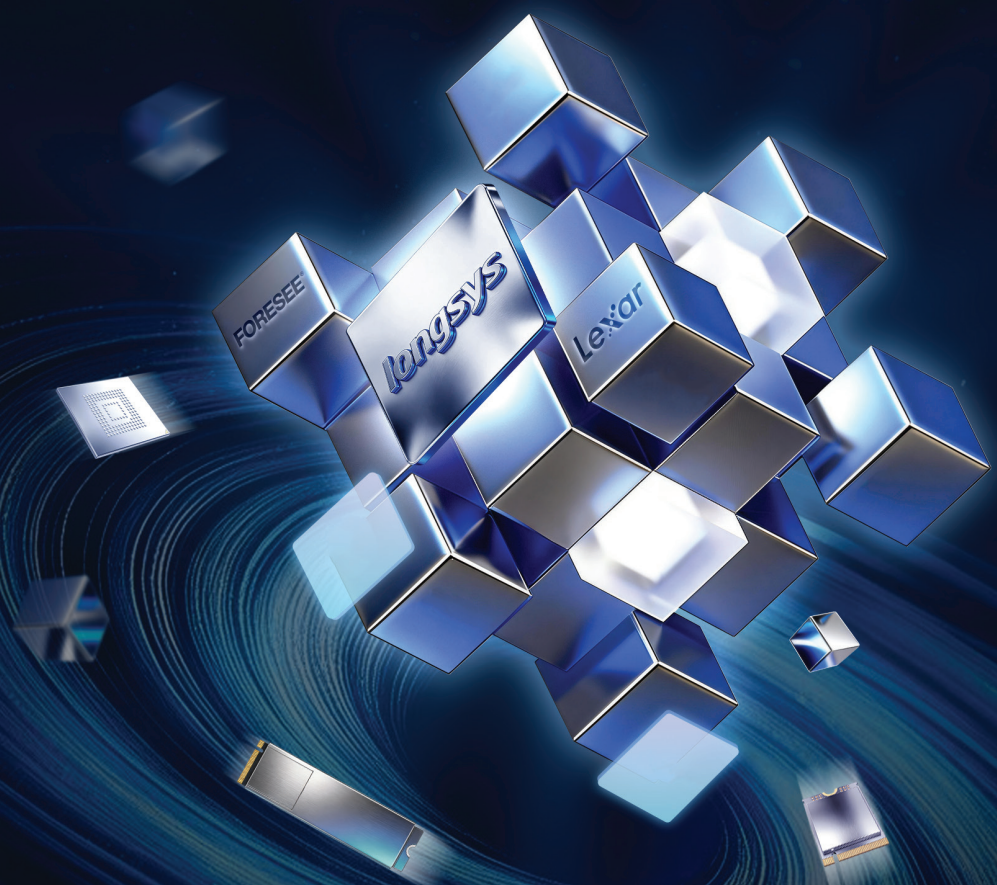
深圳市江波龍電子股份有限公司
Shenzhen Longsys Electronics Co., Ltd.

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

Stock Code : 09976

GLOBAL OFFERING



Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CITIC SECURITIES

citi

IMPORTANT

If you are in any doubt about any of the contents in this document, you should obtain independent professional advice.

Shenzhen Longsys Electronics Co., Ltd.
深圳市江波龍電子股份有限公司

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**26,077,800 H Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**2,607,800 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**23,470,000 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$240.60 per H Share plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**09976**

Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CITIC SECURITIES citi

Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

中信建投國際 CHINA SECURITIES INTERNATIONAL

Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

ABCI 農銀國際

Joint Bookrunners and Joint Lead Managers

富途證券 FUTU Securities International 老虎證券 TIGER BROKERS

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A copy of this document, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VII, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) and us on or before Friday, September 4, 2026 (Hong Kong time). If, for any reason, the Offer Price is not agreed by 12:00 noon on Friday, September 4, 2026 (Hong Kong time) between the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse. The Offer Price will be no more than HK$240.60 per Offer Share unless otherwise announced.

The Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate and with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the maximum Offer Price below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. Please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for further details.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please refer to the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering— Grounds for Termination" for further details.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk Factors."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered or sold within or to the United States, or to or for the account or benefit of any U.S. person (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold (i) solely to QIBs pursuant to an exemption from registration under Rule 144A of the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

August 31, 2026

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews* > *New Listings* > *New Listing Information*" section, and our website at https://www.longsys.com. You may download and print from these website addresses if you want a printed copy of this prospectus.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is an HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses stated above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 50 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your **broker** or **custodian** with respect to the Hong Kong Offer Shares you applied for.

No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application
	HK$		*HK$*		*HK$*		*HK$*
50	12,151.32	600	145,815.88	7,000	1,701,185.16	80,000	19,442,116.08
100	24,302.65	700	170,118.52	8,000	1,944,211.61	90,000	21,872,380.59
150	36,453.96	800	194,421.17	9,000	2,187,238.07	100,000	24,302,645.10
200	48,605.29	900	218,723.80	10,000	2,430,264.51	200,000	48,605,290.20
250	60,756.61	1,000	243,026.45	20,000	4,860,529.02	300,000	72,907,935.30
300	72,907.94	2,000	486,052.90	30,000	7,290,793.54	400,000	97,210,580.40
350	85,059.26	3,000	729,079.35	40,000	9,721,058.05	500,000	121,513,225.50
400	97,210.58	4,000	972,105.80	50,000	12,151,322.56	750,000	182,269,838.26
450	109,361.90	5,000	1,215,132.25	60,000	14,581,587.05	1,000,000	243,026,451.00
500	121,513.23	6,000	1,458,158.71	70,000	17,011,851.56	1,303,900[(1)]	316,882,189.47

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

If there is any change in the following expected timetable of the Hong Kong Public Offering, our Company will issue an announcement to be published on the website of the Stock Exchange at ***www.hkexnews.hk*** *and the website of our Company at* ***www.longsys.com****.*

Date[1]

Hong Kong Public Offering commences . . . . . .9:00 a.m. on Monday, August 31, 2026

Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2] . . . . . .11:30 a.m. on Thursday, September 3, 2026

Application lists of the Hong Kong Public Offering open[3] . . . . . .11:45 a.m. on Thursday, September 3, 2026

Latest time to (a) complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) give **electronic application instructions** to HKSCC[4] . . . . . .12:00 noon on Thursday, September 3, 2026

If you are instructing your **broker** or **custodian** who is a HKSCC Participant will submit **electronic application instructions** on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by **broker** or **custodian**.

Application lists of the Hong Kong Public Offering close[3] . . . . . .12:00 noon on Thursday, September 3, 2026

Expected Price Determination Date[5] . . . . . .by 12:00 noon on Friday, September 4, 2026

Announcement of the final Offer Price, the results of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.longsys.com**[6] . . . . . .no later than 11:00 p.m. on Monday, September 7, 2026

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

(1) A full announcement of the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.longsys.com**[6] . . . . . no later than 11:00 p.m. on Monday, September 7, 2026

(2) Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function on a 24-hour basis from . . . . . .11:00 p.m. on Monday, September 7, 2026 to 12:00 midnight on Sunday, September 13, 2026

(3) Allocation results telephone enquiry by calling +852 2862 8555. . . . . .between 9:00 a.m. and 6:00 p.m. on Tuesday, September 8, 2026, Wednesday, September 9, 2026, Thursday, September 10, 2026 and Friday, September 11, 2026

Despatch of H Share certificates in respect of wholly or partially successful applications, or deposit of H Share certificate into CCASS pursuant to Hong Kong Public Offering, on or before[7][9] . . . . . .Monday, September 7, 2026

Dispatch/collection of refund cheques and **White Form** e-Refund payment instructions in respect of (i) wholly or partially successful applications (if applicable) and (ii) wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[8][9] . . . . . Tuesday, September 8, 2026

Dealings in H Shares on the Stock Exchange expected to commence at . . . . . 9:00 a.m. on Tuesday, September 8, 2026

Notes:

(1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.

(2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website on or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 3, 2026, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares through **HKSCC EIPO** channel should see "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels" in this prospectus.

(5) The Price Determination Date is expected to be on or before Friday, September 4, 2026, and in any event, not later than 12:00 noon on Friday, September 4, 2026. If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinators and us by 12:00 noon on Friday, September 4, 2026, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) H Share certificates for the Offer Shares will become valid evidence of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects and (ii) none of the Underwriting Agreements have been terminated in accordance with its terms.

(8) **White Form** e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

(9) Applicants who have applied for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus for details.

For applicants who apply through the **White Form eIPO** service and paid the application monies from a single bank account, **White Form** e-Refund payment instructions (if any) will be dispatched to their application payment bank account. For applicants who apply through the **White Form eIPO** service and used multi-bank accounts to pay the application monies, refund cheque (if any) will be dispatched to the address specified in their electronic application instruction to the **White Form eIPO** Service Provider at their own risk.

Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection. Any uncollected H Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus.

The above expected timetable is a summary only. See the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details of the structure and conditions of the Global Offering, as well as the application procedures for Hong Kong Public Offering.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This document is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares by this document pursuant to the Hong Kong Public Offering. This document may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document must not be relied on by you as having been authorized by us, any of the Joint Sponsors, Sponsor-Overall Coordinators, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this prospectus. As this 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 read in conjunction with, the full text of this prospectus. You should read the entire document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this prospectus.

