granted under the PRC Shareholding Scheme is broadly consistent with the fair value of the stock options granted under the Cayman Stock Option Plan. Accordingly, the Cayman Stock Option Plan was replaced as a result of the adoption of the PRC Shareholding Scheme. As the modification of vesting conditions under the PRC Shareholding Scheme is not beneficial to the grantees, the modified vesting conditions are not taken into account and the Company continued to recognize the services received over the original vesting period under the Cayman Stock Option plan. As at December 31, 2022, share-based payment expenses in relation to Cayman Stock Option Plan had been fully recognized.

RSUs granted to founders

The RSUs granted to the founders under the PRC Shareholding Scheme shall be vested immediately on the grant date or on the date of completion of [**REDACTED**]. The Company had recognized the expense for those immediately vested RSUs on the grant date.

RSUs granted to others

The RSUs granted to other key management and employees shall be subject to different vesting schedules (the "[**REDACTED**]-based Vesting Period") as of the end of the Track Record Period.

(1) 100% of the RSUs will be vested immediately on the date of completion of [**REDACTED**];

(2) 100% of the RSUs will be vested on the third anniversary of the date of completion of [**REDACTED**]; or

(3) 50%, 25% and 25% of the RSUs will be vested on the first, second and third anniversary of the date of completion of [**REDACTED**].

The grantees may be repaid with original subscription price plus fixed premium if the employment of the grantees were terminated within the [**REDACTED**]-based Vesting Period. After taking into account the best estimation of the [**REDACTED**], the management determined the share-based payment expenses in relation to the RSUs granted to other key management and employees should be recognized when the successful [**REDACTED**] is probable and amortized during the [**REDACTED**]-based Vesting Period. No share-based payment expenses in respect of the RSUs have been recognized during the Track Record Period as the successful [**REDACTED**] has not been determined to be probable during the Track Record Period.

Modification of PRC Shareholding Scheme

Pursuant to a resolution passed by the shareholders meeting of the Company on March 2, 2026, the PRC Shareholding Scheme was further amended and the amended vesting schedule of the RSUs granted to others is as follows.

(1) 100% of the RSUs will be vested immediately on the date of completion of [**REDACTED**]; or

(2) 100% of the RSUs will be vested on the first anniversary of the date of completion of [**REDACTED**].

The modification is beneficial to employees, therefore, the Company will take the modified vesting conditions into account when determining the share-based payments expenses to be recognized.

Movement of RSUs

The movements of RSUs granted to the directors, supervisors and employees of the Group and the Company during the year ended December 31, 2023 are as follows.

Type of RSU holders	Date of grant	Subscription price	Outstanding at January 1, 2023	Granted during the year	Forfeited during the year	Outstanding at December 31, 2023
			'000	*'000*	*'000*	*'000*
Executive directors:						
Mr. ZHANG Xuming	March, 2021	RMB1	1,920	–	–	1,920
Mr. ZHAO Zeyu	March, 2021	RMB1	28	–	–	28
Ms. FANG Fei	November, 2021	RMB1	186	–	–	186
	March, 2022	RMB1	147	–	–	147
	May, 2022	RMB1	112	–	–	112
			2,393	–	–	2,393
Supervisors:						
Mr. LU Jiafu	March, 2021	RMB1	768	–	–	768
Ms. HAN Qi	March, 2021	RMB1	160	–	–	160
Mr. WANG Feng	December, 2021	RMB1	160	–	–	160
	September, 2022	RMB1	185	–	–	185
	December, 2022	RMB1	16	–	–	16
	May, 2023	RMB1	–	32	–	32
Ms. REN Jun	March, 2021	RMB1	58	–	–	58
			1,347	32	–	1,379
Employees:						
	March, 2021	RMB1	20,053	–	(4,029)	16,024
	July, 2021	RMB1	503	–	(119)	384
	November, 2021	RMB1	80	–	–	80
	December, 2021	RMB1	–	–	–	–
	March, 2022	RMB1	240	–	–	240
	April, 2022	RMB1	352	–	(192)	160
	May, 2022	RMB1	380	–	(348)	32
	September, 2022	RMB1	528	–	–	528
	December, 2022	RMB1	160	–	–	160
	May, 2023	RMB1	–	547	–	547
	September, 2023	RMB1	–	208	–	208
			22,296	755	(4,688)	18,363
			26,036	787	(4,688)	22,135

The movements of RSUs granted to the directors, supervisors and employees of the Group and the Company during the year ended December 31, 2024 are as follows:

Type of RSU holders	Date of grant	Subscription price	Outstanding at January 1, 2024	Granted during the year	Forfeited during the year	Outstanding at December 31, 2024
			'000	*'000*	*'000*	*'000*
Executive directors:						
Mr. XU Xin	December, 2024	RMB1	–	28	–	28
Mr. ZHANG Xuming	March, 2021	RMB1	1,920	–	–	1,920
Mr. ZHAO Zeyu	March, 2021	RMB1	28	–	(28)	–
Ms. FANG Fei	November, 2021	RMB1	186	–	–	186
	March, 2022	RMB1	147	–	–	147
	May, 2022	RMB1	112	–	–	112
			2,393	28	(28)	2,393
Supervisors:						
Mr. LU Jiafu	March, 2021	RMB1	768	–	–	768
Ms. HAN Qi	March, 2021	RMB1	160	–	–	160
Mr. WANG Feng	December, 2021	RMB1	160	–	(160)	–
	September, 2022	RMB1	185	–	(185)	–
	December, 2022	RMB1	16	–	(16)	–
	May, 2023	RMB1	32	–	(32)	–
Ms. REN Jun	March, 2021	RMB1	58	–	–	58
			1,379	–	(393)	986
Employees:						
	March, 2021	RMB1	16,024	–	(3,066)	12,958
	July, 2021	RMB1	384	–	(144)	240
	November, 2021	RMB1	80	–	–	80
	December, 2021	RMB1	–	–	–	–
	March, 2022	RMB1	240	–	–	240
	April, 2022	RMB1	160	–	–	160
	May, 2022	RMB1	32	–	–	32
	September, 2022	RMB1	528	–	(96)	432
	December, 2022	RMB1	160	–	(160)	–
	May, 2023	RMB1	547	–	–	547
	September, 2023	RMB1	208	–	–	208
	May, 2024	RMB1	–	282	(122)	160
			18,363	282	(3,588)	15,057
			22,135	310	(4,009)	18,436

The movements of RSUs granted to the directors, supervisors and employees of the Group and the Company during the year ended December 31, 2025 are as follows:

Type of RSU holders	Date of grant	Subscription price	Outstanding at January 1, 2025	Granted during the year	Forfeited during the year	Outstanding at December 31, 2025
			'000	*'000*	*'000*	*'000*
Executive directors:						
Mr. XU Xin	December, 2024	RMB1	28	–	–	28
Mr. ZHANG Xuming	March, 2021	RMB1	1,920	–	–	1,920
Ms. FANG Fei	November, 2021	RMB1	186	–	–	186
	March, 2022	RMB1	147	–	–	147
	May, 2022	RMB1	112	–	–	112
			2,393	–	–	2,393
Supervisors:						
Mr. LU Jiafu	March, 2021	RMB1	768	–	–	768
Ms. HAN Qi	March, 2021	RMB1	160	–	–	160
Ms. REN Jun	March, 2021	RMB1	58	–	–	58
			986	–	–	986
Employees:						
	March, 2021	RMB1	12,958	–	(1,351)	11,607
	July, 2021	RMB1	240	–	–	240
	November, 2021	RMB1	80	–	–	80
	March, 2022	RMB1	240	–	–	240
	April, 2022	RMB1	160	–	–	160
	May, 2022	RMB1	32	–	–	32
	September, 2022	RMB1	432	–	–	432
	May, 2023	RMB1	547	–	–	547
	September, 2023	RMB1	208	–	–	208
	May, 2024	RMB1	160	–	–	160
			15,057	–	(1,351)	13,706
			18,436	–	(1,351)	17,085

The movements of RSUs granted to the directors, supervisors and employees of the Group and the Company during the six months ended June 30, 2026 are as follows:

Type of RSU holders	Date of grant	Subscription price	Outstanding at January 1, 2026	Granted during the period	Forfeited during the period	Outstanding at June 30, 2026
			'000	*'000*	*'000*	*'000*
Executive directors:						
Mr. XU Xin	December, 2024	RMB1	28	–	–	28
Mr. ZHANG Xuming	March, 2021	RMB1	1,920	–	–	1,920
Ms. FANG Fei	November, 2021	RMB1	186	–	–	186
	March, 2022	RMB1	147	–	–	147
	May, 2022	RMB1	112	–	–	112
			2,393	–	–	2,393
Supervisors:						
Mr. LU Jiafu	March, 2021	RMB1	768	–	–	768
Ms. HAN Qi	March, 2021	RMB1	160	–	–	160
Ms. REN Jun	March, 2021	RMB1	58	–	–	58
			986	–	–	986

Type of RSU holders	Date of grant	Subscription price	Outstanding at January 1, 2026	Granted during the period	Forfeited during the period	Outstanding at June 30, 2026
			'000	*'000*	*'000*	*'000*
Employees:						
	March, 2021	RMB1	11,607	–	(19)	11,588
	July, 2021	RMB1	240	–	–	240
	November, 2021	RMB1	80	–	–	80
	March, 2022	RMB1	240	–	–	240
	April, 2022	RMB1	160	–	–	160
	May, 2022	RMB1	32	–	–	32
	September, 2022	RMB1	432	–	–	432
	May, 2023	RMB1	547	–	–	547
	September, 2023	RMB1	208	–	–	208
	May, 2024	RMB1	160	–	–	160
			13,706	–	(19)	13,687
			17,085	–	(19)	17,066

Restricted shares granted to Founder Group

Pursuant to the Capitalization of Capital Reserve transaction as disclosed in Note 29, the Company issued 5,732,279 ordinary shares to founder Mr. XU Xin and chief technology officer Mr. WANG Haomai to recognize and reward their contribution to the growth and development of the Group. The grant date was October 29, 2025 when the terms of the vesting conditions were mutually agreed. Those restricted shares will be fully vested on the date of completion of [**REDACTED**].

Fair value of RSUs and restricted shares granted

Back-solve method was used to determine the underlying equity fair value of the Company and binomial option pricing model was used to determine the fair value of the RSUs granted. The fair value of shares at grant date was valued by directors of the Company with assistance of an independent qualified professional valuer, Shanghai Orient Appraisal Co., LTD, whose address is 5th Floor, Building 11, No. 6055 Jinhai Road, Fengxian District, Shanghai, PRC. The inputs into the binomial option pricing model were as follows:

Grant date	Year ended December 31,			
	2021	2022	2023	2024
	(Note)			
Fair value of underlying ordinary shares (RMB per share)	318.09-342.75	7.07-7.37	8.27-8.27	7.94-8.10
Exercise price (RMB)	1.00-71.23	0.61-1.53	0.61-1.53	0.02-1.53
Risk-free interest rate	2.78%-3.05%	2.69%-2.88%	2.37%-2.58%	1.42%-2.13%
Expected volatility	44.70%-55.06%	49.81%-54.60%	58.67%-59.43%	57.53%-59.02%
Dividend yield	0-0	0-0	0-0	0-0
Exercise multiples	1.0-2.8	2.2-2.8	2.2-2.8	2.2-2.8
Life of options (years)	3.75-8.42	5.09-7.67	4.50-6.50	3.59-5.59
Fair value of RSU (RMB per RSU)	263.00-342.75	5.85-6.85	6.99-7.74	6.57-8.07

Note: Fair value of RSU for the year ended December 31, 2021 was based on the number of ordinary shares before the Company's Conversion in December 2021. After taking into account the Conversion, the range of fair value per RSU would be RMB6.81 to RMB7.34.

The grant date fair value of the restricted shares granted to Founder Group is RMB8.74 per share which was determined by reference to the fair value of the ordinary shares of the Company which was determined using the discounted cash flow method and equity allocation model.

31. RETIREMENT BENEFITS SCHEME

The PRC employees of the Group are members of a state-managed retirement benefits scheme operated by the government of the PRC. The Company and its PRC subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the employee benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The amounts of contributions made by the Group in respect of such retirement benefit schemes are disclosed in Note 12.

During the Track Record Period, the Group had no forfeited contributions under the above retirement benefits scheme which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available as at December 31, 2023, 2024 and 2025 and June 30 2026 under such scheme which may be used by the Group to reduce the contribution payable in future years.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities:

	Borrowings	Lease liabilities	Accrued [REDACTED] (included in other payables)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	11,387	–	11,387
Additions	–	3,309	–	3,309
Finance costs *(Note 10)*	–	471	–	471
Financing cash flows	–	(5,173)	–	(5,173)
At December 31, 2023	–	9,994	–	9,994
Additions	–	1,652	–	1,652
Finance costs *(Note 10)*	–	377	–	377
Rent concessions	–	(239)	–	(239)
Lease termination	–	(1,765)	–	(1,765)
Financing cash flows	–	(5,231)	–	(5,231)
At December 31, 2024	–	4,788	–	4,788
Share issue costs recognized	–	–	824	824
Additions	–	3,040	–	3,040
Finance costs *(Note 10)*	–	210	–	210
Financing cash flows	–	(4,591)	(126)	(4,717)
At December 31, 2025	–	3,447	698	4,145
Share issue costs recognized	–	–	2,474	2,474
Additions	–	672	–	672
Finance costs *(Note 10)*	94	60	–	154
Financing cash flows	27,925	(1,761)	(2,194)	23,970
At June 30, 2026	28,019	2,418	978	31,415
At January 1, 2025	–	4,788	–	4,788
Share issue costs recognized	–	–	–	–
Additions	–	3,040	–	3,040
Finance costs *(Note 10)*	–	120	–	120
Financing cash flows	–	(2,146)	–	(2,146)
At June 30, 2025 *(unaudited)*	–	5,802	–	5,802

33. COMMITMENTS

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group had the following commitments:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Purchase of property, plant and equipment	–	785	125	–

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of the financial instruments

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets at amortized cost	432,583	323,987	270,084	239,794
Financial assets at FVTPL	–	50,075	–	–
Financial liabilities:				
Financial liabilities at amortized cost	45,428	45,139	64,136	69,667
Lease liabilities	9,994	4,788	3,447	2,418

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets at amortized cost	440,349	342,506	297,295	273,024
Financial assets at FVTPL	–	50,075	–	–
Financial liabilities:				
Financial liabilities at amortized cost	43,951	43,570	62,316	68,040
Lease liabilities	9,994	4,788	3,447	2,418

Financial risk management objectives and policies

The Group and the Company's major financial instruments include trade and notes receivables, deposits and other receivables, amounts due from subsidiaries, term deposits, restricted bank deposits, cash and cash equivalents, financial assets at FVTPL, trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (that is, interest rate risk, credit risk and liquidity risk). The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group's and the Company's fair value interest rate risk relates primarily to term deposits, borrowings and lease liabilities. The Group and the Company are also exposed to cash flow interest rate risk in relation to bank balances. The Group's and the Company's cash flow interest rate risk are mainly concentrated on the fluctuation of interest rates on bank balances. The Group and the Company manage interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The Directors will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range. Bank balances, borrowings and lease liabilities are excluded from sensitivity analysis as the Directors consider that the exposure of interest rate risk arising from bank balances, borrowings and lease liabilities are insignificant.

Credit risk

The Group's and Company's exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is primarily attributable to trade and notes receivables, contract assets, amounts due from subsidiaries, deposits and other receivables, term deposits, restricted bank deposits and cash and cash equivalents.

The Group and the Company performed impairment assessment for financial assets and other items under ECL model. Information about the Group's and the Company's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarized as below:

The ECL on amounts due from subsidiaries are assessed individually based on the probability of defaults of amounts due from subsidiaries, the management has taken into account the financial position of the counterparties as well as forward looking information that is available without undue cost or effort. During the Track Record Period, the Company assessed the ECL on amounts due from subsidiaries is insignificant and thus no loss allowance is recognized.

The Group's and the Company's term deposits, restricted bank deposits, cash and cash equivalents and notes receivables are deposited with banks or online payment platforms with high credit ratings and the Group have limited exposure to any single financial institution or counterparty.

The Group and the Company have concentration of credit risk on trade receivables. As of December 31, 2023, 2024 and 2025 and June 30, 2026, 27.06%, 10.51%, 9.34% and 3.60% of the total trade receivables were due from the Group's largest customer, and 54.32%, 40.48% and 31.22% and 39.82% of the total trade receivables were due from the Group's top five customers, respectively.

In order to minimize the credit risk, the Directors have delegated a team responsible for determination of credit limits and credit approvals, other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and summarize the credit-impaired information for further impairment assessment.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ Contract assets	Other financial assets subject to ECL assessment
Low risk . . .	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful . . .	There have been significant increases in credit risk since initial recognition through information developed internally or from external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired

Internal credit rating	Description	Trade receivables/ Contract assets	Other financial assets subject to ECL assessment
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets and contract assets which are subject to ECL assessment:

The Group

			Gross carrying amount			
			As at December 31,			As at June 30,
	Internal credit rating	12m or lifetime ECL	2023	2024	2025	2026
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets *(Note 6)*	Low risk *(note i)*	Lifetime ECL (provision matrix)	141	60	662	443
Financial assets at amortized cost						
Trade receivables *(Note 22)*	Low risk *(note i)*	Lifetime ECL (provision matrix)	56,248	36,706	90,520	126,164
Notes receivables *(Note 22)*	Low risk	12m ECL	3,669	625	3,658	2,213
Deposits and other receivables *(Note 23)*	Low risk	12m ECL	3,303	14,381	10,731	15,788
Term deposits *(Note 25)*	Low risk	12m ECL	209,283	161,955	123,715	74,023
Restricted bank deposits *(Note 25)*	Low risk	12m ECL	–	623	–	472
Cash and cash equivalents *(Note 25)*	Low risk	12m ECL	165,370	114,629	47,263	26,335

The Company

			Gross carrying amount			
			As at December 31,			As at June 30,
	Internal credit rating	12m or lifetime ECL	2023	2024	2025	2026
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets *(Note 6)*	Low risk *(note i)*	Lifetime ECL (provision matrix)	141	60	662	443
Financial assets at amortized cost						
Trade receivables *(Note 22)*	Low risk *(note i)*	Lifetime ECL (provision matrix)	56,248	36,706	90,520	126,164
Notes receivables *(Note 22)*	Low risk	12m ECL	3,669	625	3,658	2,213
Deposits and other receivables *(Note 23)*	Low risk	12m ECL	3,303	14,381	10,719	15,756
Amounts due from subsidiaries	Low risk	12m ECL	8,200	69,806	80,111	33,725
Term deposits *(Note 25)*	Low risk	12m ECL	209,283	111,315	71,689	74,023
Restricted bank deposits *(Note 25)*	Low risk	12m ECL	–	623	–	472
Cash and cash equivalents *(Note 25)*	Low risk	12m ECL	164,953	114,018	46,602	25,942

Note:

i. For trade receivables and contract assets, the Group and the Company have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables relating to customers with significant doubt on collection of receivables that are assessed individually, the Group and the Company determine the ECL on these items on a collective basis, grouped by debtors' aging.

As part of the Group's and the Company's credit risk management, the Group and the Company use debtors' aging to assess the impairment because the debtors consist of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed on a collective basis by using provision matrix. In addition, as at December 31, 2023, 2024, 2025 and June 30, 2026, no debtors were assessed individually.