Overview

We are a branded independent semiconductor memory product enterprise. We procure memory wafers and controller chips from IDMs and controller chip suppliers and do not engage in wafer fabrication. Based on our capabilities including controller and memory chip design, firmware development, back-end manufacturing (including system-level packaging, testing and assembly), we design, develop, back-end manufacture and sell a comprehensive portfolio of memory products for consumer, enterprise and industrial applications. We have a market share of 1.2% in the global memory product market in 2025, representing a meaningful position for an independent memory enterprise given the large scale of the industry. According to CIC, we are the ninth largest memory product enterprise worldwide, the second largest independent semiconductor memory product enterprise worldwide among more than 100 market players and the largest independent memory product enterprise in China among more than 30 market players, in terms of revenue from memory products in 2025. We currently own and operate three primary brands — FORESEE, Zilia and Lexar — each focusing on different customer segments and enjoying strong recognition in its respective market. These achievements, together with the scale of our global presence and the strength of our brand and product portfolio, underscoring our pivotal role within the broader semiconductor memory industry.

Founded in 1999, we have been dedicated to the semiconductor memory industry for over two decades. Our founding team, led by our Chairman Mr. Cai, recognized the significant global market potential for semiconductor memory early on. Through persistent dedication and strategic development, we expanded from trading semiconductor memory products to developing our own memory products back-end manufacturing expertise, and further into core competencies such as controller and memory chip design, firmware development, packaging and testing capacities. These capabilities along the semiconductor memory value chain have allowed us to establish a portfolio of high-quality, high-performance products and have earned us widespread recognition from business partners and users alike.

Our steadfast focus on the semiconductor memory product industry and consistent innovation have resulted in strong brand recognition, establishing us as a key player in the memory market. Our brands: FORESEE (primarily serves the B2B market), Zilia (primarily serves the Latin American B2B market) and Lexar (primarily serves B2C market), collectively driving balanced growth in both enterprise and consumer markets.

- **FORESEE**, which we have developed organically for more than a decade, enjoys a strong reputation and significant first-mover advantages, particularly in edge devices such as mobile phone and computers, as well as the automotive sector.

- **Zilia** was introduced in 2023 after we acquired SMART Brazil, a Brazilian semiconductor memory company of SMART Global.

- **Lexar** is a global premium brand we acquired in 2017. To date, Lexar-branded products have been sold in over 60 countries and regions and have received numerous international awards. Lexar primarily targets and serves the B2C memory market such as photography, videography and gaming.

Our Products and Applications

We design, back-end manufacture and sell a broad range of memory and storage products to meet diverse customer needs. Our portfolio comprises four major product lines:

- **Embedded storage** solutions that integrate memory directly into the main systems of electronic products such as smartphones, smart wearables, automotive electronics, tablets and other consumer electronics;

- **SSDs**, which are standalone storage devices known for fast data access speeds, high reliability and ease of replacement, serving servers, computers, data centers and other applications;

- **Mobile storage** products, including USB flash drives, memory cards and portable SSDs, which primarily support data transfer and backup for consumer storage devices, smart vehicles and other use cases; and

- **DIMMs**, which are circuit boards equipped with DRAM chips for temporary data processing and program execution in servers, computers, data centers and related applications.

We currently focus on the sales of consumer grade products. During the Track Record Period, revenue from consumer-grade products accounted for 94.7%, 92.9%, 89.8% and 88.4% of our revenue for the years of 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively, while revenue from non-consumer-grade products, which comprised of both enterprise grade and industrial grade products, accounted for 5.3%, 7.1%, 10.2% and 11.6% of our revenue for the same period. Our non-consumer-grade products achieved growth in both absolute amount and revenue contribution, demonstrating accelerating growth momentum. This reflects our diversified product portfolio and technological capabilities in addressing diverse market needs, as well as our differentiated competitive strategy relative to memory IDMs.

Our memory and storage products have applications in various segments, covering both consumer grade and non-consumer grade products. Our consumer grade products are primarily designed for use in mass-market consumer electronics, such as smartphones, tablets, computers and wearable devices. They focus on providing competitive performance, capacity, power efficiency and form factor at attractive cost and to meet the requirements of consumer electronics manufacturers. These products are generally used in relatively controlled operating environments. Our non-consumer grade products comprise enterprise-grade and industrial-grade products. Our enterprise-grade products are used in enterprise servers and data centers, where end customers include cloud service providers, internet companies and telecommunication operators that require high-performance, high-reliability and large-scale storage solutions. Our industrial-grade products are used in industrial automation equipment, industrial computers, smart vehicles and a wide range of other industrial and embedded applications, where operating environments are more demanding (such as over wider temperature ranges, for example from approximately –40°C to 85°C; outdoor and semi-outdoor usage, such as exposure to direct sunlight, rain splash and dust in outdoor monitoring devices; and vibration and shock in factory machinery, construction equipment and automotive applications).

Our consumer-grade products leverage the opportunities from the frequent iteration of consumer electronics and the expanding of AI functionalities in edge devices. The integration of large models into edge devices such as smartphones and computers continued to increase local data storage and processing requirements, driving growing demand for higher-capacity and higher-performance embedded memory products. The consumer grade products include both edge AI devices and traditional consumer grade products. The global market of memory products for consumer-grade products reached US$118.3 billion in 2025, and is expected to increase to US$224.4 billion in 2030, representing a CAGR of 13.7%, according to CIC.

Our enterprise-grade products are poised for explosive growth fueled by the surge in large AI models, increased cloud computing penetration and the rising demand for domestic information infrastructure. Our industrial-grade products meet stringent specifications for temperature tolerance, durability and high-performance requirements, such as rapid response times and power-loss protection, that are typical for industrial products. In particular, the automotive industry demands stable performance, high reliability and compliance with automotive-grade specifications, as well as consistent operation under wide temperature ranges, vibration and other demanding environmental conditions, requiring us to continuously develop and maintain superior technical expertise over the long term. In smart vehicles, our memory products are used in various systems, such as in-vehicle infotainment systems, vehicle gateway, advanced driver assistance systems, driver monitoring, dash camera, and in-vehicle USB drives. Our memory products mainly function as their data storage and management components, supporting the storage, reading and processing of operating data, sensor data, navigation and map data and multimedia content.

Our Capabilities

Our years of dedicated efforts have yielded significant in-house capabilities across critical areas of memory product value chain:

Controller Chip Design: We have developed a suite of self-designed controller chips for our product portfolio. With highly integrated designs, exceptional performance, flexible customization capabilities, and a robust ecosystem support, we are able to meet diverse customer needs with stable supplies. As of the Latest Practicable Date, we have independently designed eight controller chips, and six out of eight has been successfully commercialized with the remaining two in the process of commercialization, covering USB, SD card, eMMC, UFS products and SSD. In March 2026, we launched our self-developed storage processing unit ("**SPU**") controller chip, positioned to power the intelligent storage for the AI era.

Memory Chip Design: We have successfully developed the capabilities in memory chip design, focusing on SLC NAND Flash and other small-capacity memory chips, filling the gap left by major wafer IDMs as they scale back from small-capacity memory markets. Our memory chip R&D targets long-tail markets and is intended to position us for differentiated competition with wafer IDMs. As of the Latest Practicable Date, we have successfully taped out nine SLC NAND Flash memory chips, and are expanding into other small-capacity memory chip technologies.

Firmware Development: We possess industry-leading firmware capabilities, which enable us to better meet customer performance requirements and provide strong after-sales support. Our products typically utilize our self-developed firmware, and our unified firmware platform across product lines allows for rapid adaptation. High-Level Cache ("**HLC**") technology and iSA, our intelligent storage agent specifically designed for AI inference on edge devices, are our recent firmware-level innovations developed for the AI era.

Packaging and Testing Capabilities: We have cultivated technical expertise in the packaging and testing of memory products. Our Suzhou facility possess SiP technology and MCP technology including stacked-die packaging, and are capable of packaging 16-layer stacked-die memory products. Our Zhongshan facility, with its dedicated data center memory product lines, integrates R&D and retesting, achieving a DPPM of below 50 across product lines. In Brazil, our Atibaia plant and Manaus plant are capable of the packaging, testing, SMT and assembly for a range of memory products.

Our technological capabilities are built upon a strong R&D team of 1,262 personnel as of April 30, 2026. We have five R&D centers in Shanghai, Chengdu, Shenzhen and Zhongshan in China and Campinas in Brazil. As of April 30, 2026, we held 645 granted patents, including 229 invention patents, 182 software copyrights and 13 registered integrated circuit layout design.

Our Global Footprint

We have established a comprehensive global presence, with 77.1%, 71.1%, 66.8% and 69.9% of our revenue generated outside Chinese Mainland for each period during the Track Record Period. We operate through local subsidiaries and professional teams across Asia, Europe, North America, South America and the Middle East, enabling us to stay close to our customers and respond quickly to their needs. Leveraging these local resources and operations, we are able to effectively serve customers worldwide, including many Fortune 500 companies. Our clientele includes well-known names such as Dell, Lenovo, Mindray, OPPO, Samsung, Transsion and Xiaomi, reflecting both the breadth and diversity of our customer base across different regions, industries and product applications.