	At December 31, 2023			At December 31, 2024			At December 31, 2025			At June 30, 2026		
Ageing	Loss rate	Gross carrying amount	Loss allowance	Loss rate	Gross carrying amount	Loss allowance	Loss rate	Gross carrying amount	Loss allowance	Loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*		*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*
Within 1 year	1.79%	35,667	639	1.44%	28,063	405	2.59%	82,697	2,144	1.99%	115,161	2,292
1-2 years	7.17%	14,029	1,006	6.58%	1,546	102	9.84%	3,534	348	8.69%	8,149	708
2-3 years	25.55%	2,389	610	20.62%	3,238	668	23.43%	1,236	290	22.27%	1,283	286
3-4 years	35.63%	2,030	723	40.09%	407	163	57.85%	2,041	1,181	56.49%	597	337
4-5 years	98.82%	39	39	87.19%	1,728	1,506	84.74%	405	344	83.66%	718	600
Over 5 years	100.00%	2,235	2,235	100.00%	1,784	1,784	100.00%	1,269	1,269	100.00%	699	699
		56,389	5,252		36,766	4,628		91,182	5,576		126,607	4,922

The loss rates are estimated based on historical observed default rates of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the Directors to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL of the Group and the Company that has been recognized for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	5,796	–	5,796
Impairment losses reversed	(544)	–	(544)
At December 31, 2023	5,252	–	5,252
Impairment losses reversed	(624)	–	(624)
At December 31, 2024	4,628	–	4,628
Impairment losses recognized	948	–	948
At December 31, 2025	5,576	–	5,576
Impairment losses reversed	(654)	–	(654)
At June 30, 2026	4,922	–	4,922
At January 1, 2025	4,628	–	4,628
Impairment losses recognized	1,032	–	1,032
At June 30, 2025 *(unaudited)*	5,660	–	5,660

The Directors believe that there is no significant increase in credit risk of these amounts of deposits and other receivables since initial recognition and the Group and the Company provided loss allowance based on 12m ECL. For the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2026, the Group and the Company assessed the ECL for other receivables and deposits are insignificant.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a reasonable level of cash and cash equivalents which is deemed adequate by the Directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Taking into account the financial resources available to the Group and the Company, including cash and cash equivalents and new financing, the Directors believe that the Group and the Company will have sufficient financial resources to satisfy its future working capital in the next twelve months from the date of the report.

The following tables detail the Group's and the Company's remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay.

The Group

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Financial liabilities						
Trade and other payables	–	45,428	–	–	45,428	45,428
Subtotal		45,428	–	–	45,428	45,428
Lease liabilities	3.85%-4.70%	4,988	4,522	1,024	10,534	9,994
Total		50,416	4,522	1,024	55,962	55,422

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024						
Financial liabilities						
Trade and other payables	–	45,139	–	–	45,139	45,139
Subtotal		45,139	–	–	45,139	45,139
Lease liabilities	3.39%-4.70%	3,663	1,143	127	4,933	4,788
Total		48,802	1,143	127	50,072	49,927

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025						
Financial liabilities						
Trade and other payables	–	64,136	–	–	64,136	64,136
Subtotal		64,136	–	–	64,136	64,136
Lease liabilities	3.39%-4.70%	2,371	1,093	82	3,546	3,447
Total		66,507	1,093	82	67,682	67,583

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at June 30, 2026						
Financial liabilities						
Borrowings	2.45%-2.85%	28,480	–	–	28,480	28,019
Trade and other payables	–	41,648	–	–	41,648	41,648
Subtotal		70,128	–	–	70,128	69,667
Lease liabilities	3.13%-4.70%	1,674	809	–	2,483	2,418
Total		71,802	809	–	72,611	72,085

The Company

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Financial liabilities						
Trade and other payables	–	43,951	–	–	43,951	43,951
Subtotal		43,951	–	–	43,951	43,951
Lease liabilities	3.85%-4.70%	4,988	4,522	1,024	10,534	9,994
Total		48,939	4,522	1,024	54,485	53,945

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024						
Financial liabilities						
Trade and other payables	–	43,570	–	–	43,570	43,570
Subtotal		43,570	–	–	43,570	43,570
Lease liabilities	3.39%-4.70%	3,663	1,143	127	4,933	4,788
Total		47,233	1,143	127	48,503	48,358

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025						
Financial liabilities						
Trade and other payables	–	62,316	–	–	62,316	62,316
Subtotal		62,316	–	–	62,316	62,316
Lease liabilities	3.39%-4.70%	2,371	1,093	82	3,546	3,447
Total		64,687	1,093	82	65,862	65,763

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at June 30, 2026						
Financial liabilities						
Borrowings	2.45%-2.85%	28,480	–	–	28,480	28,019
Trade and other payables	–	40,021	–	–	40,021	40,021
Subtotal		68,501	–	–	68,501	68,040
Lease liabilities	3.13%-4.70%	1,674	809	–	2,483	2,418
Total		70,175	809	–	70,984	70,458

Determination of fair value and fair value hierarchy

IFRS 13 *Fair Value Measurement* defines fair value as 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. When determining the fair value measurement for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

IFRS 13 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 establishes three levels of inputs that may be used to measure fair value.

The level of fair value measurement is determined by the lowest level input that is significant in the overall measurement. As such, the significance of the input should be considered from an overall perspective in the measurement of fair value.

The following table gives information about how the fair values of the Group's financial assets are determined (in particular, the valuation techniques and inputs used). The determination of the fair value for shares with preferred rights is set out in Note 29.

Financial asset	Fair value as at December 31,			June 30,	Fair value hierarchy	Valuation technique(s) and key input(s)
	2023	2024	2025	2026		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Financial assets at FVTPL	–	50,075	–	–	Level 2	Redemption value quoted by financial institutions

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each year end of Track Record Period. During the Track Record Period, there were no transfers among different levels of fair values measurement.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes borrowings and lease liabilities disclosed in Note 27, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, accumulated losses and other reserves.

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through new share issues as well as raising of borrowings.

36. RELATED PARTY DISCLOSURES

During the Track Record Period, the Group and the Company have the following transactions and balances with related parties:

(A) Related party balances

The Company

Amounts due from related parties:

		As at December 31,			As at June 30,
Name of related party	Nature of transaction	2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Subsidiaries of the Company	Non-trade *(Note)*	8,183	69,770	79,910	33,655
		8,183	69,770	79,910	33,655

Note: The balance as at January 1, 2023 was nil. The balances are unsecured, interest-free and repayable on demand. Its maximum amounts outstanding during the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2026 are RMB8,201,000, RMB125,682,000, RMB80,111,000 and RMB33,725,000, respectively.

(B) Remuneration of key management personnel of the Group

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries and other allowances	10,019	9,683	7,382	3,720	3,674
Performance-based bonuses	2,096	1,194	2,724	–	13
Share-based payment expense *(Note 30)*	–	–	–	–	–
Retirement benefits scheme	645	655	500	252	248
	12,760	11,532	10,606	3,972	3,935

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

During the Track Record Period and as at the date of this report, the Company has direct or indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Proportion of ownership interest and voting power held by the Company as at				Date of the report	Principal activities
			December 31, 2023	December 31, 2024	December 31, 2025	June 30, 2026		
Xiamen Xingchen Tianhe Technology Co., Ltd.* 廈門星辰天合科技有限公司 .	The PRC November 24, 2022	RMB nil/1,000,000.00	100%	100%	100%	100%	100%	Research and development of AI storage solutions
Wuhan Xingchen Tianhe Technology Co., Ltd.* 武漢星辰天合科技有限公司 .	The PRC November 23, 2022	RMB nil/1,000,000.00	100%	100%	100%	100%	100%	Research and development of AI storage solutions

All subsidiaries now comprising the Group are limited liability companies and have adopted December 31 as their financial year end date. None of the subsidiaries had any debt securities outstanding as at December 31, 2023, 2024 and 2025 and June 30, 2026 or at any time during the Track Record Period.

No audited financial statements were prepared for these subsidiaries for the Track Record Period as there are no statutory audit requirements.

* *English name for identification purpose only*

38. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments	–	–	–	–

Investments in subsidiaries are stated at cost less accumulated impairment losses, if any. For the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2026, the balance of cost of investments amounted to nil, nil, nil and nil respectively, as no investment has been contributed during the Track Record Period.

39. RESERVES OF THE COMPANY

	Capital reserve	Statutory surplus reserve	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	329,081	–	–	(112,207)	216,874
Loss and total comprehensive expense for the year	–	–	–	(171,469)	(171,469)
At December 31, 2023	329,081	–	–	(283,676)	45,405
Loss and total comprehensive expense for the year	–	–	–	(73,335)	(73,335)
At December 31, 2024	329,081	–	–	(357,011)	(27,930)
Targeted Capital Repurchase *(Note 29)*	(107,229)	–	–	–	(107,229)

	Capital reserve	Statutory surplus reserve	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Targeted Capitalization of Capital Reserve *(Note 29)*	(12,840)	–	–	–	(12,840)
Profit and total comprehensive income for the year	–	–	–	16,111	16,111
Recognition of equity-settled share-based payments expense *(Note 30)*	–	–	–	–	–
At December 31, 2025	209,012	–	–	(340,900)	(131,888)
Profit and total comprehensive income for the period	–	–	–	6,127	6,127
At June 30, 2026	209,012	–	–	(334,773)	(125,761)
At January 1, 2025	329,081	–	–	(357,011)	(27,930)
Loss and total comprehensive expense for the period	–	–	–	(6,256)	(6,256)
At June 30, 2025 *(unaudited)*	329,081	–	–	(363,267)	(34,186)

40. SUBSEQUENT EVENTS

[Except for the event disclosed as following, there are no significant events and transactions that took place subsequent to June 30, 2026.]

Pursuant to a resolution passed by the shareholders meeting of the Company on August 20, 2026, the Company adopted a share option scheme to grant new share options to eligible employees (the "Share Option Scheme"). The maximum number of shares to be granted under the Share Option Scheme shall not exceed 17,709,709 options (representing the right to subscribe 17,709,709 shares of the Company). The vesting of the options is subject to the achievement of certain service conditions and market performance targets and the exercise price will be RMB1.00 per option.

On August 26, 2026, 13,282,282, 2,550,198 and 1,877,229 options under the Share Option Scheme were granted to directors Mr. XU Xin, Mr. ZHANG, Xuming and Ms. FANG Fei, respectively. The expense of the options will be recognized from the grant date and amortized during estimated vesting period.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to June 30, 2026.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

PRC TAXATION

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current law and practice and has not taken into account the expected change or amendment to the relevant laws or policies. The discussion has no intention to cover all possible tax consequences resulting from the [**REDACTED**] in H Shares, nor does it take the specific circumstances of any particular [**REDACTED**] into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an [**REDACTED**] in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of the Latest Practicable Date, which is subject to change and may have retrospective effect.

Taxation on Dividends

Individual Investors

Under the provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), last amended on August 31, 2018, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), last amended on December 18, 2018 (collectively referred to as the "IIT Law"), dividends disbursed by Chinese enterprises are subject to a flat individual income tax rate of 20%. For foreign individuals who are not residents of China, dividends received from a Chinese enterprise are generally taxed at 20%, unless there are specific exemptions granted by the State Council's tax authority or reductions under an applicable tax treaty.

According to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家税務總局關於發布<非居民納税人享受協定待遇管理辦法>的公告》), which came into effect on January 1, 2020, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future inspection". Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and accept follow-up administration by the tax authorities. For withholding at source and designated withholding, a non-resident taxpayer asserting that it satisfies the criteria for claiming treaty benefits and needs to claim such benefits shall complete an "Information Report on Non-resident Taxpayers Claiming Treaty Benefits" truthfully, submit to the withholding agent voluntarily, gather and retain the relevant materials pursuant to the relevant provisions.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), signed on August 21, 2006, the PRC Government has the authority to impose taxes on dividends paid by a PRC company to Hong Kong residents, including both natural persons and legal entities. The tax levied shall not exceed 10% of the total dividends payable by the PRC company. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company and meets certain conditions as the beneficial owner of the equity, the tax imposed shall not exceed 5% of the total dividends payable by the PRC company.

The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》), in effect since December 6, 2019, introduces specific criteria determining entitlement to treaty benefits. According to this protocol, treaty benefits will not be granted if, upon careful consideration of all relevant facts and conditions, it is reasonably determined that obtaining these benefits was a primary purpose of the arrangement or transactions, thereby providing direct or indirect benefits under the Arrangement. Exceptions are made when such benefits align with the Arrangement's relevant objectives and goals.

Additionally, the application of the dividend clause of tax agreements is bound by the stipulations outlined in the PRC tax laws and regulations, including the guidelines specified in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81). Compliance with these regulations is essential in determining the taxation applicable to dividends under the Arrangement.

Enterprise Investors

Pursuant to the provisions outlined in the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》), enacted by the National People's Congress of the PRC (NPC) on March 16, 2007, and enforced from January 1, 2008, subsequently amended on February 24, 2017, and December 29, 2018, and in alignment with the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), promulgated by the State Council on December 6, 2007, and effective from January 1, 2008, last amended on December 6, 2024 and effective on January 20, 2025 (collectively referred to as the "EIT Law"), it is established that a non-resident enterprise is generally liable to a 10% enterprise income tax on income sourced within the PRC. Such income includes dividends and bonuses received from a PRC resident enterprise. This taxation applies to non-resident enterprises that lack a physical establishment or premises in the PRC. Alternatively, if an establishment or premise exists within the PRC, but the PRC-sourced income is unrelated to said establishment or premise, it is subject to the aforementioned taxation.

The withholding tax for non-resident enterprises is mandated to be deducted at the source, whereby the entity making the payment assumes the role of the withholding agent. Consequently, the withholding agent is obligated to withhold the income tax from the payment or due payment each time it is disbursed or becomes due.

The Circular of the State Taxation Administration on Issues Relating to the Withholding and Remitting of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《國家税務總局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税有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the STA and implemented on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate flat of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) (Guo Shui Han [2009] No. 394) which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with relevant jurisdictions, where applicable. Accordingly, dividends paid to non-PRC resident enterprise (including HKSCC Nominees) shall be subject to withholding enterprise income tax at a rate of 10%.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), the PRC Government is authorized to impose taxes on dividends disbursed by a PRC company to Hong Kong residents, including both individuals and legal entities, not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, the tax shall not surpass 5% of the total dividends if the Hong Kong resident qualifies as the beneficial owner of the equity, and specific conditions are met.

Furthermore, the Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》), introduces additional criteria for qualifying for treaty benefits. While other provisions may exist within the Arrangement, treaty benefits shall not be granted for relevant gains if, based on all relevant facts and conditions, it is reasonably determined that one of the main purposes of the arrangement or transactions, which result in direct or indirect benefits under the Arrangement, is to obtain such treaty benefits. This exception applies unless the grant of benefits aligns with the objectives and goals outlined in the Arrangement.

It is important to note that the application of the dividend clause of tax agreements is contingent upon compliance with PRC tax laws and regulations, including the guidelines provided in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-resident investors residing in jurisdictions that have established treaties or arrangements for the avoidance of double taxation with the PRC may qualify for a reduction in the PRC enterprise income tax levied on dividends received from PRC companies. Currently, the PRC has entered into Avoidance of Double Taxation Treaties or Arrangements with several countries and regions, including the Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States.

Non-PRC resident enterprises eligible for preferential tax rates under these relevant taxation treaties or arrangements are required to submit an application to the PRC tax authorities for a refund of the enterprise income tax that exceeds the agreed tax rate. The approval of the refund application is subject to the evaluation and decision of the PRC tax authorities.

Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Under the guidelines outlined in the Notice on the Full Implementation of the Pilot Program for Transition from Business Tax to Value-Added Tax (《關於全面推開營業税改徵增值税試點的通知》) (Cai Shui [2016] No. 36) (referred to as "Circular 36"), effective from May 1, 2016, and subsequently amended on July 1, 2017, January 1, 2018, April 1, 2019, November 1, 2025, and January 1, 2026, individuals and entities conducting service transactions within the PRC are obligated to pay Value-Added Tax (VAT). "Sales of services within the PRC" are defined as transactions where either the service provider or the recipient is situated within the PRC.

Furthermore, Circular 36 specifies that the transfer of financial products, including the ownership transfer of marketable securities, is subject to a VAT rate of 6% on the taxable income. Taxable income, in this context, refers to the sales price balance after deducting the purchase price. This VAT obligation applies to both general and foreign VAT taxpayers. Notably, individuals are exempt from VAT obligations when engaging in the transfer of financial products.

As per the aforementioned regulations, non-resident individuals selling or disposing of H shares are exempt from VAT in the PRC. However, if the holders are non-resident enterprises, they may avoid VAT in the PRC only if the buyers of the H shares are individuals or entities located outside of the PRC. Conversely, the holders might be subject to VAT in the PRC if the buyers of the H shares are individuals or entities situated within the PRC.

Income Taxes

Individual Investors

Under the IIT Law, gains arising from the transfer of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%. However, in accordance with the Circular of the Ministry of Finance (MOF) and the STA on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《財政部、國家税務總局關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61), issued jointly by the MOF and STA on March 30, 1998, gains obtained by individuals from the transfer of shares of listed companies have been temporarily exempted from individual income tax since January 1, 1997.

On December 31, 2009, the MOF, the STA, and the CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) (Cai Shui [2009] No. 167). This circular, effective from December 31, 2009, stipulates that individuals' income derived from the transfer of listed shares acquired through public offerings and trading on the Shanghai Stock Exchange and the Shenzhen Stock Exchange remains exempt from individual income tax. This exemption applies to shares not subject to sales restrictions, as defined in the Supplementary Notice on Issues Concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) (Cai Shui [2010] No. 70), jointly issued by the three aforementioned departments and effective from November 10, 2010.

As of the Latest Practicable Date, there are no provisions expressly stating that individual income tax shall be imposed on non-PRC resident individuals for the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the Enterprise Income Tax (EIT) Law and the Implementation Provisions of the Enterprise Income Tax Law of the PRC issued by the State Council on December 6, 2024 and implemented from January 20, 2025, non-resident enterprises are typically subject to a 10% enterprise income tax on income sourced within the PRC. This includes gains realized from the disposal of equity interests in a PRC resident enterprise. However, this taxation applies only if the non-resident enterprise does not maintain a physical establishment or premises in the PRC, or if it does have such establishments in the PRC, but its PRC-sourced income is not genuinely connected with those establishments.

The withholding of income tax for non-resident enterprises is executed at the source, with the entity making the payment acting as the withholding agent. This withholding agent is obliged to deduct the income tax from each payment or due payment made to the non-resident enterprise. It's important to note that the tax liability may be reduced or exempted in accordance with applicable tax treaties or agreements on the avoidance of double taxation.

Stamp Duty

In compliance with the PRC Stamp Duty Law (《中華人民共和國印花稅法》), issued by the SCNPC on June 10, 2021, and enforced from July 1, 2022 (referred to as the "Stamp Duty Law"), all entities and individuals involved in securities transactions within the PRC are obligated to pay stamp duty as per the regulations outlined in the Stamp Duty Law. Consequently, the stipulations concerning stamp duty applied to the transfer of shares of PRC-listed companies do not extend to the transfer and disposal of H Shares by non-PRC investors outside the PRC.

Estate duty

Under prevailing PRC legislation, there is presently no imposition of estate duty within the jurisdiction.

Major Taxes on the Company in the PRC

Please refer to the section headed "Regulatory Overview" of this document.