In addition, we adopt a multi-sourcing supply chain strategy and maintain diversified and collaborative relationships with multiple suppliers across the globe for key raw materials and services. Our supply chain, which covers both international and domestic suppliers, ensures reliable sourcing of wafers, controller chips and packaging and testing services from high-quality suppliers worldwide. We have established long-term and stable business relationship with major memory wafer suppliers, and have entered into memorandum of understanding or long-term supply agreements with multiple wafer manufacturers.

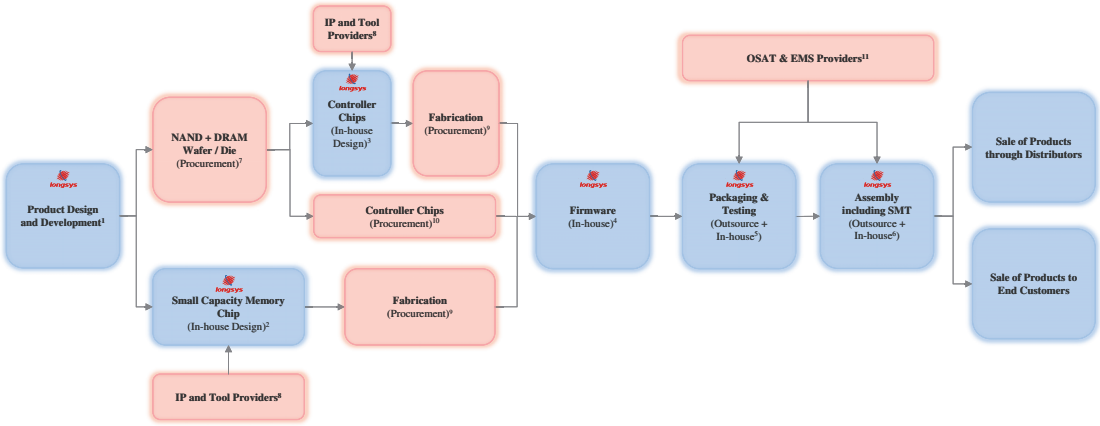
Our strategic acquisitions have further accelerated our overseas expansion and enhanced our global footprint. Our acquisition of Lexar, a premium international consumer memory brand founded in California, has significantly extended our access to global retail and distribution channels and strengthened our brand recognition worldwide. To date, we sell Lexar-branded products to customers in over 60 countries across six continents and have established a comprehensive global channel network that covers major e-commerce platforms, brick-and-mortar retail chains and distribution partners. Our acquisition of Zilia further strengthened our global presence and marked a significant milestone for Chinese semiconductor memory product enterprises expanding internationally. As Brazil's largest independent semiconductor memory product enterprise, Zilia has facilitated our entry into the Latin American market and serves as our strategic back-end manufacturing and service hub in the region.

Our Business Model

We operate as an independent memory enterprise. Through strategic development, we have established operational capabilities and a comprehensive presence along the memory product value chain, including memory and controller chip design, firmware development, system-level packaging, testing, SMT and final product assembly. Unlike traditional IDMs, we do not operate wafer fabrication facilities. Instead, we adopt an open and flexible model under which we procure memory wafers and controller chips from IDMs and controller chip suppliers, respectively, and, for our self-designed chips, we procure wafer fabrication services from wafer foundries. After procuring memory wafers (mainly NAND Flash and DRAM) and controller chips, we are able to leverage our in-house capabilities to transform them into diversified memory products, conducting packaging, testing, SMT and final product assembly. Given the scale of our business, the diversity of our product portfolio and our broad customer base, we selectively perform packaging, testing, SMT and assembly in house at our facilities in China and Brazil while outsourcing the remainder to third-party OSAT service providers, which enhances the scalability and flexibility of our operations.

We offer our memory products mainly under self-owned brands, namely FORESEE, Zilia and Lexar, while we also sell unlabeled products to certain enterprise customers, which are subsequently marketed under the customers' brands. We sell our products through both direct sales and distributor channels, which provide us with flexibility to meet the needs of various markets while building strong customer relationships and ensuring efficient product distribution.

The following diagram illustrates our typical business model:



Notes:

- Locations of Longsys' primary business operations as of the LPD: 1. Chinese Mainland, Brazil. 2. Chinese Mainland. 3. Chinese Mainland. 4. Chinese Mainland. 5. Chinese Mainland, Brazil. 6. Chinese Mainland, Brazil.
- Locations of major suppliers as of the LPD (denoting where the headquarters of external suppliers are located, the direct transacting entity may be located in different places): 7. U.S., South Korea, Chinese Mainland. 8. U.S., Chinese Mainland. 9. South Korea, Taiwan China. 10. Chinese Mainland, Taiwan China. 11. Chinese Mainland, Taiwan China.

CHARACTERISTICS OF THE SEMICONDUCTOR MEMORY PRODUCT MARKET AND OUR POSITION, STRATEGIES AND PERFORMANCE

Characteristics of the Semiconductor Memory Product Market and Our Position

We operate in the semiconductor memory product market, which is characterized by strong cyclicality. The market players consist of IDMs and independent memory enterprises, with IDMs holding a dominant position and together accounting for approximately 80% of the global market share, while the independent memory segment is relatively fragmented. As an independent memory enterprise with a market share of 1.2% (which represents a meaningful position for an independent memory enterprise), we compete directly with IDMs when our products or target markets overlap with theirs. At the same time, memory wafers, including NAND Flash and DRAM, are the most important raw materials for memory products and generally represent over 75% of the bill of materials. The supply of memory wafers is highly concentrated. The top five manufacturers account for approximately 90% of the NAND Flash memory wafer market, while the top three manufacturers account for more than 90% of the DRAM wafer market. As we do not have the capability to manufacture wafers ourselves, our products and operations rely heavily on these major memory wafer suppliers and our negotiation position and bargaining power with them are limited. In addition, most memory products are near-commodities in nature with low supply elasticity, as memory wafer manufacturers have limited flexibility to adjust production capacity in short time. As a result, the prices of memory products can change rapidly as customer demand shifts.

Our Strategies and Financial Performance in Up-cycles and Down-cycles

According to CIC, the global semiconductor memory industry has experienced several distinct cycles in the past several years: (i) a down-cycle from the second half of 2022 to early fourth quarter of 2023, (ii) an up-cycle and phase of demand recovery from fourth quarter of 2023 to the first half of 2024, (iii) a down-cycle from the second half of 2024 to the second quarter of 2025, and (iv) a rapid up-cycle from the second quarter of 2025 to the second quarter of 2026. As industry cycles may spill over fiscal year/period, certain fiscal years/periods are more representative of typical down-cycle and up-cycle conditions. The full years of 2024 and 2025 were affected by a combination of both down-cycle and up-cycle phases and therefore do not exhibit a clear overall cycle pattern. The table below summarizes selected industry indicators and our key financial

metrics in typical down-cycles (full year of 2023 and four months ended 30 April 2025) and an extreme up-cycle (four months ended 30 April 2026), along with the year/period end over year/period begin increase/decrease percentage, as applicable.

Metrics	For the year/at the end of 2023 (representing down-cycle conditions)	For the four months ended/as of April 30, 2025 (representing down-cycle conditions)	For the four months ended/as of April 30, 2026 (representing extreme up-cycle conditions)
		(Unaudited)	
Industry average memory wafer prices at end of the period	DRAM: US$2.11 per GB (+5.6%)	DRAM: US$2.48 per GB (-6.3%)	DRAM: US$6.97 per GB (+74.4%)
	NAND Flash: US$0.05 per GB (-3.6%)	NAND Flash: US$0.06 per GB (-12.9%)	NAND Flash: US$0.20 per GB (+127.3%)
Gross profit margin	4.7%	9.1%	57.5%
Net profit/(loss) margin	(8.3%)	(2.4%)	43.7%
Inventory balance at end of the year/period, net of write-down	RMB5,893.2 million (+57.4%)	RMB8,171.3 million (+4.3%)	RMB21,343.7 million (+82.8%)
Inventory volume (GB in million)[(1)]	18,287 (+154.5%)	23,567 (+29.0%)	27,050 (+5.3%)
Inventory turnover days	182.2 days	171.9 days	317.2 days
Inventory write-downs	RMB120.1 million	RMB213.1 million	RMB80.5 million
Inventory write-down as a percentage of inventory original cost	2.0%	2.5%	0.4%
Net cash flows from/(used in) operating activities	RMB(2,798.4) million	RMB89.9 million	RMB(2,947.5) million
Interest-bearing bank borrowings at year/period end	RMB5,263.0 million (+297.1%)[(2)]	RMB8,222.1 million (+7.1%)	RMB16,129.1 million (+53.8%)

Note:

(1) Calculated based on on wafer inventories only. Total inventories include wafers, chips and other ancillary raw materials, with wafers accounting for a substantial percentage.

(2) See "Financial Information — Indebtedness — Interest-bearing Bank Borrowings" for details.