FOREIGN EXCHANGE

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

The Regulations of the PRC on the Management of Foreign Exchange (《中華人民共和國外匯管理條例》, the "Regulations on the Management of Foreign Exchange"), which was promulgated by the State Council on January 29, 1996 and effective on April 1, 1996, classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administrative authorities, while capital items are subject to the approval of foreign exchange administrative authorities. According to the Regulations on the Management of Foreign Exchange as amended on January 14, 1997 and August 5, 2008, the PRC will not impose any restriction on international current payments and transfers.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》, the "Settlement Regulations"), which was promulgated by the PBOC on June 20, 1996 and effective on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital items.

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

On August 5, 2008, the State Council promulgated the revised Regulation on the Management of Foreign Exchange, which has made substantial changes to the foreign exchange supervision system of the PRC. First, it has adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. Second, it has improved the RMB exchange rate formation mechanism based on market supply and demand. Third, in the event that international balance of payment suffers or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures against international balance of payment. Fourth, it has enhanced the supervision and administration of foreign exchange transactions and granted extensive authorities to the SAFE to enhance its supervisory and administrative powers.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment from foreign exchange accounts opened at the designated foreign exchange banks, on the strength of valid transaction receipt or proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the Board of Directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange banks or effect exchange and payment at the designated foreign exchange banks.

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

According to the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Raised by Domestic Enterprises Listed Overseas (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), promulgated on December 24, 2025 and effective on April 1, 2026, a domestic joint stock company that conducts an overseas listing upon completion of the CSRC filing shall, within 30 working days from the first trading day of the overseas listing, apply to a bank within the province or the city with independent planning status where it is registered (the "local bank") for overseas listing registration, and the local bank will process such registration through the SAFE's digital foreign exchange administration system. In principle, funds raised through an overseas listing shall be remitted back to the PRC in a timely manner. Where such funds are to be retained overseas for overseas direct investment, overseas securities investment, overseas lending or other businesses, the domestic company shall obtain the approval or filing documents from the competent authorities before the completion of the overseas offering and shall comply with the relevant cross-border funds administration provisions. The use of proceeds from an overseas listing shall be consistent with the relevant contents set out in the publicly disclosed documents, such as the document, shareholders' circulars or resolutions of the board of directors or shareholders' meetings. A domestic shareholder who reduces its holding of overseas listed shares shall apply to its local bank for reduction registration before the reduction or within 30 working days thereafter.

According to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders' meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015 and took effect on June 1, 2015, and amended on December 30, 2019, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled, the foreign

exchange registration under domestic direct investment and overseas direct investment shall be directly examined and handled by banks. The SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration of Foreign Exchange Settlement under 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》) (Hui Fa [2016] No. 16) issued by the SAFE and came into effect on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions' actual requirements for business operation. The proportion of discretionary settlement of domestic institutions' foreign exchange receipts under the capital account is temporarily determined as 100%. The SAFE may, based on the international balance of payments, adjust the aforesaid proportion at appropriate time.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (Hui Fa [2017] No. 3) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading; allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization; allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones; and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28), which stipulated that on the basis that investing foreign-funded enterprises may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) are not violated and domestic invested projects are true and compliant.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "Constitution") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC Government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the People's Republic of China (2023 Revision) (《中華人民共和國立法法(2023修正)》) (the "Legislation Law"), the National People's Congress and the Standing Committee of the National People's Congress are empowered to exercise the legislative power of the State. The National People's Congress has the power to formulate and amend the basic laws governing criminal and civil matters, State institutions and other matters. The Standing Committee of the National People's Congress formulates and amends laws other than those required to be enacted by the National People's Congress and to supplement and amend parts of the laws enacted by the National People's Congress during the adjournment of the National People's Congress, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities directly under the central government and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, ecological civilization construction, historical and cultural protection, grassroots governance and other aspects according to the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations of cities with districts will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing

committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries, commissions of the State Council, the PBOC, the National Audit Office, institutions with administrative functions directly under the State Council, and other institutions stipulated by laws may formulate rules and regulations within the power of their respective departments based on the laws, administrative regulations, decisions and rulings of the State Council. Matters governed by the departmental rules and regulations should be those for the enforcement of the laws, administrative regulations, decisions and rulings of the State Council. The people's governments of provinces, autonomous regions and municipalities directly under the central government and cities divided into districts and autonomous regions may formulate rules and regulations, in accordance with laws, administrative regulations and relevant local regulations of provinces, autonomous regions and municipalities directly under the central government.

Pursuant to the Resolution of the Standing Committee of the National People's Congress Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted by the Standing Committee of the National People's Congress or provided with decrees, issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws and regulations is vested in the regional legislative and administrative authorities which promulgate such laws and regulations.

THE PRC JUDICIAL SYSTEM

Under the Constitution of the People's Republic of China (《中華人民共和國憲法》), the Law of Organization of the People's Courts of the People's Republic of China (2018 revision) (《中華人民共和國人民法院組織法(2018修訂)》) and the Law of Organization of the People's Procuratorate of the People's Republic of China (2018 revision) (《中華人民共和國人民檢察院組織法 (2018修訂)》), the people's courts of the PRC are classified into the Supreme People's Court, the local people's courts at various levels, and other special people's courts. The local people's courts at various levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts may set up a number of people's tribunals based on the facts of the region, population and cases. The Supreme People's Court is the highest judicial authority. The Supreme People's Court shall supervise the judicial work of the local people's courts at all levels and special people's courts, and people's courts at higher levels shall supervise the

judicial work of people's courts at lower levels. The Chinese People's Procuratorates are divided into the Supreme People's Procuratorate, local people's procuratorates at various levels, and specialized people's procuratorates such as the Military Procuratorate. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of the local people's procuratorates at all levels and specialized people's procuratorates, and the people's procuratorates at higher levels direct the work of the people's procuratorates at lower levels.

The people's court takes the rule of the second instance as the final rule, that is, the judgments or rulings of the second instance of the people's court are final. The parties may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. The first judgments or rulings of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in the final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court discovers an error in a final and binding judgment which has taken effect in the court over which he/she presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of PRC (《中華人民共和國民事訴訟法》) (the "PRC Civil Procedure Law") adopted on April 9, 1991 and amended five times on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. Each party to a civil action conducted within PRC must comply with the relevant provisions of the PRC Civil Procedure Law. A civil case is generally heard by the people's court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by written agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the places where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual, a person without nationality, a foreign enterprise and organization are given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people's court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of PRC, the court of PRC may apply the same limitations to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization must engage a lawyer of PRC in case he/she or it needs to engage a lawyer for the purpose of initiating actions or

defending against litigations at the people's court. In accordance with the international treaties to which PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment on the party.

Where a party applies for enforcement of a legally effective judgment or ruling made by a people's court, and the opposite party or his/her property is not within the territory of PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which PRC is a signatory or in which PRC is a participant or the principle of reciprocity, request recognition and enforcement by a foreign court. Similarly, where an effective judgment or ruling made by a foreign court needs to be recognized and enforced by the people's court of PRC, unless the people's court considers that the recognition or enforcement of the judgment or ruling would violate the basic legal principles of PRC, national sovereignty, national security or social and public interest, the parties involved may directly apply to an intermediate people's court of PRC with jurisdiction for recognition and enforcement, or the foreign court may, in accordance with the provisions of international treaties entered into or acceded to by that country and PRC or according to the principle of reciprocity, request the people's court to recognize and enforce it.

THE PRC COMPANY LAW, THE TRIAL ADMINISTRATIVE MEASURES OF OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES AND THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION OF LISTED COMPANIES

The Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "PRC Company Law") was adopted by the Standing Committee of the Eighth National People's Congress at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The newly revised PRC Company Law has been implemented on July 1, 2024.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures"), which came into effect on March 31, 2023 and is applicable to direct and indirect overseas securities offering and listing of domestic companies, which also stipulates the filing administrative measures and regulatory requirements for the overseas securities offering and listing by domestic companies.

On March 28, 2025, the CSRC promulgated the latest amended Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidelines for the Articles of Association"). According to the Overseas Listing Trial Measures and its supporting guidelines, Guidelines for the Application of Regulatory Rules — Overseas Listing Category No. 1, domestic enterprises that are directly listed overseas shall formulate their articles of association with reference to the Guidelines for the Articles of Association and other relevant provisions of the CSRC on main provisions of the PRC Company Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association.

General Provisions

A joint stock limited company refers to an legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them, while the company's liability to its debts is limited to all of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or raising. A joint stock limited company shall be incorporated by one to 200 promoters, provided that at least more than half of the promoters must reside in PRC. Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the articles of association. If a joint stock limited company is to be established by means of raising, the promoters shall subscribe for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the articles of association; however, where laws and administrative regulations provide otherwise, such provisions shall prevail.

A document shall be published and a subscription letter shall be prepared when the promoters offer shares to the public. The subscriber shall fill in the number of shares subscribed for, amount of payment and domicile and affix his/her signature or seal to the subscription letter. The subscriber shall make full payment for the shares subscribed for. Where a promoter is offering shares to the public, such offer shall be underwritten by security companies established in accordance with the laws, and an underwriting agreement shall be concluded thereon. A promoter offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and furnish evidence of receipt of those subscription monies to relevant authorities in accordance with the agreement. After the share capital for a public offering has been paid in full, a capital verification institution established under the law must be engaged to conduct a capital verification and furnish a certificate thereof. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company. The board of directors shall, within 30 days after the end of the establishment meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority.

A company's promoter shall be liable for the following: (1) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be established; (2) the refund of subscription monies paid by the subscribers together with interest at bank deposit rates for the same period jointly and severally if the company cannot be established.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary property such as in kind or intellectual property rights, land use rights, stock rights or creditor's rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary property, a valuation of the non-monetary property contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

Under the PRC Company Law, a joint stock limited company shall prepare and maintain a shareholder register which sets forth the following matters: (1) the name and domicile of each shareholder; (2) the type and quantity of subscribed shares for each shareholder; (3) for stocks issued in paper form, the serial numbers of stocks; (4) the date on which each shareholder acquired the shares.

Increase in Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in a shareholders' meeting. The articles of association or the shareholders' meeting may authorize the board of directors to decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the shareholders' meeting. Where the board of directors is authorized and decides to issue shares, and thus results in a change in the registered capital or the number of issued shares of the company, the voting at the shareholders' meeting may not be needed to revise such item set forth in the articles of association of the company. Where the articles of association or the shareholders' meeting of a company authorizes the board of directors to decide on issuing new shares, a resolution of the board of directors shall be adopted by two-thirds or more of all the directors. In addition, where a domestic enterprise issuing and listing overseas, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures and submit a filing report, legal opinions and other relevant materials, giving a true, accurate and complete account of shareholders' information and other information.

Reduction of Share Capital

A company shall reduce its registered capital in accordance with the following procedures as stipulated in the PRC Company Law:

(I) the company shall prepare a balance sheet and an inventory of properties;

(II) approve a resolution at a shareholders' meeting to reduce the registered capital;

(III) the company shall notify its creditors within 10 days after adopting the resolution to reduce the registered capital, and shall publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days;

(IV) a creditor shall, within 30 days after the receipt of the notice, or within 45 days after the date of the announcement for those who have not received the notice, be entitled to request the company to repay its debts or provide corresponding guarantees; and

(V) the company must apply to the company registration authority for a change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is otherwise prescribed by the articles of association of the company.

If a company still has losses after making up for them in accordance with the relevant provisions of the PRC Company Law, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the losses, the company shall not make any distribution to the shareholders, nor shall the shareholders be exempted from their obligation to pay the capital contribution or the share capital. If the registered capital is reduced in accordance with the aforesaid provisions, items (III) and (IV) mentioned above shall not apply, but an announcement shall be made in newspapers or on the National Enterprise Credit Information Publicity System within 30 days from the date of adopting the resolution to reduce the registered capital at a shareholders' meeting. After a company reduces its registered capital in accordance with the provisions of the preceding paragraph, it shall not distribute its profits until the accumulated amount of statutory reserve fund and discretionary reserve fund reaches 50% of the company's registered capital.

When a company reduces its registered capital in violation of the provisions of the PRC Company Law, its shareholders shall refund the funds they have received, and if the capital contributions of the shareholders are reduced or exempted, such capital contributions shall be restored to the original status; if any loss is caused to the company, the shareholders and the liable directors and senior management shall bear the liability for compensation.

Repurchase of Shares

Under the provisions of the PRC Company Law, a company shall not repurchase its own shares except in the following circumstances:

(I) reduction of the registered capital of the company;

(II) merger with another company that holds its shares;

(III) use of its shares for carrying out an employee stock ownership plan or equity incentive plan;

(IV) request from shareholders who object to a resolution of a shareholders' meeting on merger or division of the company to acquire their shares by the company;

(V) use of shares for conversion of convertible corporate bonds issued by the company; and

(VI) it is necessary for a listed company to maintain its company value and protect its shareholders' interests.

A resolution shall be approved at a shareholders' meeting for the repurchase of the company's own shares under either of the circumstances stipulated in items (I) or (II) above; for a company's repurchase of its own shares under any of the circumstances stipulated in items (III), (V) or (VI) above, a resolution of a meeting of the board of directors shall be approved by more than two-thirds of directors attending the meeting according to the provisions of the articles of association or as authorized by the shareholders' meeting.

The shares acquired by the company according to the above provisions under the circumstance stipulated in item (I) hereof shall be cancelled within 10 days from the date of acquisition of shares; the shares shall be transferred or cancelled within six months if the repurchase of shares is made under the circumstances stipulated in either items (II) or (IV); and the shares in the company held in total by the company after the repurchase of shares under any of the circumstances stipulated in items (III), (V) or (VI) shall not exceed 10% of the company's total issued shares, and shall be transferred or cancelled within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

No company may provide gifts, loans, guarantees or other financial assistance for others to obtain the shares of the company or the parent company thereof unless it carries out an employee stock ownership plan. For the benefits of the company, the company may, upon a resolution by the shareholders' meeting or by the board of directors under the articles of association or the authorization of the shareholders' meeting, provide financial assistance for others to obtain the shares of the company or the parent company thereof, provided that the total accumulative amount of the financial assistance shall not exceed 10% of the total issued share capital. A resolution by the board of directors shall be approved by two-thirds or more of all the directors.

Any director or senior management who is liable for any loss to the company due to violation of the provisions of the preceding paragraph shall be liable for compensation.

Transfer of Shares

The shares held by a shareholder of a company may be transferred to other shareholders or to persons other than the shareholders of the company. Where the articles of association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the articles of association. Under the PRC Company Law, a shareholder should effect a transfer of shares on the stock exchange established in accordance with laws or by any other means as required by the State Council. The transfer of shares by a shareholder shall be conducted by means of an endorsement or by other means stipulated by laws or

administrative regulations. Following the transfer of shares, the company shall record the names and domiciles of the transferees into its register of members. Change of the register of members described in the preceding paragraph shall not be registered within 20 days before the convening of a shareholders' meeting or 5 days prior to the base date on which the company decides to distribute dividends. However, where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of members of a listed company, such provisions shall prevail.

Pursuant to the PRC Company Law, shares of the company issued prior to the public offering of shares may not be transferred within one year from the date on which the company's shares are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of the company's shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Directors and senior management of the company shall declare to the company the shares they hold and the changes thereof, during the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares of the company held by them. They shall not transfer the company's shares they hold within one year from the date on which the company's shares are listed and traded on the stock exchange, nor within half a year after they have left office. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors and the senior management. Where the shares are pledged within the transfer restriction period as prescribed by laws and administrative regulations, the pledgee may not exercise the pledge right within the transfer restriction period.

Pursuant to the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, the shareholders of its domestic unlisted shares applying to convert its domestic unlisted shares into overseas listed shares and listed and traded on an overseas trading venue shall conform to relevant regulations of the CSRC, and appoint the domestic company to file with the CSRC.

Shareholders

Pursuant to the PRC Company Law and the Guidelines for the Articles of Association, the rights of shareholders include the following rights:

(I) to be legally entitled to asset income, participate in significant decision-making and select management personnel;

(II) if the procedure for convening or the method of voting at a shareholders' meeting or board meeting violates any law, administrative regulation or the articles of association, or if the contents of a resolution breach the laws, administrative regulations or the articles of association, to file a petition with the people's court to revoke the resolution within sixty days from the date on which the resolution is passed;

(III) to transfer his/her shares in accordance with the laws;

(IV) to attend or appoint a proxy to attend shareholders' meeting and exercise the voting rights;

(V) to inspect and copy the articles of association, register of members, the minutes of shareholders' meeting, board resolutions, resolutions of the audit committee and the financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(VI) to receive dividends in respect of the number of shares held;

(VII) to participate in the distribution of remaining properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(VIII) any other shareholders' rights stipulated in laws, administrative regulations, other normative documents and the articles of association.

The obligations of the shareholders include the obligation to abide by the articles of association, to pay the subscription monies in respect of the shares subscribed for, to be responsible to the company in respect of the shares taken up by them and any other shareholders' obligations specified in the articles of association.

Shareholders' Meeting

The shareholders' meeting is the organ of authority of the company, which exercises its functions and powers in accordance with the PRC Company Law. The shareholders' meeting may exercise the following functions and powers:

(I) to elect or replace the directors and to decide on their remunerations;

(II) to consider and approve the reports of the board of directors;

(III) to consider and approve the company's profit distribution plan and loss recovery plan;

(IV) to decide on any increase or reduction of the company's registered capital;

(V) to decide on the issuance of corporate bonds;

(VI) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(VII) to amend the articles of association; and

(VIII) to exercise any other authority stipulated in the articles of association.

The shareholders' meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law and the Guidelines for the Articles of Association, a shareholders' meeting is required to be held once a year within six months after the end of the previous accounting year. An extraordinary shareholders' meeting is required to be held within two months upon the occurrence of any of the following:

(I) the number of directors is less than the number required by the laws or less than two-thirds of the number specified in the articles of association;

(II) the total outstanding losses of the company amount to one-third of the company's total share capital;

(III) shareholder(s) individually or in aggregate holding more than 10% of the company's shares requests to convene an extraordinary shareholders' meeting;

(IV) where the board of directors deems necessary;

(V) the audit committee so proposes; or

(VI) any other circumstances as provided for in the articles of association.

A shareholders' meeting is convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is unable to or fails to perform his/her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is unable to or fails to perform his/her duties, a director jointly elected by more than half of all the directors shall preside over the meeting. If the board of directors is unable to or fails to perform its duty of convening the shareholders' meeting, the audit committee shall convene and preside over such meeting in a timely manner; if the audit committee fails to convene and preside over such meeting, shareholder(s) who individually or jointly hold more than 10% of the company's shares for more than 90 consecutive days may independently convene and preside over such meeting. If the shareholder(s) who individually or jointly hold more than 10% of the shares of the company requests to convene an extraordinary shareholders' meeting, the board of directors and the audit committee shall, within 10 days after the receipt of such request, decide whether to hold an extraordinary shareholders' meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, to convene a shareholders' meeting, a notice stating the time and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting is convened. Notice of an extraordinary shareholders' meeting shall be given to all shareholders 15 days before the meeting is convened. Shareholder(s) who individually or jointly hold more than 1% of the shares of the company may submit an interim proposal in writing to the board of directors ten days before the shareholders' meeting is convened. The board of directors shall notify other shareholders

within two days upon receipt of the proposal, and submit the interim proposal to the shareholders' meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the articles of association or does not fall within the functions and powers of the shareholders' meeting. The company shall not raise the shareholding percentage of the shareholder who proposes any interim proposal. A company offering shares to the public shall make the notice as mentioned in the preceding paragraph by way of announcement. The shareholders' meeting shall not make any resolution on any matter not specified in the notice.

According to the PRC Company Law, shareholders present at a shareholders' meeting shall have one vote for each share they hold, except for holders of class shares. Shares held by the company itself do not have voting rights.

An accumulative voting system may be adopted for the election of directors at the shareholders' meeting pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting. Under the accumulative voting system, when the shareholders' meeting elects directors, each share has the same voting rights as the number of directors to be elected, and the voting rights owned by shareholders can be used collectively.

Under the PRC Company Law, the passing of any resolution at the shareholders' meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the shareholders' meeting except in cases of proposed amendments to the articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporate form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the shareholders' meeting.

Minutes shall be prepared in respect of matters considered at the shareholders' meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors. However, a joint stock limited company with a relatively small scale or relatively small number of shareholders may dispense with the board of directors and shall have one director to exercise the functions and powers of the board of directors as prescribed by the PRC Company Law. If the board of directors of a company has more than three members, it may include an employees' representative of the company. The employees' representatives in the board of directors shall be democratically elected by the employees through the employees' representative meeting, employees' meeting or by other means.

The term of office of the directors shall be provided for by the articles of association, but each term of office shall not exceed three years. A director may seek re-election upon expiry of the said term. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if his/her resignation during the term of office results in the number of directors being less than the quorum. Where a director resigns, he/she shall notify the company in written form, and the resignation shall become effective on the date on which the company receives the notice.

However, under any of the circumstances as mentioned in the preceding paragraph, the director shall continue to perform his/her duties.

Under the PRC Company Law, the board of directors may exercise the following functions and powers:

(I) to convene shareholders' meeting and report on its work to the shareholders' meeting;

(II) to implement the resolutions passed by the shareholders at the shareholders' meeting;

(III) to decide on the company's operational plans and investment proposals;

(IV) to formulate the company's profit distribution plan and loss recovery plan;

(V) to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;

(VI) to formulate proposals for the merger, division, dissolution of the company or change of its corporate form;

(VII) to decide on the set-up of the company's internal management organs;

(VIII) to decide on the appointment or dismissal of the manager of the company and the remuneration thereof, and based on the nominations of the manager, to decide on the appointment or dismissal of the company's deputy general manager and chief financial officer as well as their remuneration;

(IX) to formulate the company's basic management system; and

(X) other functions and powers as stipulated in the articles of association or authorized by the shareholders' meeting.

Any restrictions on the functions and powers of the board of directors set out in the articles of association may not be asserted against any bona fide third party.

Under the PRC Company Law, a company may, under the articles of association, set up an audit committee composed of directors under the board of directors, which shall exercise the functions and powers of the board of supervisors. It may not have a board of supervisors or supervisors. The audit committee shall be composed of more than 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided under the PRC Company Law. A company may set up other committees under the board of directors in accordance with the articles of association.

Meetings of the board of directors shall be convened at least twice a year. Notice of meeting shall be given to all directors and audit committee members 10 days before the meeting. Extraordinary board meeting may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, or more than one-third of the directors or the audit committee. The chairman shall convene the meeting within 10 days after receiving such proposal, and preside over the board meeting. The board of directors may otherwise determine the method of giving notice and notice period for convening an interim meeting of the board of directors.

Meetings of the board of directors shall be held when more than half of the directors are present. A resolution made by the board of directors shall be adopted by more than half of all the directors. For voting on a resolution of the board of directors, each director shall have one vote. The board of directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the board of directors. Where a resolution of the board of directors is in violation of any law, administrative regulation, the articles of association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

Under the PRC Company Law, the following persons may not serve as a director of the company:

(I) devoid of or with restricted civil conduct ability;

(II) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; within two years after being pronounced for suspension of sentence since the expiration of the suspension of sentence;

(III) within three years after insolvency and liquidation of such company or enterprise where the person acted as a director, factory manager or business manager and has been held accountable for the insolvency;

(IV) within three years after the business license of such company or enterprise the person acted as the legal representative is revoked and ordered to shut down for violating the law on which the person is held accountable; and

(V) being listed as a dishonest person subject to enforcement by a people's court due to large amount of unsettled due debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or designation shall be invalid. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

In addition, the Guidelines for the Articles of Association of Listed Companies further stipulates other circumstances under which a person is disqualified from acting as a director of a company, including: (1) a person who has been banned from the securities market by the CSRC where the relevant period remains unexpired; or (2) a person who has been publicly determined by stock exchange to be unsuitable to serve as a director of a listed company where the relevant period remains unexpired; or (3) a person who is banned from doing so in accordance with other laws, administrative regulations or departmental rules.

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is unable to or fails to perform his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is unable to or fails to perform his/her duties, a director jointly elected by more than half of all the directors shall perform his/her duties.

The Audit Committee

Under the PRC Company Law, where a joint stock limited company has not established the board of supervisor, the audit committee shall be composed of more than 3 members, and more than half of the members shall not assume any position other than the director in the company, and shall not have any relationship with the company that may affect their independent and objective judgments.

Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by the PRC Company Law.

Manager and Senior Management

Pursuant to the relevant provisions of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager shall attend the meeting of the board of directors as a non-voting member.

According to the relevant provisions of the PRC Company Law, senior management refers to a company's manager, deputy manager, chief financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Managers and Other Senior Management

Directors and senior management shall comply with laws, administrative regulations and the articles of association.

Directors and senior management shall assume the obligation of loyalty to the company and take measures to avoid conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers. The directors and senior management shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a director or senior manager.

The provisions of the preceding two paragraphs shall apply to the controlling shareholder or actual controller of a company who does not serve as a director but practically executes the affairs of the company.

In the meantime, directors and senior management are prohibited from:

(I) embezzling the property or misappropriating the funds of the company;

(II) depositing company funds into accounts under their own names or the names of other individuals;

(III) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

(IV) accepting commissions from transactions between others and the company for their own benefits;

(V) unauthorized divulgence of confidential information of the company; and

(VI) other acts in violation of their duty of loyalty to the company.

A director or senior management who contravenes laws, administrative regulations or articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

A director or senior management is required to attend a shareholders' meeting, and shall answer inquiries from shareholders. The audit committee may demand the directors or senior management to submit reports on the performance of their duties. The directors and senior management shall truthfully provide relevant information and materials to the audit committee, none of them may impede the exercise of powers by the audit committee or audit committee members.

Where the directors and senior management violate laws, administrative regulations or the articles of association in performance of duties to the company, thereby causing damages to the company, shareholder(s) individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the audit committee to file a lawsuit at a people's court.

Upon receipt of the written request of the shareholder(s) stipulated in the preceding paragraph, if the audit committee or the board of directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interests of the company will suffer irreparable damages if lawsuit is not filed immediately, the shareholder(s) stipulated in the preceding paragraph shall have the right to file a lawsuit directly with a people's court in his/her own name for the interests of the company. For other parties who infringe the lawful interests of the company resulting in loss to the company, the aforementioned shareholder(s) may institute litigation at a people's court in accordance with the provisions of the preceding paragraph. Where any director or senior management violates the provisions of laws, administrative regulations or the articles of association, damaging interests of shareholders, the shareholders may file a lawsuit with a people's court.

If a director or senior management of a wholly-owned subsidiary of the company violates any law, administrative regulation or the articles of association in performance of duties to the company, thereby causing damages to the company, or if the legitimate rights and interests of a wholly-owned subsidiary of the company are impaired by any other person, thus causing any losses, the shareholder(s) of a limited liability company or shareholder(s) of a joint stock limited company individually and jointly holding more than 1% of the total shares of the company for over 180 consecutive days may request the audit committee or the board of directors of the wholly-owned subsidiary in written form to initiate a lawsuit at a people's court, or directly files a lawsuit with a people's court in his/her own name.

Finance, Accounting and Profit Distribution

According to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. A company shall prepare its financial and accounting reports at the end of each accounting year, and such reports shall be audited by an accounting firm according to law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council. The company's financial and accounting reports shall be made available for shareholders' inspection at the company 20 days before the convening of an annual shareholders' meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory reserve fund. However, when the accumulative amount of the statutory reserve fund has reached more than 50% of the PRC company's registered capital, it may no longer be allocated. When the company's statutory reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory reserve fund in accordance with the provisions of the preceding paragraph. After the company has made allocations to the statutory reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary reserve fund. After the company has made up its losses and made allocations to its reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to the capital contribution made by the shareholders, unless it is otherwise provided for in the articles of association. Profits shall not be distributed for a company's shares held by the company itself.

Where a company distributes profits to shareholders in violation of the relevant provisions of the PRC Company Law, the shareholders shall refund the profits so distributed back to the company, and the shareholders and the liable directors and senior management shall be held liable for compensation if any loss is caused to the company.

If the shareholders' meeting resolves to distribute profits, the board of directors shall do so within six months after the shareholders' resolution is made.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that has not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve fund of a company shall be used for making up losses, expanding the production and business scale, or increasing the registered capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve fund and statutory reserve fund shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve fund is converted to increase registered capital, the amount of such reserve fund retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company's funds shall not be deposited in any account opened under the name of an individual.

After a company reduces its registered capital in accordance with the provisions of the PRC Company Law, it shall not distribute profits until the accumulated amount of the statutory reserve fund and discretionary reserve fund reaches 50% of the company's registered capital.

Appointment and Dismissal of Auditors

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the auditing of the company shall be determined by shareholders at a shareholders' meeting, the board of directors or the audit committee in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the audit committee conducts a vote on the dismissal of the accounting firm. The company shall provide true and complete accounting evidence, accounting books, financial and accounting reports, and other accounting information to the accounting firm engaged by the company, without any refusal or withholding or misrepresentation of information.

Amendments to Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the articles of association approved by the resolution of the shareholder's meeting are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the articles of association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

Dissolution and Liquidation

Pursuant to PRC Company Law, a company shall be dissolved for any of the following reasons:

(I) upon expiry of term of business stipulated in the articles of association or occurrence of other circumstances of dissolution stipulated in the articles of association;

(II) the shareholders' meeting has resolved to dissolve the company;

(III) the company is dissolved by reason of its merger or division;

(IV) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(V) where the company encounters serious difficulties in its operations or management that would lead to significant damages to the interests of the shareholders if the company continues its existence, and the situation cannot be resolved by other means, the company is dissolved by a people's court in response to the request of shareholders representing more than 10% of the voting rights of all shareholders of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where a company falls under the circumstance as mentioned in items (I) or (II) of the paragraph above and it has not distributed the properties to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting.

To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions of the preceding paragraph, the consent of more than two-thirds of the voting rights of the shareholders who attend the shareholders' meeting is required.

Where the company is dissolved under the circumstances set forth in items (I), (II), (IV) or (V) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation team to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation team shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or otherwise elected by the shareholders' meeting.

The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation team may exercise following powers during the liquidation:

(I) to verify the company's properties and to prepare a balance sheet and an inventory of properties;

(II) to inform creditors by notice or announcement;

(III) to deal with and settle any outstanding business of the company;

(IV) to pay all outstanding taxes and the taxes arising during the liquidation process;

(V) to settle claims and debts;

(VI) to distribute the company's remaining properties after its debts have been paid off; and

(VII) to represent the company in civil lawsuits.

The liquidation team shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

A creditor shall lodge his/her claim with the liquidation team within 30 days of receipt of the notification or within 45 days of the date of the announcement if he/she has not received any notification.

The creditors shall explain matters relating to their claims and provide evidential documents when declaring their claims. The liquidation team shall register the creditor's claims. During the claims declaration period, the liquidation team shall not make repayment to the creditors.

Upon disposal of the company's properties and preparation of the required balance sheet and inventory of properties, the liquidation team shall draw up a liquidation plan and submit to a shareholders' meeting or a people's court for endorsement. The remaining part of the company's properties, after payment of liquidation expenses, employee wages, social insurance fees and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings. The company shall continue its existence during the liquidation period, although it cannot conduct operating activities unrelated to the liquidation. The company's properties shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Where the liquidation team finds that the properties of the company are not sufficient for paying off the debts after liquidating the properties of the company and preparing a balance sheet and an inventory of properties, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation team shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

The members of the liquidation team performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation team who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation team who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation team shall produce a liquidation report and submit to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, during the period of survival, a company has not incurred any debts or has paid off all the debts, the company may, upon a commitment of all the shareholders, be deregistered under the summary procedures according to the relevant provisions. The deregistration of a company under the summary procedures shall be announced through the National Enterprise Credit Information Publicity System for a period of no less than 20 days. If there is no objection after the expiry of the announcement period, the company may apply for deregistration of the company with the company registration authority within 20 days.

For a company deregistered under the summary procedures, its shareholders shall be jointly and severally liable for the debts incurred before the deregistration if they have made an untrue commitment.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company. Such deregistration of a company will not affect the liability of the original shareholders or liquidation obligors.

Overseas Listing

According to the Overseas Listing Trial Measures, the securities refer to stocks, depositary receipts, and corporate bonds that can be converted into stocks or other securities of an equity nature that are directly or indirectly offered and listed overseas by domestic companies. The direct overseas offering and listing of domestic companies refers to such overseas offering and listing of a joint stock limited company registered and incorporated in the territory of the PRC. The indirect overseas offering and listing of domestic companies refers to such overseas offering and listing made in the name of an offshore entity but based on the equity, assets, earnings, or other similar rights of a domestic company that operates its main business domestically.

The Overseas Listing Trial Measures also provide the conditions for overseas offering and listing. An overseas offering and listing is prohibited under any of the following circumstances:

(I) the listing and financing fall under specific prohibition in the laws, administrative regulations, and relevant national provisions;

(II) the overseas offering and listing may constitute endangerment to national security as reviewed and determined by competent authorities under the State Council in accordance with law;

(III) the domestic company and its controlling shareholder(s), actual controllers, have a criminal record in recent three years for corruption, bribery, encroachment of assets, misappropriation of assets, or disruption of socialist market economy order;

(IV) the domestic company is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached;

(V) there are material ownership disputes over the equities held by the controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

In addition, under the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three working days after such application is submitted.

In the event of the occurrence of any of the following material events after the overseas offering and listing, the issuer shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event:

(I) change of control;

(II) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities;

(III) change of the listing status or transfer of listing board;

(IV) voluntary or compulsory termination of listing.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which was issued by the CSRC, MOF, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented since March 31, 2023, a domestic

enterprise that directly or through its overseas listed entity provides or publicly discloses to relevant entities including securities companies, securities service providers and overseas regulators or individuals, any document and materials that contain state secrets or working secrets of government authorities, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level. A domestic enterprise that provides accounting archives or copies of accounting archives to relevant entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his/her share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Division

Pursuant to the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets and inventory of properties. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he/she has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of properties shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. The liabilities of the company which have accrued prior to the division shall be jointly and severally borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The Securities Laws, Regulations and Regulatory Regimes of the PRC

The PRC has promulgated a series of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the

development of securities markets, directing, coordinating, and supervising all securities related institutions in the PRC, and administering the CSRC. The CSRC is the regulatory executive body of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, collecting securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two authorities and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) governing the application and approval procedures for public offerings of shares, issuance and trading of shares, the acquisition of listed companies, deposit, clearing, and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "PRC Securities Law") took effect on July 1, 1999, and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The latest revised PRC Securities Law took effect on March 1, 2020. The PRC Securities Law is the first national securities law in the PRC, comprehensively regulating activities in the PRC securities market. The PRC Securities Law is divided into 14 chapters and 226 articles, including the issuance and trading of securities, the acquisition of listed companies, securities exchanges, securities companies, and the responsibilities of the securities registration and settlement institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises issuing securities overseas directly or indirectly or listing and trading their securities overseas shall comply with the relevant provisions of the State Council. Currently, the issuance and trading of foreign-issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "PRC Arbitration Law") was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995, and was amended on August 27, 2009, and September 1, 2017. The revised China Arbitration Law in 2025 will come into effect on March 1, 2026. The PRC Arbitration Law is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules

in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration committee if there is any procedural irregularity (including irregularity in the composition of the arbitration committee, the making of an award on matters beyond the scope of the arbitration agreement, or the jurisdiction of the arbitration committee).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958, pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the SCNPC declared that (I) the PRC would only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (II) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An agreement has been reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. The Supreme People's Court of the PRC issued the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020, which went into effect on November 27, 2020. The arrangements reflect the spirit of the New York Convention. Pursuant to the arrangements, awards made by arbitral authorities of mainland China acknowledged by Hong Kong arbitration rules can be enforced in Hong Kong,

and Hong Kong arbitration awards are also enforceable in mainland China. Where a court of the mainland China finds that enforcement in the mainland China of the ruling made by the Hong Kong arbitral authority will violate public interests of the mainland China, execution of the ruling may not be enforced.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND THE PRC COMPANY LAW

As a joint stock limited company established in the PRC that is seeking an [**REDACTED**] of shares on the Stock Exchange, we are governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing in accordance with the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

According to the PRC Company Law, a joint stock limited company may be incorporated by promotion or stock floatation.

Share Capital

Under the PRC Securities Law, an application for listing shall comply with the listing rules of the stock exchange.

According to the PRC Company Law, a shareholder may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law, except the property that may not be used as capital contributions according to any law or administrative regulation. The non-monetary property as capital contributions shall be assessed and verified, which may not be overvalued or undervalued. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

Restrictions on Shareholding and Transfer of Shares

Under the PRC law, the unlisted shares, which are denominated and subscribed for in Renminbi, can only be subscribed for and traded by PRC investors, qualified overseas institutional investors or qualified overseas strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for and traded by investors from countries and regions outside the PRC or other qualified PRC

institutional investors. If the H Shares are eligible securities under the Southbound Trading Link, they are also available for subscription and trading by domestic investors in the PRC pursuant to the rules and restrictions of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

According to the PRC Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. The directors and senior management of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors or senior executives may be specified in the articles of association.

Notice of Shareholders' Meeting

According to the PRC Company Law, notice of annual shareholders' meeting must be given not less than 20 days before the meeting, while notice of an interim shareholders' meeting must be given not less than 15 days before the meeting.

Quorum for Shareholders' Meeting

The PRC Company Law does not specify any quorum requirement for a shareholder s' meeting.

Voting at Shareholders' Meeting

According to the PRC Company Law, a resolution made by the shareholders' meeting shall be adopted by the shareholders representing more than half of the voting rights.

A resolution made by the shareholders' meeting on modifying the articles of association, increasing or decreasing the registered capital, as well as merger, division, dissolution or change of corporate form of the company shall be adopted by the shareholders representing more than two-thirds of the voting rights.

Variation of Class Rights

According to the PRC Company Law, where any of the matters occurs to a company that issues class shares and may affect the rights of the class shareholders, it shall not only be decided by the shareholders' meeting, but also be adopted by shareholders representing two-thirds or more of the voting rights who are present at the class shareholders' meeting.

Directors

According to the PRC Company Law, where any director directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, which shall be subject to the resolution of the board of directors or shareholders' meeting according to the articles of association. Where any of the near relatives of the directors, or any of the enterprises directly or indirectly controlled by the directors, or any of their near relatives, or any of the related parties who has any other related-party relationship with the directors, concludes a contract or conducts a transaction with the company, the aforesaid provisions shall apply. Where a director is removed prior to the expiration of term of office without any justifiable reason, the director may require the company to make compensation.

The PRC Company Law, unlike the Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval.