The semiconductor memory product market typically alternates between up-cycles and down-cycles, each of which has a distinct impact on our strategies, operating performance, financial position and working capital. In an up-cycle, the market is characterized by strong customer demand and tight supply of memory wafers, resulting in continuous increases in memory product prices. During these periods, we generally have stronger bargaining power over customers. We can be more selective in allocating limited supply, prioritize key customers to enhance customer relationship, and optimize our product mix by focusing more on higher-margin products to improve profitability. On the procurement side, we typically plan our procurement and inventory stocking based on confirmed customer purchase orders and indicative forecasts. As customer orders tend to increase in an up-cycle, our procurement volumes usually rise, and our inventory levels typically increase due to additional stockings to support higher demand. We maintain long-term and stable relationships with a diversified base of memory wafer suppliers. As a result, during periods of tight supply, we may be better positioned than our peers to secure a stable supply of wafers, although our purchase prices remain subject to the then prevailing market conditions.

The four months ended April 30, 2026 was part of an unprecedented up-cycle period. Driven by rapid growth in AI-related demand, supply of certain memory products became extremely tight and memory wafer prices increased to levels materially above historical norms, with magnitude of

price increases exceeding records seen in the past decade, according to CIC. Under these conditions, at very high product prices, some customers reduced, delayed or downgraded their orders due to budget constraints, and our overall sales volume and order intake declined compared to prior periods. In response, we adjusted our procurement and stocking strategy more cautiously and reduced the scale of our memory wafer purchases, taking into account (i) less customer orders in volume on hand, (ii) our cash flow positions, and (iii) our assessment of customers' purchasing power to afford higher prices. As a result, the increase of our inventory balance from RMB11,677.7 million as of December 31, 2025 to RMB21,343.7 million as of April 30, 2026 was primarily driven by price inflation, rather than increased procurement scale or significant increase in inventory volume.

In a down-cycle, the semiconductor memory product market is characterized by weak customer demand and oversupply of memory wafers, resulting in continuous decline of memory products prices. During these periods, as memory wafer prices fall, certain end customers may increase the memory capacity of their products to enhance competitiveness, and therefore, they may increase purchase volume. Furthermore, given that we have continuously implemented a business expansion strategy, our sales volume measured in GBs may still increase in downward cycles. To address the ongoing downward trend in product prices, we typically seek to accelerate inventory turnover, so as to shorten the time lag between our inventory cost and prevailing market prices and reduce exposure to price declines. This sales strategy generally cannot prevent lower gross margins, but is consistent with our overall business expansion strategy and helps manage inventory risks and working capital requirements. On the procurement side, we continue to plan procurement based on customer orders. Even in a down cycle, given our continued business expansion and sales strategy, our overall procurement volumes still increased as our business scale grew during the Track Record Period, although we manage procurement carefully in light of price trends and inventory risks. Because our inventory provision is calculated based on the lower of cost and net realizable value, rapid declines in market prices in a down-cycle may result in higher inventory write-downs, adversely affecting our gross profit and profitability. During the Track Record Period, our financial performance for 2023 and the four months ended April 30, 2025 was primarily affected by typical down-cycle conditions, which led to, among other things, a relatively low gross profit margin, a net loss position and a relatively high level of inventory write-downs as a percentage of the original cost of inventory.

Our Inventory Management and Funding Strategies

We typically plan our procurement and inventory stocking based on confirmed customer purchase orders and indicative forecasts. As we have continuously implemented a business expansion strategy to broaden our product portfolio, customer base and market coverage during the Track Record Period, our procurement volumes and inventory levels generally increased, as we stocked more raw materials and finished goods to support business growth. Although we have adjusted our procurement and stocking strategy to be more cautious and slowed down memory wafer purchases during the four months ended April 30, 2026, we will continue to monitor developments in the memory market and maintain close dialogue with our key customers. If we receive purchase orders and/or forecasts that exceed our expectations, or if market consensus indicates stronger-than-expected demand, we may promptly respond to such developments and re-accelerate inventory procurement.

Our inventory primarily comprises raw materials, work-in-progress and finished goods. The shelf-life of our products and raw materials mainly depends on the underlying memory wafers and controller chips, which generally have an estimated product life of at least three years and are generally compatible with multiple product types. Our inventory turnover days typically ranged between approximately 170 and 200 days from 2023 to 2025, and extended to approximately 320 days in an extreme up-cycle such as the four months ended April 30, 2026. As a result, we have experienced limited obsolescence of products or raw materials, and our provisions against inventory have not been driven by ageing or obsolescence factors to a significant extent. Instead, our inventory provision is primarily affected by their cost and net realisable value at the end of each reporting periods, which are mainly influenced by industry cycles.

Our operating cash flow positions are mainly affected by the pace and scale of our procurement of raw materials. During the Track Record Period, as we increased procurements to support business expansion and growth, we recorded net operating cash outflows in most periods.

We recorded a net operating cash inflow for the four months ended April 30, 2025, mainly because in this down-cycle period, we would slow down our procurement when we expect that memory wafer prices would continue to fall, which resulted in less cash outflow and a net operating cash inflow during such down-cycle period. We have funded our working capital requirements mainly through cash generated from operating activities and interest-bearing bank borrowings. In line with our ongoing business expansion strategy, we expect our overall procurement scale to continue to increase, although in periods of rapid price increases we may make short-term adjustments to our procurement and stocking levels having regard to customer orders, wafer price trends and our funding position. We regularly review our confirmed customer purchase orders and indicative forecasts, together with our inventory balance in volume, and manage our inventory and procurement plans so that, based on the latest information available to us, our inventories are generally sufficient to meet customer demand for at least the next three quarters.

Going forward, we intend to continue to finance our working capital requirements primarily through cash generated from operating activities and bank borrowings. We also intend to optimize our debt profile by increasing the proportion of longer-term bank borrowings, where appropriate, with a view to reducing short-term funding pressure and better supporting our inventory and procurement needs. As of June 30, 2026, we had cash and cash equivalents of RMB3,101 million and committed unutilized banking facilities of RMB16,615.6 million. Our Directors are of the view that, taking into account our cash and cash equivalents on hand, our available financing facilities and the expected cash generated from operating activities, we have sufficient working capital for our current requirements and for the next 12 months from the date of this prospectus.

Risks relating to Our Operation in the Semiconductor Memory Market

The foregoing matters give rise to certain risks relating to our business, financial performance and working capital position, including: (i) our financial performance is subject to the cyclical nature of the semiconductor memory product market, and we recorded net losses in 2023 and the four months ended April 30, 2025; (ii) we compete with IDMs and other independent memory product enterprises, and expect such competition to increase; (iii) if we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected; (iv) fluctuations in prices of raw materials, particularly memory wafers, may materially affect our product pricing, gross margins and profitability; (v) we recorded net cash flows used in operating activities during the Track Record Period and we fund our working capital requirements mainly through cash generated from operating activities and interest-bearing bank borrowings; and (vi) we depend on a limited number of suppliers for our major raw materials and any significant disruption in supply could adversely impact our business. For details, see "Risk Factors."

OUR COMPETITIVE STRENGTHS

We believe our following core competitive strengths will allow us to further consolidate our market position: (i) branded independent memory product enterprise, addressing a massive market; (ii) product and technology capabilities for high-growth edge AI application scenarios; (iii) strong research and engineering expertise with long-term commitment; (iv) established relationship across the memory value chain; (v) a comprehensive product matrix composed of multiple brands; and (vi) visionary and experienced management team and engineering culture.

OUR GROWTH STRATEGIES

To achieve business growth, we intend to pursue the following strategies: (i) continue to invest in critical technology and capture opportunities in edge AI; (ii) promote product innovations to increase market competitiveness; (iii) further develop our back-end manufacturing capability and build a resilient global supply chain; (iv) enhance global brand awareness; and (v) selectively explore acquisition opportunities.

SALES AND CUSTOMERS

We sell finished memory products to downstream customers through a combination of direct sales and distribution channels. Our direct sales customers are primarily large enterprises and other strategic clients. We also sell through distributors who possess extensive sales channels to expand our market reach. Through direct customer engagement and a strong network of distribution partners, we offer our memory products to renowned OEMs, ODMs, electronics manufacturers, automotive companies and retailers worldwide.

During the Track Record Period, Chinese Mainland, Hong Kong and Brazil remained our core revenue-generating regions, collectively attributing 69.0%, 74.0%, 70.8% and 75.0% of our total revenue for the years of 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively. For each period during the Track Record Period, revenue contributed from our five largest customers accounted for 34.6%, 36.8%, 29.0% and 28.3% of our total revenue in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. To the best knowledge of our Directors, each of our five largest customers for each period during the Track Record Period was an Independent Third Party.

Our sales volume across all product lines decreased from the four months ended April 30, 2025 to the four months ended April 30, 2026, primarily due to (i) the rapid increase in prices during this period, which reduced certain price-sensitive customers' ability and willingness to procure our products, with some customers deferring purchases or downgrading specifications in response to changing demand patterns, and (ii) given that the supply of key memory raw materials, including DRAM and NAND Flash wafers, remained tight, and the average prices of DRAM and NAND Flash wafers continued to increase in the first half of 2026, we reduced our procurement of memory wafers, which constrained the production volume of memory products and consequently reduced the volume of products that could be supplied to our customers. See the section headed "Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Product" in this prospectus for more information.

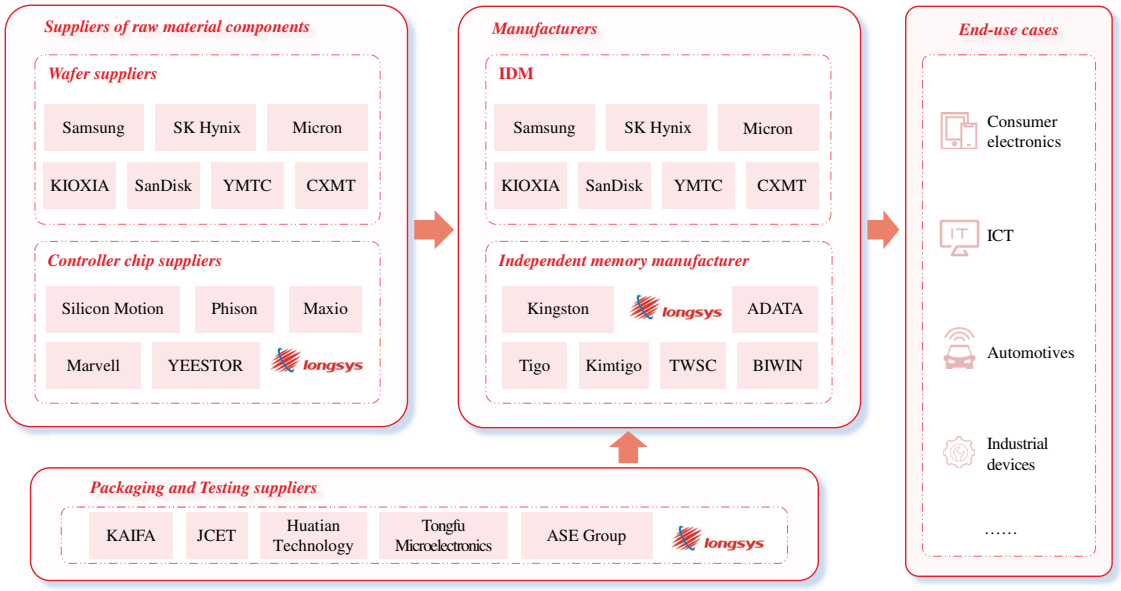
PROCUREMENT AND SUPPLIERS

The core raw materials for our memory products are mainly memory wafers and controller chips. We also procure wafer fabrication services for our self-designed chips and OSAT services to supplement our in-house back-end manufacturing. We have established business relationships with a majority of the globally leading memory IDMs. We typically procure controller chips from independent controller chip vendors, and our purchases are distributed across multiple top-tier suppliers in different regions to help diversify supply risk. For our self-designed controller chips and memory chips, we procure wafer foundry service from the world's leading global foundries. In addition, we work with OSAT and EMS providers to provide packaging, testing, SMT and assembly services for our products.

During the Track Record Period, Chinese Mainland and Hong Kong served as our primary procurement regions, together representing 68.4%, 54.0%, 55.4% and 68.3% of our total procurement for the years of 2023, 2024 and 2025 and the four months ended April 30, 2026. For each period during the Track Record Period, our purchases from our five largest suppliers accounted for 48.6%, 50.0%, 52.0% and 63.3% of our total purchases in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. To the best knowledge of our Directors, each of our five largest suppliers for each period during the Track Record Period was an Independent Third Party.

COMPETITIVE LANDSCAPE AND MARKET POSITION

The following diagram illustrates the relationships among the key players along the semiconductor memory value chain — suppliers of key components and services, manufacturers and end-use cases:



Note: Longsys' controller chips and packaging services are primarily provided for its own memory products.

The global semiconductor memory products industry is a large market. According to CIC, the global semiconductor memory products market reached US$275.4 billion in 2025 and is expected to grow to US$875.6 billion by 2030, representing a CAGR of 26.0% from 2025 to 2030. The market is highly concentrated. The market players consist of IDMs and independent memory enterprises, with independent memory enterprises accounting for around 20% of market share in 2025. As an independent memory enterprise, we adopt a differentiated strategy alongside IDMs and primarily compete with global and local independent memory product companies. We compete with IDMs when our products overlap. As we expand our customer base to start to cover key accounts, competition with IDMs may increase. With a global market share of approximately 1.2%, we seek to use our capabilities and agility in providing customized services to address unmet customer needs and explore product categories that IDMs have not fully tapped. The principal competitive factors in our markets include technological expertise, R&D and product development capabilities, supply chain partnerships and brand recognition. We believe our capabilities and strong R&D in chip design, a broad portfolio of memory products, strong brand recognition, long-term relationships with supply chain partners, will help us to maintain strong competitiveness in the industry.

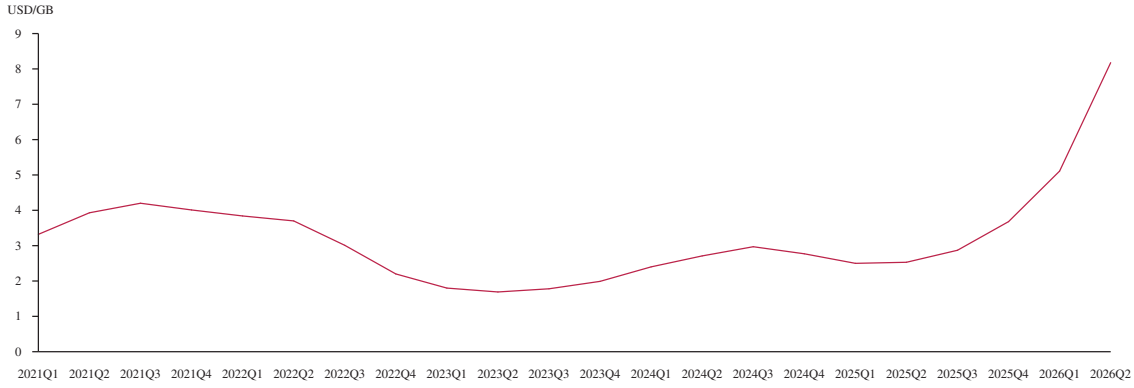
According to CIC, memory wafers are the most significant components for memory products, generally accounting for over 75% of the bill of materials during the Track Record Period. The supply of memory wafers is highly concentrated. The top five manufacturers account for approximately 90% of the NAND Flash memory wafer market, and the top three manufacturers account for more than 90% of the DRAM wafer market. Memory wafer prices are also cyclical. For a more detailed discussion of the markets in which we operate and the competition we face, see "Industry Overview." Although we are exposed to industry-typical cyclicality in wafer supply and pricing, during the Track Record Period, we have not experienced material disruption in securing raw materials or material difficulties in passing cost changes to our customers. Our mitigants include maintaining a diversified supplier base and entering into long-term agreements or memorandum of understandings with multiple foundries.

HISTORICAL MEMORY INDUSTRY CYCLE

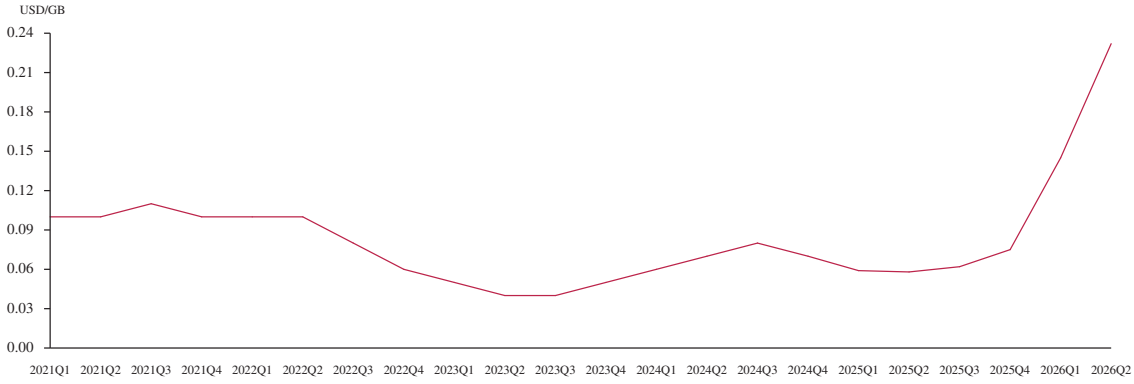
According to CIC, memory wafers are the key raw materials of semiconductor memory products, and their price movements directly affect the pricing and profitability of memory products. During 2021 to the first half of 2026, the prices of memory wafers and memory products fluctuated significantly due to changes in supply-demand dynamics, while shipment volume in GB generally increased over the period, supported by continued capacity upgrades and growing storage demand. In 2023, the industry experienced a downward cycle as weak demand from smartphones, computers and other downstream markets, together with inventory destocking, led to oversupply; accordingly, NAND Flash and DRAM wafer prices decreased by approximately 45% and 40%, respectively, and memory product prices also declined. In 2024, wafer prices rebounded by approximately 57% and 51%, respectively, mainly driven by manufacturers' supply adjustments and recovering downstream demand, which in turn supported the recovery of memory product prices. In 2025, after a weak first half due to continued inventory adjustments, AI data center construction, surging enterprise-grade storage demand and HDD supply shortages further tightened supply and drove a significant increase in wafer and memory product prices beginning in the late second quarter of 2025, with such price increases continuing through the first half of 2026. According to CIC, average prices of DRAM and NAND Flash wafers increased by approximately 50% and 90% quarter-on-quarter, respectively, in the first quarter of 2026, and both further increased by approximately 60% quarter-on-quarter, in the second quarter of 2026. Such price trends of memory wafers are generally passed through to memory products, resulting in continuous increases in memory product prices during this period, although the magnitude and timing may vary depending on product mix, inventory cycle and customer pricing arrangements.