Derivative Action by Minority Shareholders

According to the PRC Company Law, where any director other than members of the audit committee or senior management violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, shareholder(s) individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the audit committee to initiate proceedings in the people's court. If the audit committee members violate the relevant provisions of the Company Law, the above shareholders may request in writing the board of directors to initiate litigation at the people's court. Upon receipt of such written request from the shareholders, if the audit committee or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

Protection of Minorities

The PRC Company Law provides that where a company meets any serious difficulty in its operation or management, and the interests of its shareholders will be subject to heavy loss if the company survives, which cannot be solved by any other means, the shareholders who hold more than 10% of the voting rights of the company may request the people's court to dissolve the company.

The Guidelines for the Articles of Association of Listed Companies also provide other remedies against the directors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors of the company in default.

Financial Disclosure

According to the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial and accounting reports 20 days before its annual shareholders' meeting. In addition, a joint stock limited company which has publicly offering shares should publish its financial and accounting reports.

According to the PRC Company Law, a company shall at the end of each accounting year prepare its financial and accounting reports which shall be audited by an accounting firm in accordance with the laws.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect and copy the articles of association, minutes of the shareholders' meeting, resolutions of meetings of the board of directors and financial and accounting reports.

Corporate Reorganization

According to the PRC Company Law, the merger, demerger, dissolution or change to the forms of a joint stock limited company has to be approved by shareholders at shareholder s' meeting.

Statutory Deductions

According to the PRC Company Law, a company shall draw 10% of the profits as its statutory reserve fund before it distributes any profits after taxation for the year. When the accumulative amount of the company's statutory reserve fund reaches more than 50% of the company's registered capital, the company may no longer make allocations to the statutory reserve fund. After a company has made an allocation to its statutory reserve fund from its after-tax profit, it may make an allocation to its discretionary reserve fund from its after-tax profit upon a resolution approved at the shareholders' meeting.

Remedies of Company

According to the PRC Company Law, if a director or senior management in carrying out his/her duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director or senior management should be responsible to the company for such damages.

Dividend

Under the PRC Company Law, the residual after-tax profits after a company has made up its losses and accrued reserve shall be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the articles of association.

Fiduciary Duties

Under the PRC Company Law, directors, managers and other senior management personnel of a company have the duty of loyalty and diligence to the company. Such persons shall abide by the articles of association of the company, perform their duties honestly and diligently, safeguard the interests of the company, and shall not use their position and authority in the company for their personal gain.

Closure of Register of Members

According to the PRC Company Law, the register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the base date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

This appendix contains a summary of the principal provisions of the Articles of Association of the Company adopted on 6 January 2026, which shall come into effect on the date of [**REDACTED**] of the H Shares on the Stock Exchange. The primary purpose of this appendix is to provide prospective [**REDACTED**] with an overview of the Articles of Association; consequently, it may not include all information deemed material to such [**REDACTED**]. As stated in "Appendix VII — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display", the full text of the Articles of Association is available for inspection.

DIRECTORS AND THE BOARD OF DIRECTORS

Power to Allocate and Issue Shares

The Articles of Association stipulate that the Board of Directors shall have the authority to formulate proposals concerning the Company's increase or reduction of registered capital, issuance of bonds or other securities, and [**REDACTED**] arrangements.

Power to dispose of assets of the Company or any subsidiary

The Board of Directors shall, in accordance with relevant laws, regulations, normative documents, and securities regulatory rules of the place where the Company's shares are listed, or within the scope of authorization by the general meeting, decide on matters such as the Company's external investments, acquisition and disposal of assets, pledging of assets, external guarantees, entrusted financial management, related-party (connected) transactions, and external donations.

Compensation or payments for loss of office

The Articles of Association do not contain any provisions relating to compensation or payments for loss of office.

Loans to Directors

The Articles of Association do not contain provisions relating to the provision of loans to Directors.

Financial Assistance for the Purchase of Shares of the Company or Any Subsidiary

The Articles of Association do not contain provisions for providing financial assistance for the purchase of shares in the Company or any of its subsidiaries, except for the implementation of the Company's employee share ownership plan.

Disclosure of Interests in Contracts Entered into with the Company or Any Subsidiary

The Articles of Association do not contain relevant provisions.

Remuneration

The Remuneration and Appraisal Committee is responsible for establishing evaluation criteria for Directors, the general manager, and other senior management personnel, conducting their appraisals, formulating and reviewing compensation policies and schemes — including decision-making mechanisms, approval processes, payment and stop-payment recourse arrangements — for such personnel. It shall also make recommendations to the Board of Directors on the following matters:

(I) Compensation for Directors, general managers, and other senior management personnel;

(II) Formulating or amending equity incentive plans and employee shareholding plans, including the achievement of conditions for incentive recipients to receive or exercise granted rights;

(III) Arranging shareholding plans for Directors, general manager, and other senior management personnel in subsidiaries proposed for spin-off;

(IV) Other matters stipulated by laws, administrative regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed, relevant regulatory authorities, and the Articles of Association.

Where the Board of Directors does not adopt or fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the Committee's opinions and the specific reasons for non-adoption in the Board resolution and disclose such information.

The majority of members of the Remuneration and Appraisal Committee shall be independent non-executive Directors, and the convener shall be an independent non-executive Director.

Resignation, Appointment, and Removal

Directors who are not representatives of employees shall be elected or replaced by the general meeting and may be removed from office by such meeting before the expiration of their term. Their term of office shall be three years, and they may be re-elected upon expiration of their term.

Employee representative Directors shall be democratically elected or replaced by employees of the Company through the employees' representatives conference or other forms, and may be removed from office through the aforementioned methods prior to the expiration of their term. The election, replacement, and removal of employee representative Directors shall not require submission to the general meeting for deliberation. The term of office for employee representative Directors shall be the same as that of the current Board of Directors, and they may be re-elected upon expiration of their term.

Subject to compliance with applicable laws, administrative regulations, the Hong Kong Listing Rules, and securities regulatory rules of the place where the Company's shares are listed, shareholders may remove any Director (including executive Director) before the expiration of his or her term at the general meeting by ordinary resolution (provided that any contractual claims may be asserted without prejudice).

The term of office of a Director shall commence on the date of assumption of office and shall continue until the expiration of the current Board of Directors' term. Should a Director's term expire without timely re-election, the incumbent Director shall continue to perform the duties of a Director in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the provisions of the Articles of Association, until the newly elected Director assumes office.

Any person appointed by the Board of Directors to fill a casual vacancy or to increase the number of Directors shall hold office only until the first general meeting following his appointment and shall then be eligible for re-election.

Directors may be concurrently held by the general manager or other senior management personnel.

The Articles of Association do not stipulate any shareholding qualifications or age restrictions for Directors.

A natural person serving as a Director of the Company shall not hold such position if any of the following circumstances apply:

(I) He/she has no capacity for civil conduct or has only restricted capacity for civil conduct;

(II) He/she has been sentenced to criminal punishment for the crimes of embezzlement, bribery, misappropriation of property, embezzlement of funds, or disruption of the socialist market economic order, and five years have not yet elapsed since the completion of the sentence execution period; or he/she has been deprived of political rights as a result of a crime, and five years have not yet elapsed since the completion of the execution period of such deprivation; or, in the case of a suspended sentence, two years have not yet elapsed since the expiry of the probation period;

(III) He/she served as a director, factory director, or manager of a company or enterprise that underwent bankruptcy liquidation, and bears personal responsibility for the bankruptcy of that company or enterprise, and five years have not yet elapsed since the date of completion of the bankruptcy liquidation;

(IV) He/she served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to violation of law, and bears personal responsibility therefor, and three years have not yet elapsed since the date on which the business license was revoked or the order to close down was issued;

(V) He/she has been listed by a People's Court as a dishonest judgment debtor due to failure to repay a relatively large amount of personal debt that has fallen due;

(VI) He/she has been imposed a securities market entry ban by the China Securities Regulatory Commission (CSRC), and the ban period has not yet expired;

(VII) He/she has been publicly determined by a securities exchange as unsuitable to serve as a director or senior management personnel of a listed company, and the relevant period has not yet expired;

(VIII) Any other circumstances stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, or the securities regulatory rules and relevant regulatory authorities of the place where the Company's shares are listed.

Any election, appointment, or engagement of Directors in violation of this provision shall be invalid. Should a Director become subject to the circumstances described herein during their tenure, the Company shall terminate their position and cease their duties.

Borrowing Powers

The Board of Directors shall have the power to pass resolutions on the issuance of bonds by the Company, subject to authorization by the general meeting.

Powers of the Board of Directors

The Board of Directors shall exercise the following functions and powers:

(I) To convene general meetings and report its work to the general meetings;

(II) To implement the resolutions of the general meetings;

(III) To decide on the Company's business plans (covering the Company and its controlling subsidiaries (hereinafter referred to as the "Group")) and investment plans;

(IV) To formulate the Company's profit distribution plans and plans for making up losses;

(V) To formulate proposals concerning the Company's increase or reduction of registered capital, issuance of bonds or other securities, and listing arrangements;

(VI) To formulate plans for the Company's material acquisitions, repurchase of the Company's own shares, or merger, division, dissolution, and change of the Company's form;

(VII) Subject to relevant laws, regulations, normative documents, and the securities regulatory rules of the place where the Company's shares are listed, or within the scope of authorization granted by the general meeting, to decide on matters such as the Company's external investments, acquisitions or disposals of assets, asset pledges, external guarantees, entrusted wealth management, related-party (connected) transactions, external donations, and other such matters;

(VIII) To decide on the establishment of the Company's internal management structure;

(IX) To appoint or remove the Company's general manager, secretary to the Board, and other senior management personnel, and to decide on their remuneration, rewards, and punishments; to appoint or remove the Company's deputy general manager, chief financial officer, and other senior management personnel, upon nomination by the general manager, and to decide on their remuneration, rewards, and punishments;

(X) To formulate the Company's basic management systems;

(XI) To formulate proposals for amendments to the Articles of Association;

(XII) To manage the Company's information disclosure matters;

(XIII) To propose to the general meeting the appointment or replacement of the accounting firm that audits the Company;

(XIV) To hear work reports from the Company's general manager and to inspect the general manager's work;

(XV) To approve transactions that, in accordance with laws, regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, relevant regulatory authorities, and the Articles of Association, are required to be approved by the Board of Directors;

(XVI) Other matters as stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules and relevant regulatory authorities of the place where the Company's shares are listed, or the Articles of Association.

Secretary to the Board

The Company shall have a secretary to the Board, who shall be responsible for matters such as preparing for general meetings and Board meetings, keeping custody of documents, and managing the Company's shareholder information.

The secretary to the Board shall be nominated by the chairman of the Board and appointed or removed by the Board.

The secretary to the Board shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the Articles of Association, and the Working Rules of the Secretary to the Board.

AMENDMENT OF ARTICLES OF ASSOCIATION

A Company shall amend its Articles of Association in any of the following circumstances:

(I) Where amendments to the Company Law or relevant laws, administrative regulations, the Hong Kong Listing Rules, or securities regulatory rules of the place where the Company's shares are listed result in provisions of the Articles of Association conflicting with such amended laws, administrative regulations, the Hong Kong Listing Rules, or securities regulatory rules;

(II) Where changes in the Company's circumstances render the Articles of Association inconsistent with such changes;

(III) The general meeting resolves to amend the Articles of Association.

Where amendments approved by the general meeting require approval from the competent authority, such amendments shall be submitted for approval; where amendments involve company registration matters, change registration shall be processed in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the general meeting resolution on amendment and the approval opinion of the relevant competent authority.

Where amendments to the Articles of Association constitute information required to be disclosed under laws and regulations, such amendments shall be announced as required.

SPECIAL RESOLUTION — REQUIRES APPROVAL BY A MAJORITY OF SHAREHOLDERS

General meeting resolutions are categorized as ordinary resolutions and special resolutions.

An ordinary resolution of the general meeting shall be adopted by a majority of the voting rights held by shareholders (including their proxies) present at the meeting.

A special resolution of the general meeting shall be adopted by a majority of two-thirds or more of the voting rights held by shareholders (including their proxies) present at the meeting.

VOTING RIGHTS (GENERAL RIGHTS CONCERNING VOTING)

Shareholders (including shareholder proxies) shall exercise voting rights in proportion to the number of voting shares they represent, with each share carrying one vote.

Shares held by the Company in its own name shall not carry voting rights, and such shares shall not be counted towards the total number of voting shares present at general meetings. Where special provisions exist under the securities regulatory rules applicable to the Company's listed shares, such provisions shall prevail.

Pursuant to applicable laws, regulations, and the Hong Kong Listing Rules, if relevant laws, regulations, or securities regulatory rules of the place where the Company's shares are listed (including but not limited to applicable legal provisions and the Hong Kong Listing Rules) require any shareholder to abstain from voting on a particular resolution or restrict any shareholder to voting only in favor of (or against) a particular resolution, votes cast by such shareholders or their proxies in violation of such requirements or restrictions shall not be counted toward the total number of shares entitled to vote.

When the general meeting deliberates on connected transactions, the connected shareholder may make appropriate statements regarding such transactions. The connected shareholder shall not participate in the voting, and the number of shares with voting rights represented by such shareholder shall not be counted in the total valid votes. The resolution of the general meeting shall fully disclose the abstention and voting circumstances of shareholders who are not connected parties. The recusal and voting procedures during the general meeting deliberation of related-party (connected) transactions shall comply with relevant national laws and regulations, the Hong Kong Listing Rules, and the regulatory requirements of the securities regulatory authority where the Company's shares are listed.

The general meeting shall adopt a registered voting system.

Shareholders attending the general meeting shall express one of the following opinions on proposals submitted for voting: in favor, against, or abstain.

This shall not apply to declarations made by the securities depository and clearing institution acting as the nominee holder for stocks under the Mainland-Hong Kong Stock Connect mechanism, or by a recognized clearing house or its agent acting as nominee holder as defined by applicable Hong Kong laws or securities regulatory rules of the listing jurisdiction, in accordance with the actual holder's instructions.

Voting ballots that are blank, incorrectly filled out, illegible, or not cast shall be deemed as the voter waiving their voting rights, and the voting results for the shares held shall be counted as "abstentions."

If the share capital of the Company includes different classes of shares, unless otherwise provided, any variation of the rights attached to any class of shares shall be approved by a special resolution passed by the shareholders of that class who attend the class meeting and are entitled to vote. For the purposes of this Article, the Company's domestic unlisted shares and H shares shall be regarded as shares of the same class.

ANNUAL GENERAL MEETING REGULATIONS

General meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and must be held within six months after the end of the preceding fiscal year.

ACCOUNTING AND AUDITING

Financial and Accounting Policies

The Company establishes its financial accounting system in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the requirements of relevant national authorities.

The Company's fiscal year is the calendar year, i.e., January 1 to December 31. The Company shall prepare annual financial accounting reports within four months from the end of each fiscal year, and interim financial accounting reports within two months from the end of the first six months of each fiscal year, in accordance with relevant laws, regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed, and requirements of relevant regulatory authorities.

The Company shall not maintain any accounting books other than those required by law. The Company's assets shall not be stored in accounts opened in any individual's name.

Appointment and Removal of the Accounting Firm

The Company shall engage an accounting firm that complies with the securities regulatory rules of the Company's stock listing location to conduct annual audits of its financial statements, as well as to review other financial reports, verify net assets, and provide other related consulting services.

The appointment and removal of accounting firm must be decided by the general meeting. The Board of Directors shall not appoint an accounting firm prior to such decision by the general meeting. The term of engagement for the accounting firm shall commence upon the conclusion of the current annual general meeting and conclude upon the conclusion of the next annual general meeting, subject to renewal.

The Company guarantees to provide the engaged accounting firm with true and complete accounting vouchers, accounting ledgers, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or falsify any information.

The remuneration of the accounting firm or the method for determining such remuneration shall be determined by the general meeting.

When the Company dismisses or does not renew the appointment of an accounting firm, it shall give the accounting firm 30 days' prior notice. When the general meeting votes on dismissing the accounting firm, the accounting firm shall be permitted to present its views.

If the accounting firm proposes to resign, it shall explain to the general meeting whether the Company has engaged in any improper conduct.

NOTICE AND AGENDA OF GENERAL MEETING

The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

(I) When the number of Directors falls below the minimum required by the Company Law or two-thirds of the number specified in the Articles of Association;

(II) When the Company's unrecovered losses amount to one-third of the total paid-up share capital;

(III) When shareholders holding individually or collectively ten percent or more of the Company's shares request in writing the convening of an extraordinary general meeting (shareholding shall be calculated as of the date on which the shareholder submits the written request);

(IV) When deemed necessary by the Board;

(V) When proposed by the Audit Committee;

(VI) Other circumstances stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed, relevant regulatory authorities, or the Articles of Association.

The shareholding referred to in item (III) above shall be calculated based on the shares held by the shareholder on the date of submitting the written request.

The location for holding the general meeting shall be the registered office of the Company or a location explicitly specified in the notice of the general meeting. The general meeting shall be convened as an on-site meeting with a designated venue, and shareholders may attend virtually using technology. The Company shall also provide electronic communication methods such as online platforms and employ electronic voting to facilitate shareholder participation. Shareholders attending the general meeting through the aforementioned methods shall be deemed present and shall each have the right to speak and vote.

Once the notice of the general meeting is issued, the venue for the on-site meeting shall not be changed without justifiable reason. If a change is truly necessary, the convener shall announce it at least two business days prior to the on-site meeting and explain the reasons.

When convening a general meeting, the Company shall engage legal counsel to issue a legal opinion on the following matters and make an announcement thereof:

(I) Whether the procedures for convening and holding the meeting comply with laws, administrative regulations, and the provisions of the Articles of Association;

(II) Whether the qualifications of attendees and the convener are legally valid;

(III) Whether the voting procedures and results of the meeting are legally valid;

(IV) Any other legal opinions requested by the Company regarding relevant matters.

The Board shall convene general meetings in a timely manner within the time limits specified in the Articles of Association.

With the consent of a majority of all independent non-executive Directors, independent non-executive Directors shall have the right to propose to the Board the convening of an extraordinary general meeting. Upon receiving a proposal from independent non-executive Directors to convene an extraordinary general meeting, the Board shall, within ten days of receiving such proposal, provide written feedback indicating its agreement or disagreement to convene the extraordinary general meeting in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association. If the

Board agrees to convene the extraordinary general meeting, it shall issue a notice of the meeting within five days after the Board resolution is made. If the Board disagrees with convening the extraordinary general meeting, it shall state the reasons and make an announcement thereof.

The Audit Committee shall have the right to propose to the Board the convening of an extraordinary general meeting, and shall submit such proposal to the Board in writing. The Board shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, and the provisions of the Articles of Association, provide written feedback on whether it agrees or disagrees to convene the extraordinary general meeting within ten days of receiving the proposal.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice within five days after the Board resolution is made. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board disagrees with convening an extraordinary general meeting, or fails to provide feedback within ten days after receiving the proposal, it shall be deemed that the Board is unable or unwilling to fulfill its duty to convene the general meeting. The Audit Committee may then convene and preside over the meeting itself.

Shareholders holding individually or collectively ten percent or more of the Company's shares shall submit a written request to the Board to convene an extraordinary general meeting. The Board shall provide written feedback within ten days of receiving the request, indicating whether it agrees or disagrees to convene the meeting, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed, and the provisions of the Articles of Association.

Where the Board agrees to convene an extraordinary general meeting, it shall issue a notice of the meeting within five days of adopting the Board resolution. Any changes to the original request in the notice shall require the consent of the relevant shareholders.