The charts below illustrate the industry average prices of DRAM wafers and NAND wafers during 2021 to the second quarter of 2026:

Historical price of DRAM wafers, 2021-2026Q2



Historical price of NAND wafers, 2021-2026Q2



Source: Omdia, Yole, CIC

Changes in the prices of DRAM wafers and NAND wafers are one of the key factors affecting the historical selling prices of our products. See "Business — Sales, Distribution and Marketing — Pricing of Our Products" for further details of our product pricing. The trends in DRAM and NAND wafers prices during the Track Record Period have had significant impact on our memory product selling prices, gross margin and overall financial performance, which have generally moved in line with the underlying price trends of memory wafers. These price movements have also influenced our inventory management strategies, including procurement timing, inventory levels and the assessment of net realizable value and related write-downs, which reflect and follow the market price trends of our major raw materials. For details, see "Financial Information — Period to Period Comparison of Results of Operations".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	*% of Revenue*	*RMB*	*% of Revenue*	*RMB*	*% of Revenue*	*RMB*	*% of Revenue*	*RMB*	*% of Revenue*
	(in thousands, except percentages)									
Revenue	10,125,112	100.0	17,463,650	100.0	22,766,170	100.0	6,141,001	100.0	14,706,621	100.0
Cost of sales	(9,653,091)	(95.3)	(14,704,494)	(84.2)	(18,673,002)	(82.0)	(5,584,991)	(90.9)	(6,246,745)	(42.5)
Gross profit	**472,021**	**4.7**	**2,759,156**	**15.8**	**4,093,168**	**18.0**	**556,010**	**9.1**	**8,459,876**	**57.5**
Other income and gains	101,821	1.0	496,048	2.8	606,368	2.7	182,912	3.0	466,026	3.2
Research and development expenses	(593,654)	(5.9)	(910,301)	(5.2)	(1,047,824)	(4.6)	(304,502)	(5.0)	(374,595)	(2.5)
Selling and distribution expenses	(481,980)	(4.8)	(772,122)	(4.4)	(885,602)	(3.9)	(268,880)	(4.4)	(272,511)	(1.9)
Administrative expenses	(453,225)	(4.5)	(634,585)	(3.6)	(669,199)	(2.9)	(191,301)	(3.1)	(224,928)	(1.5)
Impairment losses on financial assets	(1,141)	(0.0)	(1,732)	(0.0)	(749)	(0.0)	(1,639)	(0.0)	(2,206)	(0.0)
Other expenses	(20,341)	(0.2)	(75,238)	(0.4)	(120,600)	(0.5)	(38,568)	(0.6)	(215,138)	(1.5)
Financial costs	(82,150)	(0.8)	(271,304)	(1.6)	(230,372)	(1.0)	(79,869)	(1.3)	(111,294)	(0.8)
Share of profits/(losses) of associates	371	0.0	(266)	(0.0)	(225)	(0.0)	–	–	(35)	(0.0)
(Loss)/Profit before tax	**(1,058,278)**	**(10.5)**	**589,656**	**3.4**	**1,744,965**	**7.7**	**(145,837)**	**(2.4)**	**7,725,195**	**52.5**
Income tax credit/(expense)	221,022	2.2	(84,425)	(0.5)	(247,194)	(1.1)	(3,385)	(0.1)	(1,298,032)	(8.8)
(Loss)/Profit for the year/period	**(837,256)**	**(8.3)**	**505,231**	**2.9**	**1,497,771**	**6.6**	**(149,222)**	**(2.4)**	**6,427,163**	**43.7**

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS Accounting Standards, we use adjusted profit/(loss) for the year/period (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from year/period to year/period by eliminating potential impacts of certain items. We believe that these measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of adjusted profit/(loss) for the year/period (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and investors should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table presents our non-IFRS financial measures for the years/periods indicated.

	For the year ended December 31,			For the four months ended April 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Reconciliation of profit/(loss) for the year/period to adjusted profit/(loss) (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)					
(Loss)/Profit for the year/period	**(837,256)**	**505,231**	**1,497,771**	**(149,222)**	**6,427,163**
Add:					
Equity-settled share-based payment expense[(1)]	198,081	232,173	91,481	44,496	20,950
Adjusted (loss)/profit (non-IFRS measure)	**(639,175)**	**737,404**	**1,589,252**	**(104,726)**	**6,448,113**
Add:					
Depreciation and amortization	134,402	457,788	445,458	136,745	159,701
Net finance costs	48,066	254,430	211,291	75,428	106,547
Income tax (credit)/expenses	(221,022)	84,425	247,194	3,385	1,298,032
Adjusted EBITDA (non-IFRS measure)	**(677,729)**	**1,534,047**	**2,493,195**	**110,832**	**8,012,393**

Note:

(1) "Equity-settled share-based payment expense" is non-cash in nature.

In 2023, we incurred a net loss of RMB837.3 million and adjusted loss (non-IFRS measure) of RMB639.2 million, primarily attributable to: (i) sustained weak demand in our end markets, particularly in key sectors such as mobile phones and computers, driven by the global economic slowdown, continued de-stocking efforts by downstream enterprise customers for the majority of 2023, and rising inflation; and (ii) an increase in operating expenses, largely due to increased investment in R&D, alongside additional costs related to share-based payments and service fees

associated with our acquisitions during the year. We recorded a net profit of RMB505.2 million in 2024, primarily due to the overall recovery of memory product industry where there was a rebound in product demand and an increase in prices. Our profit for the year improved significantly from 2024 to 2025, primarily due to (i) increased memory product prices, driven by overall market demand outpacing available supply as a result of surging AI-related demand and product upgrades, and (ii) optimized product mix attributable to the increased revenue contribution from mobile storage products as we continued to enhance the competitiveness of Lexar-branded mobile storage products and deepen relationships with major business customers in 2025. We recorded a net loss of RMB149.2 million in the four months ended April 30, 2025, primarily due to the slow recovery of the downstream markets, particularly the consumer electronics sector, which negatively affected our pricing level, while we recorded net profit for the four months ended April 30, 2026, primarily due to the increased memory product prices, driven by (i) overall market demand outpacing available supply against the backdrop of the surge in AI infrastructure investments and (ii) product upgrades.

Revenue

The following table sets forth a breakdown of our total revenue by product line, each in absolute amount and as a percentage of our total revenue, for the years/period indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Embedded storage	4,422,919	43.6	8,425,271	48.3	10,012,076	44.0	2,625,151	42.7	7,412,982	50.4
SSDs	2,802,425	27.7	4,146,913	23.7	5,569,596	24.5	1,563,629	25.5	3,270,486	22.2
Mobile storage	2,327,529	23.0	3,207,978	18.4	4,894,013	21.5	1,341,667	21.8	2,007,689	13.7
DIMM	513,095	5.1	1,527,023	8.7	2,216,494	9.7	585,813	9.5	1,949,087	13.3
Others[(1)]	59,144	0.6	156,465	0.9	73,991	0.3	24,741	0.5	66,377	0.4
Total	**10,125,112**	**100.0**	**17,463,650**	**100.0**	**22,766,170**	**100.0**	**6,141,001**	**100.0**	**14,706,621**	**100.0**

Note:

(1) Represents (i) revenue from providing packaging and testing services through Longforce Suzhou, (ii) technical service fee generated from collaborative R&D projects with certain customers and (iii) rent generated from subleases of our spare office properties.

The following table presents the sales volume in GB and average selling price per GB of each product line during the Track Record Period:

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(million GB)	*(RMB per GB)*	*(million GB)*	*(RMB per GB)*	*(million GB)*	*(RMB per GB)*	*(million GB)*	*(RMB per GB)*	*(million GB)*	*(RMB per GB)*
Embedded Storage	11,399.3	0.39	11,529.6	0.73	15,064.3	0.66	4,330.9	0.61	4,053.3	1.83
SSDs	10,694.7	0.26	10,374.7	0.40	15,087.5	0.37	4,712.0	0.33	2,960.9	1.10
Mobile Storage	5,689.7	0.41	6,354.5	0.50	10,105.7	0.48	2,885.8	0.46	1,838.2	1.09
DIMM	45.2	11.34	94.6	16.14	107.8	20.56	36.4	16.08	23.3	83.70

Our sales volume across all product lines decreased from the four months ended April 30, 2025 to the four months ended April 30, 2026, primarily due to (i) the rapid increase in prices during this period, which reduced certain price-sensitive customers' ability and willingness to procure our products, with some customers deferring purchases or downgrading specifications in response to changing demand patterns, and (ii) given that the supply of key memory raw materials, including DRAM and NAND Flash wafers, remained tight, and the average prices of DRAM and NAND Flash wafers continued to increase in the first half of 2026, the average selling prices of certain products did not rise as quickly as wafer prices because certain customers were not able to afford higher memory product costs. As a result, total customer purchase orders decreased in volume. Accordingly, we prioritized supply for strategically important and higher-margin customers to preserve profitability and reduced the scale of memory wafer purchases, which consequently reduced the volume of products supplied to our customers during this period. The average selling prices of our memory product increased from the four months ended April 30, 2025 to the four months ended April 30, 2026, mainly due to the overall market demand outpacing available supply against the backdrop of the surge in AI infrastructure investments. See the section headed "Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Product" in this prospectus for more information relating to our revenue, sales volume in GB and average selling price per GB of each product line during the Track Record Period.

The following table below sets forth a breakdown of our revenue by brand, both in absolute amounts and as percentages of our total revenue, during the Track Record Period.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except percentages)									
FORESEE	3,672,254	36.3	7,364,317	42.2	9,066,128	39.8	2,237,508	36.4	7,374,233	50.1
Lexar	2,425,775	23.9	3,524,584	20.2	4,741,420	20.8	1,382,681	22.5	2,514,277	17.1
Zilia	37,212	0.4	2,307,966	13.2	2,898,612	12.7	859,685	14.0	2,387,681	16.2
Other self-owned brands[(1)]	357,034	3.5	533,921	3.1	748,483	3.3	253,643	4.1	278,532	1.9
Others	3,632,837	35.9	3,732,862	21.4	5,311,527	23.3	1,407,486	22.9	2,151,897	14.6
– No brand	2,054,622	20.3	1,727,967	9.9	2,163,103	9.5	481,194	7.8	1,254,239	8.5
– Other third-party brands[(2)]	1,578,215	15.6	2,004,895	11.5	3,148,425	13.8	926,292	15.1	897,659	6.1
Total	**10,125,112**	**100.0**	**17,463,650**	**100.0**	**22,766,170**	**100.0**	**6,141,001**	**100.0**	**14,706,621**	**100.0**

Note:

(1) "Other self-owned brands" consist of revenue from sales of products under our other self-owned brands, including AirDisk, ISOCOM, longsys and Mestor.

(2) "Other third-party brands" consist of approximately 200 third-party brands in the Track Record Period.

See the section headed "Financial Information — Description of Major Components of Our Results of Operations — Revenue" in this prospectus for more information.

The following table sets forth the breakdown of our revenue in an absolute amount and as a percentage of total revenue by geographic location of customers for the years/periods indicated. The geographical location of customers is determined based on the principal place of business of the customer who places order with us.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Chinese Mainland	2,318,702	22.9	5,038,831	28.9	7,547,874	33.2	1,823,286	29.7	4,426,493	30.1
Hong Kong, China	4,597,626	45.4	5,485,728	31.4	5,623,543	24.7	1,729,243	28.2	4,303,277	29.3
Brazil	68,813	0.7	2,386,835	13.7	2,927,018	12.9	867,250	14.1	2,288,213	15.6
The U.S.	1,112,205	11.0	1,624,870	9.3	1,646,340	7.2	383,641	6.2	693,130	4.7
Taiwan, China	352,179	3.5	573,306	3.3	911,749	4.0	235,791	3.8	795,624	5.4
Others[(1)]	1,675,587	16.5	2,354,080	13.4	4,109,646	18.0	1,101,790	18.0	2,199,884	14.9
Total	**10,125,112**	**100.0**	**17,463,650**	**100.0**	**22,766,170**	**100.0**	**6,141,001**	**100.0**	**14,706,621**	**100.0**

Note:

(1) "Others" mainly comprise Singapore, South Korea and other Asian countries or regions, Europe and Middle East.

See the section headed "Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Geographic Location" in this prospectus for more information.

Gross Profit and Gross Margin

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

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Embedded storage	(72,670)	(1.6)	1,163,956	13.8	1,623,260	16.2	217,083	8.3	4,246,600	57.3
SSDs	90,189	3.2	595,221	14.4	784,044	14.1	45,337	2.9	1,908,005	58.3
Mobile storage	545,014	23.4	897,801	28.0	1,408,944	28.8	253,223	18.9	1,321,376	65.8
DIMM	(93,845)	(18.3)	100,786	6.6	284,354	12.8	38,161	6.5	967,782	49.7
Others	3,333	5.6	1,392	0.9	(7,434)	(10.0)	2,206	8.9	16,113	24.3
Total	**472,021**	**4.7**	**2,759,156**	**15.8**	**4,093,168**	**18.0**	**556,010**	**9.1**	**8,459,876**	**57.5**

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

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)									
FORESEE	(103,375)	(2.8)	867,124	11.8	1,122,879	12.4	(33,512)	(1.5)	4,206,423	57.0
Lexar	259,426	10.7	805,045	22.8	1,185,413	25.0	164,630	11.9	1,540,157	61.3
Zilia	(8,775)	(23.6)	287,182	12.4	455,697	15.7	99,031	11.5	1,268,684	53.1
Others[(1)]	324,745	8.1	799,805	18.7	1,329,179	21.9	325,861	19.6	1,444,612	59.4
Total	**472,021**	**4.7**	**2,759,156**	**15.8**	**4,093,168**	**18.0**	**556,010**	**9.1**	**8,459,876**	**57.5**

Note:

(1) "Others" consist of sales of (i) products under our other self-owned brands, (ii) products sold without a brand, and (iii) products sold under approximately 200 third-party brands in the Track Record Period.

The following table sets forth a breakdown of our gross profit and gross margin by consumer-grade and non-consumer-grade products for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)									
Consumer-grade products	422,094	4.4	2,557,674	15.8	3,707,143	18.1	493,664	8.8	7,343,090	56.5
Non-consumer-grade products	49,927	9.3	201,482	16.1	386,025	16.6	62,346	11.6	1,116,786	65.6
Total	**472,021**	**4.7**	**2,759,156**	**15.8**	**4,093,168**	**18.0**	**556,010**	**9.1**	**8,459,876**	**57.5**

Our gross profit and gross margin improved significantly from 2023 to 2024, primarily due to (i) the overall recovery of memory product industry where there was a rebound in product demand and an increase in prices, and (ii) our strategic restocking in anticipation of the industry's recovery in late 2023, allowing us to procure wafers and other raw materials at relatively lower prices, resulting in lower costs for products sold in 2024 and higher gross profit and gross margin. Our gross profit and gross margin further improved from 2024 to 2025, primarily due to (i) increased memory product prices, driven by overall market demand outpacing available supply as a result of surging AI-related demand and product upgrades, and (ii) optimized product mix attributable to the increased revenue contribution from mobile storage products as we continued to enhance the competitiveness of Lexar-branded mobile storage products and deepen relationships with major business customers in 2025, which have the highest gross margin across our product lines. Our gross profit and gross profit margin further improved from the four months ended April 30, 2025 to the four months ended April 30, 2026, primarily due to the increased memory product prices, driven by (i) overall market demand outpacing available supply against the backdrop of the surge in AI infrastructure investments. According to CIC, the semiconductor memory market showed rapid expansion since the third quarter of 2025, supported by substantial memory demand from AI-related applications and data center infrastructure construction, which resulted in the increasing

requirements for high-capacity, high-bandwidth and high-reliability memory products. As a result, average selling prices increased across our all major product lines for the four months ended April 30, 2026 compared to the same period in 2025, (ii) product upgrades, and (iii) relatively lower cost of raw materials across product lines, predominantly memory wafers, as the inventories were acquired earlier at lower costs.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Total non-current assets	4,614,396	5,213,184	6,142,449	6,460,070
Total current assets	9,065,449	11,683,483	16,608,268	30,784,242
Total assets	**13,679,845**	**16,896,667**	**22,750,717**	**37,244,312**
Total non-current liabilities	2,297,056	2,773,834	4,665,452	9,722,664
Total current liabilities	4,933,385	7,223,328	9,723,600	12,711,385
Total liabilities	**7,230,441**	**9,997,162**	**14,389,052**	**22,434,049**
Net current assets	**4,132,064**	**4,460,155**	**6,884,668**	**18,072,857**
Share capital	412,864	415,982	419,145	419,145
Reserves	5,608,265	6,051,507	7,435,149	14,175,989
Non-controlling interests	428,275	432,016	507,371	215,129
Total equity	**6,449,404**	**6,899,505**	**8,361,665**	**14,810,263**

As of December 31, 2023, 2024, 2025 and as of April 30, 2026, our net assets amounted to RMB6,449.4 million, RMB6,899.5 million, RMB8,361.7 million and RMB14,810.3 million respectively. Our net assets increased by RMB450.1 million from 2023 to 2024, mainly due to total comprehensive income of RMB213.1 million, share-based payment of RMB231.6 million, and issuance of shares upon exercising of share-based payment scheme of RMB112.9 million, partially offset by dividends declared of RMB104.0 million. Our net assets increased by RMB1,462.2 million from 2024 to 2025, mainly due to total comprehensive income of RMB1,580.8 million, issuance of shares upon exercising of share-based payment scheme of RMB113.8 million, share-based payment of RMB91.5 million, and partially offset by acquisition of non-controlling interests of RMB323.9 million. Our net assets increased by RMB6,448.6 million from December 31, 2025 to April 30, 2026, mainly due to total comprehensive income of RMB6,422.6 million and share-based payment of RMB21.0 million.