Where the Board disagrees to convene an extraordinary general meeting, or fails to respond within ten days of receiving the request, shareholders holding individually or collectively ten percent or more of the Company's shares shall have the right to propose to the Audit Committee the convening of an extraordinary general meeting and shall submit such request to the Audit Committee in writing. Where laws, regulations, departmental rules, the Hong Kong Listing Rules, or securities regulatory rules of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

Where the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of the meeting within five days of receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee fails to issue the notice within the stipulated period, it shall be deemed that the Audit Committee will not convene or preside over the general meeting. Shareholders who individually or collectively hold ten percent or more of the Company's shares for a continuous period of 90 days or more may convene and preside over the meeting themselves.

Where the Audit Committee or shareholders decide to convene the general meeting themselves, they shall notify the Board in writing and simultaneously file or announce the notice with the securities exchange where the Company's shares are listed.

For a general meeting convened by shareholders, the convening shareholders' aggregate shareholding must not be less than ten percent prior to the adoption of any resolutions.

The Audit Committee or convening shareholders shall, upon issuing the notice and announcing the resolutions of the general meeting, submit relevant supporting documentation (if required) to the securities regulatory authority at the Company's place of registration and the stock exchange where the Company's shares are listed, in accordance with applicable laws and regulations, the Hong Kong Listing Rules, and the securities regulatory rules of the place where the Company's shares are listed.

For general meetings convened by the Audit Committee or shareholders themselves, the Board and the secretary to the Board shall provide full cooperation. The Board shall furnish the shareholder register as of the record date.

For general meetings convened by the Audit Committee or shareholders themselves, the Company shall bear the necessary expenses incurred for the meeting.

SHARE TRANSFER

The Company shall not accept its own shares as subject matter of a pledge.

Shares held by promoters may not be transferred within one year from the date of the Company's establishment. Shares issued prior to the Company's [**REDACTED**] may not be transferred within one year from the date of [**REDACTED**] on a securities exchange.

Directors and senior management personnel of the Company shall report to the Company their holdings of the Company's shares and any changes thereto. During their tenure, the shares transferred each year shall not exceed twenty-five percent of their total holdings of the Company's shares. Shares held by such persons shall not be transferred within one year from the date the Company's shares commence trading on the stock exchange. Such persons shall not transfer their holdings of the Company's shares within six months after leaving their positions.

POWER OF THE COMPANY TO ACQUIRE ITS OWN SHARES

The Company shall not acquire its own shares, except in any of the following circumstances:

(I) To reduce the Company's registered capital;

(II) To merge with another company holding shares of the Company;

(III) To use shares for employee stock ownership plans or equity incentive programs;

(IV) Where a shareholder objects to a resolution passed by the general meeting regarding a merger or division of the Company and requests the Company to acquire their shares;

(V) To convert corporate bonds issued by the listed Company that are convertible into shares;

(VI) When necessary to preserve the Company's value and protect shareholders' interests;

(VII) Other circumstances permitted by laws, regulations, departmental rules, the Hong Kong Listing Rules, regulatory rules of the place where the Company's shares are listed, and relevant regulatory authorities.

The Company may acquire its own shares through open centralized trading or other methods recognized by laws, administrative regulations, the Hong Kong Listing Rules, the China Securities Regulatory Commission, the securities regulatory authorities of the Company's listing location, and the stock exchange.

THE POWER OF ANY SUBSIDIARY COMPANY OF THE ISSUER TO HOLD SHARES OF ITS PARENT COMPANY

The Articles of Association do not contain any provisions relating to the power of a subsidiary company to hold shares of its parent company.

SHAREHOLDER PROXY

Any shareholder entitled to attend a general meeting and exercise voting rights may attend the general meeting in person or appoint one or more persons (who need not be shareholders) as their proxies to attend, speak, and vote on their behalf. Shareholders shall appoint proxies in writing or via other electronic means designated and approved by the Board. Such appointments must be signed by the appointing shareholder or by a proxy designated in writing by the shareholder or submitted via the designated electronic address or by electronic means. Where the appointing shareholder is an institutional shareholder, the appointment must bear the institutional shareholder's official seal or be signed by its director or duly authorized agent.

The shareholder proxy, acting in accordance with the shareholder's authorization, may exercise the following rights:

(I) The shareholder's right to speak at the general meeting;

(II) To request a vote by ballot, either independently or jointly with others;

(III) To exercise voting rights by a show of hands or by ballot; provided, however, that where more than one shareholder proxy is appointed, such proxies may only exercise voting rights by ballot.

CALL ON SHARES AND FORFEITURE OF SHARES

The Articles of Association do not contain any provisions regarding the calling up of share capital or the forfeiture of shares in the Company.

INSPECTION OF SHARE REGISTER

The Company has established a share register and conducted registration of shareholders in accordance with the certificates provided by the securities registrars and in accordance with laws, regulations, normative documents, the Hong Kong Listing Rules, and other applicable provisions. The share register constitutes conclusive evidence of a shareholder's ownership of the Company's shares. The transfer and conveyance of shares must be recorded in the share register. The original H share shareholder register is maintained in Hong Kong for shareholder inspection. However, the Company may suspend shareholder registration procedures in accordance with applicable laws, regulations, and securities regulatory rules of the place where the Company's shares are listed. The Company shall maintain a duplicate copy of the H share register at its domicile; the appointed overseas agent shall ensure consistency between the original and duplicate copies of the H share register at all times. Where discrepancies exist between the original and duplicate copies of the overseas-listed foreign share register, the original shall prevail. The register maintained in Hong Kong shall be available for inspection by shareholders. The Company may suspend the registration of shareholders in accordance with Section 632 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), other applicable laws and regulations, and the securities regulatory rules of the place where the Company's shares are listed.

Any shareholder registered in the share register, or any person requesting to have their name registered in the share register, may apply to the Company for a replacement share certificate for such share in the event of loss of the original certificate. H share shareholders applying for replacement certificates due to loss shall follow the laws of the jurisdiction where the original H share register is maintained, the listing rules of the stock exchange, requirements of relevant regulatory authorities, or other applicable provisions.

When convening general meetings, distributing dividends, liquidating, or undertaking other actions requiring shareholder identification, the Board or the convener of the general meeting shall determine the record date. Shareholders registered on the record date after market close shall be entitled to the relevant rights and benefits.

QUORUM FOR GENERAL MEETING

The Articles of Association do not contain any provisions regarding quorum for general meeting.

RIGHTS EXERCISABLE BY MINORITY SHAREHOLDERS WHEN SUBJECTED TO FRAUD OR OPPRESSION

If any Director or senior management member other than an Audit Committee member violates laws, administrative regulations, or the provisions of the Articles of Association while performing company duties, thereby causing losses to the Company, shareholders who individually or collectively hold 1% or more of the Company's shares for a continuous period of 180 days or more shall have the right to submit a written request to the Audit Committee to file a lawsuit with the People's Court. Where the Audit Committee violates laws, administrative regulations, or the provisions of the Articles of Association while performing company duties, thereby causing losses to the Company, the aforementioned shareholders may submit a written request to the Board of Directors to file a lawsuit with the People's Court.

If the Audit Committee or the Board refuses to initiate litigation upon receiving a written request from shareholders as stipulated in the preceding paragraph, or fails to initiate litigation within 30 days of receiving such request, or if urgent circumstances exist where failure to initiate litigation immediately would cause irreparable harm to the Company's interests, the shareholders specified in the preceding paragraph shall have the right to directly initiate litigation in their own name before the People's Court for the benefit of the Company.

Where a third party infringes upon the lawful rights and interests of the Company and causes losses to the Company, the shareholders specified in the first paragraph of this Article may file a lawsuit with the People's Court in accordance with the provisions of the preceding two paragraphs.

Directors, supervisors, and senior management personnel of the Company's wholly-owned subsidiary violate laws, administrative regulations, or the provisions of the Articles of Association in the performance of their duties, thereby causing losses to the Company, or if others infringe upon the lawful rights and interests of a wholly-owned subsidiary of the Company and thereby causing losses, shareholders who individually or collectively hold one percent or more of the Company's shares for a continuous period of one hundred and eighty days or more may, in accordance with the first three paragraphs of Article 189 of the Company Law, submit a written request to the Audit Committee or Board of Directors of the wholly-owned subsidiary to file a lawsuit with the People's Court, or directly file a lawsuit

with the People's Court in their own name. Where a wholly-owned subsidiary of the Company does not establish a board of supervisors or appoint supervisors but has established an audit committee, the provisions of the first and second paragraphs of this Article shall apply.

LIQUIDATION PROCEDURE

The Company shall be dissolved for any of the following reasons:

(I) Expiration of the business term specified in the Articles of Association;

(II) Resolution of dissolution passed by the general meeting;

(III) Dissolution required due to merger or division of the Company;

(IV) Revocation of business license, order to cease operations, or dissolution in accordance with law;

(V) Where the Company encounters severe operational difficulties, continued existence would cause substantial loss to shareholders' interests, and such difficulties cannot be resolved through other means, shareholders holding ten percent or more of the total voting rights may petition the People's Court to dissolve the Company.

When the Company encounters a dissolution cause due to outstanding debts, it shall disclose the dissolution cause through the National Enterprise Credit Information Publicity System within ten days.

The liquidation group shall notify creditors within ten days of its establishment and publish an announcement in newspapers (or the National Enterprise Credit Information Publicity System) within sixty days. It shall also publish an announcement on the Hong Kong Exchanges and Clearing Limited's disclosure website (www.hkexnews.hk) in accordance with the securities regulatory rules of the place where the Company's shares are listed. Creditors shall file their claims with the liquidation group within thirty days from the date of receiving the notice, or within forty-five days from the date of the public notice if they did not receive the notice.

Creditors filing claims shall state the relevant particulars of the claim and provide supporting documentation. The liquidation group shall maintain a record of such claims.

During the claim filing period, the liquidation group shall not make any payments to creditors.

After completing the inventory of Company assets, preparing the balance sheet, and compiling the property list, the liquidation group shall formulate a liquidation plan and submit it to the general meeting or the People's Court for confirmation.

After paying liquidation expenses, staff wages, social insurance contributions, statutory compensation, outstanding taxes, and settling all the Company's debts, remaining assets shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall survive but may not engage in business activities unrelated to the liquidation.

Company assets shall not be distributed to shareholders until all obligations under the preceding paragraph have been satisfied.

Upon completing the inventory of Company assets, preparing the balance sheet, and compiling the property list, if the liquidation group finds that the Company's assets are insufficient to settle its debts, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law and proceed with bankruptcy liquidation.

Upon acceptance of the bankruptcy petition by the People's Court, the liquidation group shall transfer liquidation affairs to the bankruptcy administrator appointed by the People's Court.

After completion of the corporate liquidation, the liquidation group shall prepare a liquidation report for confirmation by the general meeting or the People's Court. Such report shall be submitted to the company registration authority to apply for cancellation of the company registration and announce the termination of the Company.

Members of the liquidation group shall be faithful to their duties, perform liquidation responsibilities in accordance with the law, and bear fiduciary and diligence obligations.

Members of the liquidation group who neglect their liquidation duties and cause losses to the Company shall bear liability for compensation. They shall not use their authority to accept bribes or other illegal income, nor shall they misappropriate Company property.

Members of the liquidation group who cause losses to creditors through intentional acts or gross negligence shall bear liability for compensation.

Where the Company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be conducted pursuant to the relevant laws on enterprise bankruptcy.

OTHER PROVISIONS THAT ARE MATERIAL TO THE ISSUER OR ITS SHAREHOLDERS

General Provisions

The Company is a perpetually existing joint-stock Company.

The Articles of Association shall, upon taking effect, become a legally binding document governing the organization and conduct of the Company, as well as the rights and obligations between the Company and its shareholders, and among shareholders themselves.

Shares and Transfers

The Company may increase its capital through the following methods as required for its operations and development, in accordance with laws and regulations, and upon separate resolutions adopted by the general meeting:

(I) Public offering of shares;

(II) Private placement of shares;

(III) Distribution of bonus shares to existing shareholders;

(IV) Capitalization of reserves;

(V) Other methods prescribed by laws and administrative regulations, or approved by the China Securities Regulatory Commission and the Hong Kong Stock Exchange.

The Company may issue new shares to increase its capital upon approval in accordance with the Articles of Association and the regulatory rules of relevant authorities such as the Hong Kong Stock Exchange. Such issuance shall be conducted in accordance with the procedures stipulated by the relevant laws, administrative regulations, departmental rules, and regulatory rules of the Hong Kong Stock Exchange.

The Company may reduce its registered capital. Any reduction of registered capital shall be conducted in accordance with the procedures stipulated in the Company Law, the Hong Kong Listing Rules, other applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory rules, and the Articles of Association.

Shareholder

Shareholders shall enjoy rights and bear obligations according to the class and proportion of shares they hold. Shareholders holding shares of the same class shall enjoy equal rights and bear the same obligations.

Shareholders of the Company shall enjoy the following rights:

(I) The right to speak and vote at general meetings, unless required to abstain from voting on specific matters under the Hong Kong Listing Rules;

(II) To receive dividends and other distributions of profits in proportion to the shares held;

(III) To lawfully request, convene, preside over, attend, or appoint a proxy to attend general meetings and exercise corresponding voting rights (excluding situations where individual shareholders are required to waive voting rights in accordance with securities regulatory rules of the place where the Company's shares are listed);

(IV) To supervise the operation of the Company and offer suggestions or make enquiries;

(V) To transfer, donate, or pledge their shares in accordance with laws, administrative regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed, relevant provisions of regulatory authorities and stock exchanges, and the provisions of the Articles of Association;

(VI) To inspect and copy the Company's Articles of Association, shareholder register, stubs of corporate bonds, minutes of general meeting, resolutions of Board meetings, resolutions of the Audit Committee, and the financial and accounting reports, in accordance with the provisions of laws and administrative regulations such as the Company Law and the Securities Law. Shareholders who have continuously held, individually or collectively, 3% or more of the Company's shares for 180 days or longer may inspect the Company's accounting books and accounting vouchers. Where the Company has reasonable grounds to believe that a shareholder's inspection of the accounting books or accounting vouchers is for an improper purpose and may harm the Company's legitimate interests, the Company may refuse to provide access for inspection, and shall give a written reply to the shareholder stating the reasons;

(VII) To participate in the distribution of the Company's residual assets in proportion to their shareholding upon termination or liquidation of the Company;

(VIII) Shareholders who object to resolutions on company mergers or divisions passed by the general meeting may request the company to repurchase their shares;

(IX) Other rights as provided by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, relevant regulations of the securities regulatory authorities and stock exchanges where the Company's securities are listed, or the Articles of Association.

Where a shareholder abuses his/her rights as a shareholder, thereby causing losses to the Company or other shareholders, he/she shall bear liability for compensation in accordance with the law. Where a shareholder abuses the independent legal status of the Company and the limited liability of shareholders to evade debts, thereby seriously harming the interests of the Company's creditors, he/she shall bear joint and several liability for the Company's debts.

The Articles of Association do not contain provisions regarding the expiration period for dividend entitlement or the parties to whom such rights vest.

Audit Committee

The Board of Directors shall establish an Audit Committee to exercise the powers of the board of supervisors as stipulated in the Company Law. The Audit Committee shall consist of at least three directors, all of whom shall be non-executive Directors. The Chairman of the Audit Committee must be an Independent non-executive Director. At least one member of the Audit Committee shall be an independent non-executive Director possessing appropriate professional qualifications recognized by the listing rules of the stock exchange where the Company's shares are listed, or possessing appropriate accounting or related financial management expertise. Independent non-executive Directors shall constitute the majority of the Audit Committee.

The Audit Committee is responsible for reviewing the Company's financial information and disclosures, supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the Board of Directors for deliberation after obtaining the approval of more than half of all members of the Audit Committee:

(I) Disclosing the financial information and internal control evaluation reports in the financial and accounting reports and periodic reports;

(II) Appointment or dismissal of the accounting firm conducting the audit of the listed Company;

(III) Appointment or dismissal of the financial officer of the listed Company;

(IV) Changes to accounting policies or accounting estimates, or corrections of material accounting errors, for reasons other than changes in accounting standards;

(V) Other matters stipulated by laws, administrative regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed, relevant regulatory authorities, and the Articles of Association.

General Manager

The general manager is accountable to the Board of Directors and shall exercise the following powers and duties:

(I) To preside over the Company's production and operational management, organize the implementation of resolutions of the Board of Directors, and report to the Board of Directors on his/her work;

(II) To organize the implementation of the Company's annual business plan and investment plans;

(III) To formulate proposals for the establishment of the Company's internal management structure;

(IV) To formulate the Company's basic management systems;

(V) To formulate the Company's specific rules and regulations;

(VI) To propose to the Board of Directors the appointment or dismissal of the deputy general manager, chief financial officer, and other senior management personnel;

(VII) To decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the Board of Directors;

(VIII) Other powers and duties not vested in the general meeting or the Board of Directors by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association;

(IX) Other powers and duties granted by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board of Directors as a non-voting participant.

Statutory Reserve Fund

When a Company distributes its after-tax profits for the current year, it shall allocate ten percent of the profits to the Company's statutory reserve fund. Where the accumulated amount of the Company's statutory reserve fund reaches fifty percent or more of the Company's registered capital, no further allocation is required.

Where the statutory reserve fund is insufficient to make up for losses from previous years, the Company shall first use the current year's profits to make up for such losses before allocating the statutory reserve fund in accordance with the preceding paragraph.

After allocating the statutory reserve fund from its after-tax profits, the Company may, upon resolution of the general meeting, also allocate a discretionary reserve fund from the after-tax profits.

After making up losses and allocating reserve funds, the remaining after-tax profits shall be distributed to shareholders in proportion to their shareholdings, unless otherwise provided in the Articles of Association.

Where the general meeting distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall return the unlawfully distributed profits to the Company; where losses are caused to the Company, the shareholders as well as the responsible Directors and senior management personnel shall bear liability for compensation.

Shares held by the Company in itself shall not participate in profit distribution.

The Company shall implement a consistent and stable profit distribution policy, and the specific method of profit distribution shall be determined in light of the Company's profit realization status, cash flow position, and share capital scale.

The Company's statutory reserve fund shall be used to make up for the Company's losses, expand the Company's production and operations, or be converted to increase the Company's capital.

When using statutory reserve fund to offset losses, discretionary reserve fund and statutory reserve fund shall be utilized first. If the losses cannot be fully offset, capital reserve fund may be used in accordance with regulations. When converting statutory reserve fund to increase registered capital, the retained portion of such reserves shall not be less than twenty-five percent of the Company's registered capital prior to the conversion.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on May 13, 2015 and was converted into a joint stock limited company on December 21, 2021 under the laws of the PRC. As of the Latest Practicable Date, the registered capital of the Company was RMB354,194,176.

Our principal place of business in Hong Kong is at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 22, 2025. Ms. CHAN Wing Yan has been appointed as the authorized representatives of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

As our Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendices IV and V to this document, respectively.

2. Changes in Share Capital

Save as disclosed in "History, Development and Corporate Structure — Major Shareholding Changes of our Company", there has been no alteration in the share capital of our Company 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 subsidiaries are set out in the Accountants' Report as set out in Appendix I to this Document.

There have been no changes in the share capital of our Subsidiaries during the two years immediately preceding the date of this document.

4. Resolutions of our Shareholders

On January 6, 2026, the shareholders of our Company passed, among other things the following resolutions:

(a) the [**REDACTED**] by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Stock Exchange;

(b) the number of H Shares to be [**REDACTED**] shall not be more than [**REDACTED**]% of the total [**REDACTED**] share capital of our Company as enlarged by the [**REDACTED**], and granting the [**REDACTED**] the [**REDACTED**] of no more than [**REDACTED**]% of the number of H Shares [**REDACTED**] pursuant to the [**REDACTED**];

(c) subject to the filing with CSRC is completed, upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme), [**REDACTED**] Unlisted Shares will be converted into H Shares on a one-for-one basis;

(d) authorization of the Board and/or its authorized individual to handle matters related to the Company's issuance and the [**REDACTED**] of H Shares on the Stock Exchange;

(e) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to [**REDACTED**] H Shares [**REDACTED**] on the Stock Exchange with an aggregate number of not exceeding [**REDACTED**]% of the number of the total issued H Shares immediately following the completion of the [**REDACTED**];

(f) subject to the completion of the [**REDACTED**], the granting of a general mandate to allot, [**REDACTED**], and dispose of new shares not exceeding [**REDACTED**]% of the total number of the Company's issued shares, and authorize the Board to make such appropriate amendments to the Company's Articles of Association as it deems necessary to reflect the share capital structure following any additional allotment or issuance of shares under this mandate, at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders, the date 12 months after the Company's completion of the [**REDACTED**], or the date on which the Shareholders pass a resolution to revoke or amend such mandate, whichever is earlier; and

(g) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**].

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) the agreement dated August 12, 2025 entered into among our Company, Mr. Xu Xin (胥昕), Mr. Wang Haomai (王豪邁), Mr. Zhai Jing (翟靜), Tianjin XSKY Tianshu Enterprise Management Partnership (Limited Partnership) (天津星辰天樞企業管理合夥企業(有限合夥)), Tianjin XSKY Kaiyang Enterprise Management Partnership (Limited Partnership) (天津星辰開洋企業管理合夥企業(有限合夥)), Tianjin XSKY Tianjin Enterprise Management Partnership (Limited Partnership) (天津星辰天機企業管理合夥企業(有限合夥)), Tianjin XSKY Tianquan Enterprise Management Partnership (Limited Partnership) (天津星辰天權企業管理合夥企業(有限合夥)), Tianjin XSKY Tianxuan Enterprise Management Partnership (Limited Partnership)

(天津星辰天璇企業管理合夥企業(有限合夥)), Tianjin XSKY Yaoguang Enterprise Management Partnership (Limited Partnership) (天津星辰瑤光企業管理合夥企業(有限合夥)), Tianjin XSKY Yuheng Enterprise Management Partnership (Limited Partnership) (天津星辰玉衡企業管理合夥企業(有限合夥)), Immense Vantage Limited (焯俊有限公司), Redpoint Ventures VI HK Limited, QM188 Limited, NEA 16 XSKY (Beijing) Data Technology, Ltd., NEA Ventures 2018 XSKY (Beijing) Data Technology, Ltd., Shenzhen Jianwei Investment Partnership (Limited Partnership) (深圳見微投資合夥企業(有限合夥)), Suzhou Jichuang Xinyuan Venture Capital Partnership (Limited Partnership) (蘇州極創欣源創業投資合夥企業(有限合夥)), Chongqing Jichuang Fengyuan Private Equity Investment Fund Partnership (Limited Partnership) (重慶極創灃源私募股權投資基金合夥企業(有限合夥)), Beijing Qiming Rongxin Equity Investment Partnership (Limited Partnership) (北京啟明融新股權投資合夥企業(有限合夥)), Nanjing Xingcheng Equity Investment Partnership Enterprise (Limited Partnership) (南京星成股權投資合夥企業(有限合夥)), Boyu Capital Phase III (Shanghai) Equity Investment Partnership (Limited Partnership) (博裕三期(上海)股權投資合夥企業(有限合夥)), CICC Alpha (Qingdao) Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)), Beijing Legend Capital Shengyuan Equity Investment Partnership (Limited Partnership) (北京君聯晟源股權投資合夥企業(有限合夥)), Suzhou Yishang Equity Investment Partnership Enterprise (Limited Partnership) (蘇州毅商股權投資合夥企業(有限合夥)), Zhangjiagang Broad Vision Venture Capital Partnership Enterprise (Limited Partnership (張家港博華創業投資合夥企業(有限合夥)), Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司), Suzhou Yuanming Venture Capital Center (Limited Partnership) (蘇州源明創業投資中心(有限合夥)), Suzhou V Fund Investment Management Partnership Enterprise (Limited Partnership) (蘇州雲暉投資管理合夥企業(有限合夥)) and Shanghai Guoxin Venture Capital Co., Ltd. (上海國鑫創業投資有限公司) regarding the targeted capital reduction and the conversion of capital reserve into registered share capital of our Company;

(b) the supplemental agreement dated August 12, 2025 entered into among our Company, Mr. Xu Xin (胥昕), Mr. Wang Haomai (王豪邁), Mr. Zhai Jing (翟靜), Tianjin XSKY Tianshu Enterprise Management Partnership (Limited Partnership) (天津星辰天樞企業管理合夥企業(有限合夥)), Tianjin XSKY Kaiyang Enterprise Management Partnership (Limited Partnership) (天津星辰開洋企業管理合夥企業(有限合夥)), Tianjin XSKY Tianjin Enterprise Management Partnership (Limited Partnership) (天津星辰天機企業管理合夥企業(有限合夥)), Tianjin XSKY Tianquan Enterprise Management Partnership (Limited Partnership) (天津星辰天權企業管理合夥企業(有限合夥)), Tianjin XSKY Tianxuan Enterprise Management Partnership (Limited Partnership) (天津星辰天璇企業管理合夥企業(有限合夥)), Tianjin XSKY Yaoguang Enterprise Management Partnership (Limited Partnership) (天津星辰瑤光企業管理合夥企業(有限合夥)), Tianjin XSKY Yuheng Enterprise Management Partnership (Limited Partnership) (天津星辰玉衡企業管理合夥企業(有限合夥)), Immense Vantage Limited (焯俊有限公司), Redpoint Ventures VI HK Limited, QM188 Limited, NEA 16 XSKY (Beijing) Data Technology, Ltd., NEA Ventures 2018 XSKY (Beijing) Data Technology, Ltd., Shenzhen Jianwei Investment Partnership (Limited Partnership) (深圳見微投資合夥企業(有限合夥)), Suzhou

Jichuang Xinyuan Venture Capital Partnership (Limited Partnership) (蘇州極創欣源創業投資合夥企業(有限合夥)), Chongqing Jichuang Fengyuan Private Equity Investment Fund Partnership (Limited Partnership) (重慶極創灃源私募股權投資基金合夥企業(有限合夥)), Beijing Qiming Rongxin Equity Investment Partnership (Limited Partnership) (北京啟明融新股權投資合夥企業(有限合夥)), Nanjing Xingcheng Equity Investment Partnership Enterprise (Limited Partnership) (南京星成股權投資合夥企業(有限合夥)), Boyu Capital Phase III (Shanghai) Equity Investment Partnership (Limited Partnership) (博裕三期(上海)股權投資合夥企業(有限合夥)), CICC Alpha (Qingdao) Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)), Beijing Legend Capital Shengyuan Equity Investment Partnership (Limited Partnership) (北京君聯晟源股權投資合夥企業(有限合夥)), Suzhou Yishang Equity Investment Partnership Enterprise (Limited Partnership) (蘇州毅商股權投資合夥企業(有限合夥)), Zhangjiagang Broad Vision Venture Capital Partnership Enterprise (Limited Partnership (張家港博華創業投資合夥企業(有限合夥)), Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司), Suzhou Yuanming Venture Capital Center (Limited Partnership) (蘇州源明創業投資中心(有限合夥)), Suzhou V Fund Investment Management Partnership Enterprise (Limited Partnership) (蘇州雲暉投資管理合夥企業(有限合夥)) and Shanghai Guoxin Venture Capital Co., Ltd. (上海國鑫創業投資有限公司) regarding the shareholders' rights in our Company;

(c) the supplemental agreement dated January 23, 2026 entered into among our Company, Mr. Xu Xin (胥昕), Mr. Wang Haomai (王豪邁), Mr. Zhai Jing (翟靜), Tianjin XSKY Tianshu Enterprise Management Partnership (Limited Partnership) (天津星辰天樞企業管理合夥企業(有限合夥)), Tianjin XSKY Kaiyang Enterprise Management Partnership (Limited Partnership) (天津星辰開洋企業管理合夥企業(有限合夥)), Tianjin XSKY Tianjin Enterprise Management Partnership (Limited Partnership) (天津星辰天機企業管理合夥企業(有限合夥)), Tianjin XSKY Tianquan Enterprise Management Partnership (Limited Partnership) (天津星辰天權企業管理合夥企業(有限合夥)), Tianjin XSKY Tianxuan Enterprise Management Partnership (Limited Partnership) (天津星辰天璇企業管理合夥企業(有限合夥)), Tianjin XSKY Yaoguang Enterprise Management Partnership (Limited Partnership) (天津星辰瑤光企業管理合夥企業(有限合夥)), Tianjin XSKY Yuheng Enterprise Management Partnership (Limited Partnership) (天津星辰玉衡企業管理合夥企業(有限合夥)), Immense Vantage Limited (焯俊有限公司), Redpoint Ventures VI HK Limited, QM188 Limited, NEA 16 XSKY (Beijing) Data Technology, Ltd., NEA Ventures 2018 XSKY (Beijing) Data Technology, Ltd., Shenzhen Jianwei Investment Partnership (Limited Partnership) (深圳見微投資合夥企業(有限合夥)), Suzhou Jichuang Xinyuan Venture Capital Partnership (Limited Partnership) (蘇州極創欣源創業投資合夥企業(有限合夥)), Chongqing Jichuang Fengyuan Private Equity Investment Fund Partnership (Limited Partnership) (重慶極創灃源私募股權投資基金合夥企業(有限合夥)), Beijing Qiming Rongxin Equity Investment Partnership (Limited Partnership) (北京啟明融新股權投資合夥企業(有限合夥)), Nanjing Xingcheng Equity Investment Partnership Enterprise (Limited Partnership) (南京星成股權投資合夥企業(有限合夥)), Boyu Capital Phase III (Shanghai) Equity

Investment Partnership (Limited Partnership) (博裕三期(上海)股權投資合夥企業(有限合夥)), CICC Alpha (Qingdao) Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)), Beijing Kunlun Internet Intelligent Industry Investment Fund Partnership Enterprise (Limited Partnership) (北京昆侖互聯網智能產業投資基金合夥企業(有限合夥)), Beijing Legend Capital Shengyuan Equity Investment Partnership (Limited Partnership) (北京君聯晟源股權投資合夥企業(有限合夥)), Suzhou Yishang Equity Investment Partnership Enterprise (Limited Partnership) (蘇州毅商股權投資合夥企業(有限合夥)), Zhangjiagang Broad Vision Venture Capital Partnership Enterprise (Limited Partnership (張家港博華創業投資合夥企業(有限合夥)), Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司), Suzhou Yuanming Venture Capital Center (Limited Partnership) (蘇州源明創業投資中心(有限合夥)), Suzhou V Fund Investment Management Partnership Enterprise (Limited Partnership) (蘇州雲暉投資管理合夥企業(有限合夥)) and Shanghai Guoxin Venture Capital Co., Ltd. (上海國鑫創業投資有限公司) regarding the termination of certain special shareholders rights in our Company;

(d) the agreement dated May 30, 2026 entered into among Gongqingcheng Chenmei Venture Capital Partnership (Limited Partnership) (共青城辰美創業投資合夥企業(有限合夥)), our Company, Mr. Xu Xin (胥昕) and Mr. Wang Haomai (王豪邁) regarding the transfer of an aggregate of 3,320,570 Shares held by Mr. Xu Xin and Mr. Wang Haomai to Gongqingcheng Chenmei Venture Capital Partnership (Limited Partnership) at the aggregate consideration of RMB45,000,000; and

(e) [**REDACTED**].

2. Intellectual Property Rights

Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (yyyy.mm.dd)
1 . . .	星辰天合	PRC	Our Company	9	17865978	2036.10.20
2 . . .	XEBS	PRC	Our Company	9	17865950	2036.10.20
3 . . .	XSKY	PRC	Our Company	35	17865970	2036.10.20
4 . . .	星辰天合	PRC	Our Company	35	17865977	2036.10.20

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (yyyy.mm.dd)
5 . . .	XINFINI	PRC	Our Company	9	17865964	2036.10.20
6 . . .	XINFINI	PRC	Our Company	35	17865963	2036.10.20
7 . . .	XEBS	PRC	Our Company	35	17865949	2036.10.20
8 . . .	星辰天合	PRC	Our Company	45	17865972	2036.10.20
9 . . .	XSKY	PRC	Our Company	9	17865971	2036.12.20
10 . .	XEOS	PRC	Our Company	9	18375338	2036.12.27
11 . .	XEOS	PRC	Our Company	45	18375332	2036.12.27
12 . .	XEOS	PRC	Our Company	35	18375337	2036.12.27
13 . .	X·EOS	PRC	Our Company	35	20025796	2027.7.6
14 . .	X·SKY	PRC	Our Company	35	20025816	2027.7.6
15 . .	X·EOS	PRC	Our Company	9	20025797	2027.7.6
16 . .	X·EDP	PRC	Our Company	9	23502649	2028.3.27
17 . .	X·SKY	PRC	Our Company	9	28743129	2029.8.6
18 . .	XSKY	PRC	Our Company	9	35416565	2029.8.27
19 . .	XSKY	PRC	Our Company	35	35416259	2029.9.6
20 . .	XGFS	PRC	Our Company	9	46106499	2030.12.27
21 . .	XSKY星辰天合	PRC	Our Company	35	61193549	2032.6.6
22 . .	XSKY 星辰天合	PRC	Our Company	35	61210770	2032.6.6
23 . .	XSKY星辰天合	PRC	Our Company	35	61196611	2032.7.20
24 . .	XSKY星辰天合	PRC	Our Company	9	61206729	2032.9.27
25 . .	XSKY星辰天合	PRC	Our Company	9	61196474	2032.10.6

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (yyyy.mm.dd)
26 . .	XSKY 星辰天合	PRC	Our Company	9	61210693	2032.10.6
27 . .	XSKY	PRC	Our Company	9	65530726	2033.5.13
28 . .	星辰天合	PRC	Our Company	9	65545352	2033.5.13
29 . .	XSKY	PRC	Our Company	35	65532266	2033.5.13
30 . .	XINFINI	PRC	Our Company	9	65520630	2033.5.13
31 . .	XEBS	PRC	Our Company	9	65545717	2033.5.13
32 . .	XEOS	PRC	Our Company	35	65541269	2033.5.13
33 . .	XSKY	PRC	Our Company	9	65536411	2033.5.13
34 . .	XSKY	PRC	Our Company	35	65528543	2033.5.13
35 . .	XEBS	PRC	Our Company	35	65526427	2033.5.13
36 . .	XINFINI	PRC	Our Company	35	65532327	2033.5.13
37 . .	XEOS	PRC	Our Company	9	65536359	2033.5.13
38 . .	星辰天合	PRC	Our Company	35	74120421	2034.3.6
39 . .	XGFS	PRC	Our Company	9	74117143	2034.3.6
40 . .	X-EOS	PRC	Our Company	9	74099379	2034.3.6
41 . .	XSEA	PRC	Our Company	9	74153645	2034.3.13
42 . .	X-EBS	PRC	Our Company	9	74112639	2034.3.13
43 . .	X-EDP	PRC	Our Company	9	74120293	2034.3.13
44 . .	XSKY EasyData	PRC	Our Company	9	74358474	2034.3.27

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (yyyy.mm.dd)
45 . .	XSKY EasyData	PRC	Our Company	35	74364083	2034.3.27
46 . .		PRC	Our Company	9	74586561	2034.4.6

Copyrights

As at the Latest Practicable Date, we had applied for the following software copyright which we consider to be material to our business:

No.	Copyright	Place of Application	Registered Owner	Registration Number	First Publication Date/ Registration Date (yyyy.mm.dd)
1 . . .	XSKY Distributed Block Storage Engine Software [XSKY EBS Storage Layer] V4.0	PRC	Our Company	2019SR0001580	2018.11.15
2 . . .	XSKY Enterprise File Storage System [XSKY Enterprise File System] V4.0	PRC	Our Company	2019SR0006564	2018.11.9
3 . . .	XSKY Distributed Object Storage System [XSKY Enterprise Object Storage] V4.0	PRC	Our Company	2019SR0013807	2018.11.15
4 . . .	XSKY Enterprise Distributed Unified Data Platform [XSKY Enterprise Data Platform] V4.0	PRC	Our Company	2019SR0176147	2018.12.25
5 . . .	XSKY Distributed File Storage System [XSKY Global File System] V5.0	PRC	Our Company	2020SR1111572	2020.7.8
6 . . .	XSKY Three-Dimensional Data Management System [X3DS] V3.0	PRC	Our Company	2020SR1127533	2020.8.7

No.	Copyright	Place of Application	Registered Owner	Registration Number	First Publication Date/ Registration Date (yyyy.mm.dd)
7 . . .	Tianhe Xiangyu Distributed Storage System [Tianhe Xiangyu] V5	PRC	Our Company	2020SR1166361	2020.7.10
8 . . .	XSKY Distributed Cloud Backend Storage System [XCBS] V5	PRC	Our Company	2021SR0498522	2021.2.28
9 . . .	XSKY Distributed Block Storage Engine Software [XEBS] V5	PRC	Our Company	2021SR0486957	2021.2.28
10 . .	XSKY Distributed Object Storage System [XEOS] V5	PRC	Our Company	2021SR0479778	2021.2.28
11 . .	XSKY Enterprise Unified Storage System [XEUS] V5	PRC	Our Company	2021SR0496056	2021.2.28
12 . .	XSKY Enterprise Distributed Unified Data Platform [XEDP] V5	PRC	Our Company	2021SR0484033	2021.2.28
13 . .	XSKY Operating System [XSKYOS-V7] V7	PRC	Our Company	2021SR0525469	2021.2.28
14 . .	XSKY Unstructured Data Storage System [XUDS] V5	PRC	Our Company	2021SR0797420	2021.2.28
15 . .	XSKY Data Backup and Recovery System [XBR] V1.0	PRC	Our Company	2021SR0889851	2021.4.20
16 . .	XSKY Distributed Object Storage System [XEOS] V6	PRC	Our Company	2022SR0446521	2022.3.15
17 . .	XSKY Operating System [XSKYOS] V8	PRC	Our Company	2022SR0668046	2022.4.20
18 . .	XSKY Distributed File Storage System [XGFS] V6	PRC	Our Company	2022SR1456349	2022.9.10
19 . .	XSKY Enterprise Distributed Unified Data Platform [XEDP] V6	PRC	Our Company	2022SR1488350	2022.9.10

No.	Copyright	Place of Application	Registered Owner	Registration Number	First Publication Date/ Registration Date (yyyy.mm.dd)
20 . .	Tianhe Xiangyu Distributed Storage System [Tianhe Xiangyu] V6	PRC	Our Company	2022SR1492052	2022.9.10
21 . .	XSKY Three-Dimensional Data Management System [X3DS] V4	PRC	Our Company	2022SR1491724	2022.9.10
22 . .	XSKY Distributed Block Storage Engine Software [XEBS] V6	PRC	Our Company	2022SR1489066	2022.9.10
23 . .	XSKY Unstructured Data Storage System [XUDS] V6	PRC	Our Company	2022SR1489067	2022.9.10
24 . .	XSKY EasyData Management Platform [XSKY EasyData] V2.0	PRC	Our Company	2023SR1572440	2023.9.10

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be or may be material to our business:

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
1. . .	Data processing method and apparatus	Our Company	PRC	ZL201610073554.3	2016.2.2	2036.2.1
2. . .	Data transmission method and data forwarding device	Our Company	PRC	ZL201610728536.4	2016.8.25	2036.8.24
3. . .	Distributed-storage data processing method and apparatus	Our Company	PRC	ZL201910390851.4	2019.5.10	2039.5.9

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
4.	Snapshot method, apparatus, and system based on object-storage buckets	Our Company	PRC	ZL201910713323.8	2019.8.2	2039.8.1
5.	Object-storage small-file merging method and apparatus	Our Company	PRC	ZL201911121615.9	2019.11.15	2039.11.14
6.	Sub-healthy network detection method and apparatus for distributed storage systems	Our Company	PRC	ZL201911371153.6	2019.12.26	2039.12.25
7.	Processing method and apparatus for search requests	Our Company	PRC	ZL202010080733.6	2020.2.5	2040.2.4
8.	Snapshot-based data processing method and apparatus under distributed storage systems	Our Company	PRC	ZL202010159285.9	2020.3.9	2040.3.8
9.	Implementation method and apparatus for an object-storage Hadoop committer	Our Company	PRC	ZL202010188188.2	2020.3.17	2040.3.16
10.	Anomaly detection method and apparatus based on the Prometheus monitoring system	Our Company	PRC	ZL202010281553.4	2020.4.10	2040.4.9
11.	Quality-of-service (QoS) data processing method and apparatus	Our Company	PRC	ZL202010292104.X	2020.4.14	2040.4.13
12.	Space reclamation method, apparatus, storage medium, and processor	Our Company	PRC	ZL202010366322.3	2020.4.30	2040.4.29

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
13. . .	Hierarchical method and apparatus based on a file-storage system, and electronic device	Our Company	PRC	ZL202010567725.4	2020.6.19	2040.6.18
14. . .	Method and apparatus for implementing quality of service in distributed storage	Our Company	PRC	ZL202010949707.2	2020.9.10	2040.9.9
15. . .	Disk-state analysis method and apparatus based on software-defined storage, and electronic device	Our Company	PRC	ZL202011250284.1	2020.11.10	2040.11.9
16. . .	Task-processing method, apparatus, non-volatile storage medium, and processor	Our Company	PRC	ZL202110419753.6	2021.4.19	2041.4.18
17. . .	Object-processing method, apparatus, non-volatile storage medium, and processor	Our Company	PRC	ZL202110513417.8	2021.5.11	2041.5.10
18. . .	Data-migration method and apparatus, and electronic device	Our Company	PRC	ZL202110758754.3	2021.7.5	2041.7.4
19. . .	Object-storage distributed quality-of-service method and apparatus	Our Company	PRC	ZL202111064500.8	2021.9.10	2041.9.9
20. . .	Object-merging method and apparatus	Our Company	PRC	ZL202111146766.7	2021.9.28	2041.9.27
21. . .	Data-processing method and electronic device	Our Company	PRC	ZL202111222136.3	2021.10.20	2041.10.19

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
22. . .	Full-volume recovery method and apparatus, storage medium, and processor	Our Company	PRC	ZL202210243446.1	2022.3.11	2042.3.10
23. . .	Data-processing method and apparatus for distributed storage systems based on a multi-core single-pool architecture	Our Company	PRC	ZL202210346903.X	2022.4.2	2042.4.1
24. . .	Data-storage method and apparatus, electronic device, and storage medium	Our Company	PRC	ZL202210493066.3	2022.5.7	2042.5.6
25. . .	Data-processing method and apparatus based on multi-level caching, and electronic device	Our Company	PRC	ZL202210497433.7	2022.5.9	2042.5.8
26. . .	Process-handling method, apparatus, processor, and electronic device	Our Company	PRC	ZL202211461444.6	2022.11.17	2042.11.16
27. . .	Data-dumping method and apparatus, storage medium, and electronic device	Our Company	PRC	ZL202411918792.0	2024.12.24	2044.12.23
28. . .	Data-storage method and apparatus, electronic device, and program product	Our Company	PRC	ZL202510940234.2	2025.7.8	2045.7.7

Domain Name

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
1. . .	xsky.com	Our Company	1999.7.1	2031.7.1

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' service contracts

Each of our Directors [has entered into] a service contract with our Company. The principal particulars of these service contracts comprise (i) the terms of the service and (ii) termination provisions in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations.

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

2. Remuneration of Our Directors

Save as disclosed in "Directors and Senior Management" and under note 13 to the Accountants' Report in Appendix I to this document, none of our Directors received other remunerations of benefits in kind from us for the years ended December 31, 2023, 2024 and 2025.

3. Disclosure of Interests of Directors and Chief Executive of our Company

Save as disclosed below, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our 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 Issuers contained in the Listing Rules.

Interests in our Company

			As of the Latest Practicable Date		Immediately after the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)[2]		
Name	Position	Nature of interest	Number and Type of Shares[1]	Approximate percentage of interest in the total issued share capital	Number and Type of Shares[1]	Approximate percentage of shareholding in the relevant type of Shares	Approximate shareholding percentage in the total issued share capital
Mr. Xu	Executive Director, chairman of the Board, general manager and chief executive officer	Beneficial owner	52,705,817 Unlisted Shares	14.88%	[REDACTED]	[REDACTED]%	[REDACTED]%
					[REDACTED]	[REDACTED]%	[REDACTED]%
			–	–	[REDACTED][3]	[REDACTED]%	[REDACTED]%
		Interest in controlled corporation[4]/	35,067,200 Unlisted Shares	9.90%	[REDACTED]	[REDACTED]%	[REDACTED]%
		Interest held jointly with other persons[5]			[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Wang . .	Executive Director, Vice general manager and chief technology officer	Beneficial owner	22,455,647 Unlisted Shares	6.34%	[REDACTED]	[REDACTED]%	[REDACTED]%
					[REDACTED]	[REDACTED]%	[REDACTED]%
		Interest jointly held with other persons[5]	65,317,370 Unlisted Shares	18.44%	[REDACTED]	[REDACTED]%	[REDACTED]%
					[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. ZHANG Xuming . .	Executive Director, vice general manager and chief operating officer[6]	Beneficial owner	3,146,253 Unlisted Shares	0.89%	[REDACTED]	[REDACTED]%	[REDACTED]%
			–	–	[REDACTED][3]	[REDACTED]%	[REDACTED]%
Ms. FANG Fei	Executive Director, general counsel and senior vice president[7]	Beneficial owner	335,562 Unlisted Shares	0.09%	[REDACTED]	[REDACTED]%	[REDACTED]%
			–	–	[REDACTED][3]	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Unlisted Shares in issue, [**REDACTED**] H Shares to be converted from Unlisted Shares in issue and [**REDACTED**] H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(3) Representing Shares underlying the options granted to Mr. Xu, Mr. Zhang Xuming and Ms. Fang Fei under the Share Option Scheme.

(4) As of the Latest Practicable Date, the general partner of XSKY Tianshu was Mr. Xu. Therefore, Mr. Xu is deemed to be interested in the Shares held by XSKY Tianshu in the Company under the SFO.

(5) Pursuant to the Concert Party Agreements, Mr. Xu, Mr. Wang and XSKY Tianshu are obligated to vote unanimously at all shareholders' meetings and Board's meetings of the Company. Mr. Wang and XSKY Tianshu shall act in accordance with the direction of Mr. Xu. See "History, Development and Corporate Structure — Acting-In-Concert Arrangement" for more details. Therefore, under the SFO, each of Mr. Xu, Mr. Wang and XSKY Tianshu is deemed to be interested in the Shares held by each other.

(6) As of the Latest Practicable Date, Mr. ZHANG Xuming was interested in 3,146,253 underlying Shares granted to him under the Employee Shareholding Scheme.

(7) As of the Latest Practicable Date, Ms. FANG Fei was interested in 335,562 underlying Shares granted to her under the Employee Shareholding Scheme.

Save as disclosed above, none of the Directors or the chief executive of the Company will, immediately following completion of the [**REDACTED**], has any interests and/or short positions in the Shares, underlying Shares and debentures of our Company's 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/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 Issuers contained in the Listing Rules.

4. Disclosure of Interests of Substantial Shareholders

(a) Interests in our Company

For information on the persons who will, immediately following the completion of the [**REDACTED**], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 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 rights to vote in all circumstances at general meetings of any other member of our Group, see the section headed "Substantial Shareholders."

(b) Interests of substantial shareholders of other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, none of the person (other than our Directors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group.

Our Directors are not aware of any persons (other than our Directors or chief executive) will, immediately following the completion of the [**REDACTED**], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

5. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or any of the parties listed in "— E. Other Information — 5. Consents and 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 our Company;

(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 "— E. Other Information — 5. Consents and 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;

(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 our issued share capital has any interest in our top five customers or suppliers; and

(d) none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [**REDACTED**] on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. EMPLOYEE SHAREHOLDING SCHEME AND SHARE OPTION SCHEME

We have adopted (i) the Employee Shareholding Scheme on March 2, 2026 and (ii) the Share Option Scheme on August 20, 2026.

1. Employee Shareholding Scheme

The following is a summary of the principal terms of the Employee Shareholding Scheme which is adopted on March 2, 2026. The terms of the Employee Shareholding Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Shareholding Scheme do not involve the grant of new Shares or options over new Shares of our Company after [**REDACTED**].

As of the Latest Practicable Date, the ESOP Platforms held 24,649,825 Shares, representing approximately 6.96% of the total issued share capital of the Company. Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme), the ESOP Platforms will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company. Given that the Shares have already been issued to the ESOP Platforms as of the Latest Practicable Date, there will not be any dilutive effect to the issued Shares upon the vesting of the awards under the Employee Shareholding Scheme. For details of the ESOP Platforms, see "History, Development and Corporate Structure — Our Incentive Plans and Employee Shareholding Platforms".

(a) Purpose

The purpose of the Employee Shareholding Scheme is to promote the establishment and improvement of the Company's long-term incentive mechanism, enhance its corporate governance structure, fully motivate the proactiveness and creativity of management and employees, with a view to enhancing the Company's sustainable development capabilities and overall profitability.

(b) Administration

The Employee Shareholding Scheme has been approved by the Board and the Shareholders. The Board or its designated person (the "**Administrator**") is responsible for the management of the Employee Shareholding Scheme. The Board has designated the chairman of the Board, Mr. Xu, to act as the Administrator, who is responsible for the interpretation and implementation of the Employee Shareholding Scheme.

(c) Eligible participants

Participants of the Employee Shareholding Scheme includes the Directors, senior management, technical and business key personnel, and other individuals who are deemed by the Administrator to have a significant impact on the Company's operational performance and future development.

(d) Grant of awards

As of the Latest Practicable Date, an aggregate of 24,649,825 underlying Shares of the Company held by the ESOP Platforms were granted to an aggregate of 96 grantees. According to the Employee Shareholding Scheme and the relevant partnership agreements, the Participants were granted awards and registered as the limited partners of the relevant ESOP Platforms upon grants of their awards.

As of the Latest Practicable Date, all the underlying Shares under the Employee Shareholding Scheme had been granted to the relevant individuals.

Details of the underlying Shares granted to our Directors, senior management or connected persons of our Company under the Employee Shareholding Scheme, as of the Latest Practicable Date are set out below:

Grantees	Relationship with the Company	Number of underlying Shares granted under the Employee Shareholding Scheme as of the Latest Practicable Date	Underlying Shares granted as a percentage of total issued share capital immediately upon completion of the [REDACTED][(1)]
Mr. ZHANG Xuming	Executive Director, vice general manager and chief operating officer	3,146,253	[**REDACTED**]%
Ms. FANG Fei	Executive Director, general counsel and senior vice president	335,562	[**REDACTED**]%
Ms. WANG Xixi	Board secretary and chief financial officer	356,528	[**REDACTED**]%
Ms. Han Qi (韓琪)	Supervisor of Xiamen XSKY and Wuhan XSKY	2,800,035	[**REDACTED**]%
Other employees	Employees of our Group	18,011,447	[**REDACTED**]%
Total		24,649,825	[**REDACTED**]%

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Share Option Scheme.

(e) Vesting

The vesting of the underlying Shares granted is conditional upon the expiry of the lock-up period under the relevant laws and regulations and the stock exchange rules, or the respective agreements entered into between the Company and the relevant grantees pursuant to the terms of the Employee Shareholding Scheme.

2. Share Option Scheme

Our Company adopted the Share Option Scheme on August 20, 2026. The Share Option Scheme does not involve the grant of any options or Share after [**REDACTED**] and is not subject to the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(a) Purpose

The Share Option Scheme is designed to strengthen our long-term incentive framework, attract and retain talents and to motivate the Directors, senior management and core personnel and ensure the achievement of our development strategy and operation goals.

(b) Administration

The Share Option Scheme's approval and termination are subject to Shareholders' meetings. The Board and its designated person (the "**Option Scheme Administrator**") is authorized for the management and implementation of the Share Option Scheme.

(c) Eligible participants

The eligible participants of the Share Option Scheme include the Directors, senior management, technical and business key personnel and other individuals who are deemed by the Option Scheme Administrator to have a direct impact on our operational performance and future development.

(d) Maximum Number of Shares

The maximum number of Shares to be granted under the Share Option Scheme shall not exceed 17,709,709 options (representing the right to subscribe 17,709,709 Shares), representing approximately 5.00% of the Shares of the Company as of the Latest Practicable Date.

(e) Source of Shares

The underlying Shares under the Share Option Scheme are the (i) H Shares to be [**REDACTED**], (ii) treasury shares to be transferred to the eligible participants by the Company, and/or (iii) purchase of existing Shares by designated persons for the Share Option Scheme, subject to the compliance with the relevant laws and regulations.

(f) Validity

Unless otherwise terminated by the Shareholders' meeting, the Share Option Scheme shall terminate on the earlier of (i) the date when Shares under the Share Option Scheme are fully vested or cancelled; (ii) the period of ten years commencing on the adoption date, provided that such termination shall not prejudice or adversely affect any subsisting rights of the eligible participant under the Share Option Scheme at the date of such termination.

(g) Vesting Schedule and Performance Targets

The Option Scheme Administrator, in its discretion, determines the vesting schedule, which is specified in the relevant award agreement. The actual amount of options to be vested under the Share Option Scheme are subject to the achievement of certain performance targets specified in the relevant award agreement.

(h) Exercise Period

The eligible participants may exercise the vested options in accordance with the terms of the Share Option Scheme and the relevant award agreement if the vesting conditions under the Share Option Scheme are met.

(i) Exercise Price

The exercise price under the Share Option Scheme will be RMB1.00, subject to compliance with the relevant laws and regulations for the minimum exercise price.

(j) Lock-up Periods and Restrictions

The eligible participants under the Share Option Scheme shall comply with the lock-up period and restriction requirements under the relevant laws and regulations.

(k) Outstanding Options

As of the date of this Document, all the 17,709,709 options (representing the right to subscribe 17,709,709 Shares) under the Share Option Scheme have been fully granted. The table below sets out the details of options which were granted to our Directors under the Share Option Scheme.

Grantees	Relationship with the Company	Date of Grant	Number of Shares underlying the option granted	Exercise Price (RMB) per Share	Approximately percentage of issued Shares immediately after the completion of the [REDACTED][(1)]
Mr. Xu Xin . .	Executive Director, chairman of the Board, general manager and chief executive officer	August 26, 2026	13,282,282	1.00	[**REDACTED**]%
Mr. Zhang Xuming . . .	Executive Director, vice general manager and chief operating officer	August 26, 2026	2,550,198	1.00	[**REDACTED**]%
Ms. Fang Fei .	Executive Director, general counsel and senior vice president	August 26, 2026	1,877,229	1.00	[**REDACTED**]%

Notes:

(1) The calculations are made assuming that no Shares are issued under the under the [**REDACTED**] and the Share Option Scheme.

(l) Dilution Effect and Impact on Earnings per Share

As of the date of this Document, there are 17,709,709 outstanding options granted under the Share Option Scheme, amounting to a total of 17,709,709 underlying Shares which may be issued to the eligible participants, representing [**REDACTED**]% of the total issued Shares of our Company immediately after the completion of the [**REDACTED**] (assuming that no Shares are issued under the [**REDACTED**]). No further grant will be made pursuant to the Share Option Scheme after the [**REDACTED**].

Assuming full vesting of all outstanding options granted under the Share Option Scheme, the shareholding of the Shareholders and the earning per Share immediately following completion of the [**REDACTED**] will be diluted by approximately [**REDACTED**]% (assuming (i) the underlying Shares of all outstanding options are Shares issued by the Company, instead of repurchased from secondary market and (ii) the [**REDACTED**] is not exercised).

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an [**REDACTED**] on our behalf to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares, including any H Shares which may fall to be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

We have entered into an engagement agreement with the Sole Sponsor, pursuant to which we agreed to pay a total amount of US$0.5 million to Huatai Financial Holdings (Hong Kong) Limited for acting as the Sole Sponsor to our Company for the [**REDACTED**].

4. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

5. Consents and Qualification of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
Huatai Financial Holdings (Hong Kong) Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants and Registered Public Interest Entity Auditor
King & Wood	Legal Advisor to our Company as to PRC laws
Jun He Law Offices LLC	Sanctions Legal Advisor as to international sanctions laws
JunHe LLP	Sanctions Legal Advisor as to PRC sanctions laws
China Insights Industry Consultancy Limited	Industry consultant

Save as disclosed in this document, as of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

6. Promoter

The promoters of our Company comprised all of the 29 then shareholders of our Company, as of December 21, 2021 before our conversion into a joint stock limited liability company. Save as disclosed in this document, 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 named above in connection with the [**REDACTED**] or the related transactions described in this document.

7. Binding Effect

This document shall have the effect, if an [**REDACTED**] is made in pursuance hereof, 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.

8. Bilingual Document

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).

9. Compliance Advisor

Our Company has appointed Altus Capital Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

10. No Material Adverse Change

The Directors confirm that there has been no material change in our financial or trading position since June 30, 2026.

11. 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.

12. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise; and

(ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this document:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) there are no arrangements under which future dividends are waived or agreed to be waived;

(iv) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(v) 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;

(vi) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(vii) no part of the equity or debt securities of our Company, if any, is currently [**REDACTED**] on or [**REDACTED**] on any stock exchange or trading system, and no such [**REDACTED**] or permission to [**REDACTED**] on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and

(viii) our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of each of the material contracts referred to in "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VI to this document; and

(ii) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Consents and Qualification of Experts" in Appendix VI to this document.

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 Company's website at **www.xsky.com** during a period of 14 days from the date of this document:

(i) the Articles of Association;

(ii) the Accountants' Report prepared by Deloitte Touche Tohmatsu, the text of which is set forth in Appendix I to this document;

(iii) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026;

(iv) the report from Deloitte Touche Tohmatsu on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this document;

(v) the material contracts referred to in "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VI to this document;

(vi) the service contracts referred to in "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 1. Particulars of Directors' service contracts" in Appendix VI to this document;

(vii) the written consents referred to under the paragraph headed "Statutory and General Information — E. Other Information — 5. Consents and Qualifications of Experts" in Appendix VI to this document;

(viii) the PRC legal opinions issued by King & Wood, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

(ix) the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in "Industry Overview" in this document; and

(x) the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures, together with their respective unofficial English translations.