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

Summary of Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the years/periods indicated.

	For the year ended December 31,			For the four months ended April 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
	(RMB in thousands)				
Net cash flows from/(used in) operating activities	(2,798,400)	(1,189,742)	(1,201,202)	89,861	(2,947,514)
Net cash flows used in investing activities	(1,661,459)	(1,101,991)	(967,920)	(127,393)	(232,058)
Net cash flows from financing activities	3,717,868	2,140,742	2,624,796	510,824	5,333,450
Net (decrease)/increase in cash and cash equivalents	(741,991)	(150,991)	455,674	473,292	2,153,878
Cash and cash equivalents at the beginning of the year/period	1,908,239	1,200,523	1,014,411	1,014,411	1,468,811
Effect of foreign exchange rate changes, net	34,275	(35,121)	(1,274)	3,896	(14,920)
Cash and cash equivalents at the end of the year/period	**1,200,523**	**1,014,411**	**1,468,811**	**1,491,599**	**3,607,769**

During the Track Record Period, we consistently recorded net cash outflows from operations with fluctuations, primarily due to the combination of our net profits or losses for the relevant year/period and changes in working capital driven by the fluctuations of memory product industry and product development. Our net cash used in operating activities was primarily attributable to the increases in procurement of raw materials and inventories as we scaled our operations. Additionally, significant factors included adjustments for non-cash and non-operating items such as write-down of inventories to net realizable value, depreciation, share-based payment expenses and finance costs. In particular, notwithstanding that we recorded net profit in 2024, 2025 and four months ended April 30, 2026, respectively, we recorded net cash flows used in operating activities of RMB1,189.7 million, RMB1,201.2 million and RMB2,947.5 million for the same periods, primarily because the increases in working capital, in particular increases in inventories, trade and bills receivables and prepayments, other receivables and other assets in connection with our business growth, collectively outpaced the cash generated from our net profits. For details, see "Financial Information — Liquidity and Capital Resources — Cash Flow Analysis".

Key Financial Ratios

The following table sets forth certain of our key financial ratios as of the dates or for the years/periods indicated.

	As of and for the year ended December 31,			As of and for the four months ended April 30,
	2023	2024	2025	2026
Revenue growth	21.6%	72.5%	30.4%	139.5%
Gross profit margin[(1)]	4.7%	15.8%	18.0%	57.5%
Current ratio[(2)]	1.8	1.6	1.7	2.4
Gearing ratio[(3)]	52.9%	59.2%	63.2%	60.2%
Debt to equity ratio[(4)]	112.1%	144.9%	172.1%	151.5%
Interest coverage ratio[(5)]	(11.9)	3.2	8.6	70.4

Notes:

(1) Gross profit margin equals gross profit divided by revenue for the year/period.
(2) Current ratio equals current assets divided by current liabilities as of the end of the year/period.
(3) Gearing ratio is calculated using total liabilities divided by total assets as of the end of the year/period and multiplied by 100%.
(4) Debt to equity ratio is calculated using total liabilities divided by total equity as of the end of the year/period and multiplied by 100%.
(5) Interest coverage ratio is calculated by dividing earnings before interest and taxes by the interest expenses for the same year/period.

For a more comprehensive discussion of the factors affecting our key financial ratios during the Track Record Period, see "Financial Information — Key Financial Ratios."

RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include: (i) changing market conditions, the introduction of new technologies and changes in customer preferences; (ii) we depend on a limited number of suppliers for our major raw materials and fabrication services; (iii) cyclical industry nature and historical downturns with fluctuations of average selling prices; (iv) if we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected; (v) our operating history may not be a reliable predictor of our prospects and future results of operations; (vi) the semiconductor memory product market is highly competitive and our products are near-commodities in nature, and increased competition could result in price pressure, reduced profitability and loss of market share; (vii) the semiconductor memory product industry is subject to constant and rapid technological changes, and our significant investment in R&D may not yield the results we expect or keep up with the latest technological developments; (viii) we may face claims of intellectual property infringement, which could be time-consuming and costly to defend or settle; (ix) legal proceedings and claims could have a material adverse effect on our business, results of operations, or financial condition; (x) we may be unable to match production with customer demand; (xi) our growth and the growth and development of the markets served by our customers; (xii) fluctuations in prices of raw materials, particularly memory wafers, may materially affect our product pricing, gross margins and profitability, and we recorded net cash flows used in operating activities during the Track Record Period and fund our working capital requirements mainly through cash generated from operating activities and interest-bearing bank borrowings; and (xiii) we may fail to acquire new customers or retain existing customers.

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, we were involved in certain patent infringement proceedings initiated by Micron Technology, Inc. ("**Micron**"), one of our top suppliers during the Track Record Period, alleging that, inter alia, certain NAND flash memory dies and SSD products sold by Lexar Europe, Lexar HK and other third party named defendants in Germany, France and the United Kingdom infringe certain European patents of the claimant (the "**IP Proceedings**"), where Micron alleges that such accused products distributed by us incorporate memory dies manufactured by Yangtze Memory Technologie Co., Ltd. ("**YMTC**") our another top supplier during the Track Record Period. The IP Proceedings are currently at a very early stage, and as advised by the IP Proceedings Legal Advisor, it is not possible to come to a reliable view on the likelihood of success of the IP Proceedings at this stage. Our Directors are of the view that the IP Proceedings has not had, and is not expected to have, any material adverse effect on our business, results of operations or financial condition (including but not limited to our business relationship with Micron) because, among others, (i) the aggregate financial contribution of Lexar-branded SSD products from Germany, France and the United Kingdom are immaterial to our Company during the Track Record Period and any damages or relief imposed against us are likely to be immaterial to our overall business or financial condition; (ii) there is no material adverse impact on the current transactions with Micron despite the IP Proceedings; and (iii) we have customary indemnity arrangements with our suppliers in relation to third-party intellectual property infringement claims concerning products supplied by them, subject to the terms of the relevant agreements. Based on the due diligence work conducted by the Joint Sponsors, including, among others, reviewing the relevant court filings, the legal memorandum issued by the IP Proceedings Legal Advisor, the relevant transactional agreements, records and documents, the relevant sales data based on the

Group's unaudited management accounts and the relevant internal control policies of the Group, after conducting due diligence with the Company and IP Proceedings Legal Advisor, the Joint Sponsors concur with the Directors' views above. See "Business — Legal Proceedings and Compliance — Legal Proceedings" for further details.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Cai is able to exercise approximately 41.14% voting rights in our Company through (i) 162,071,900 Shares held directly by him; and (ii) 14,700,000 Shares held by Ms. Cai pursuant to the Concert Party Agreement. For further details, please refer to the section headed "History and Corporate Structure — Concert Party Arrangement" in this prospectus.

Immediately upon completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme), Mr. Cai will be directly and indirectly entitled to exercise approximately 38.79% voting rights in our Company. Therefore, each of Mr. Cai and Ms. Cai will be regarded as our group of Controlling Shareholders under the Listing Rules upon Listing.

For further details about our Controlling Shareholders, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus.

THE COURT INCIDENT

Mr. Cai was involved as a witness (but not a defendant) in a bribery case in the PRC in 2018, providing testimonial evidence to assist with the investigation against a third party, Mr. Ji Zhen (紀震), the then deputy district head of Shenzhen Nanshan District responsible for science and technology (深圳市南山區主管科技的副區長) who was convicted in June 2018 of seeking benefits for, and accepting bribes from, certain entities and individuals, including an amount of RMB1,000,000 indirectly from our Company. Pursuant to the Court Judgments of the Incident in 2017 and 2018, (a) Mr. Cai was first approached by Mr. Ji in early 2013 to encourage our Company to apply for a government funding, and our Company subsequently submitted the application for such government funding and was approved by the SZNIB where Mr. Ji served as one of the approvers in the application process; and (b) in October 2013, Mr. Ji solicited Mr. Cai to provide assistance to Shenzhen Huade, with one of Mr. Ji's students serving as its general manager, by outsourcing certain SSD testing work of our Company to Shenzhen Huade. In order not to offend Mr. Ji given Mr. Ji was the then deputy district head of Shenzhen Nanshan District responsible for science and technology and in the belief that Shenzhen Huade shall be able to provide the services under the Shenzhen Huade Contract, our Company had entered into the Shenzhen Huade Contract on November 27, 2013 and settled an amount of RMB1,000,000 to Shenzhen Huade pursuant to the Shenzhen Huade Contract on January 6, 2014, and subsequently realized that such amount was in fact a payment made to Mr. Ji. For further details, please refer to the section headed "Directors and Senior Management — Court Incident" in this prospectus.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since August 2022, our A Shares have been listed on the Shenzhen Stock Exchange. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable listing rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the Stock Exchange's and the investors' attention in relation to our listing on the Shenzhen Stock Exchange. Our PRC Legal Advisor is of the view that, since our listing on the Shenzhen Stock Exchange and up to the Latest Practicable Date, we had complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Joint Sponsors, the view of Directors and the view of the PRC Legal Advisor, the Joint Sponsors are of the view that (i) the Group has complied with the

applicable listing rules of the Shenzhen Stock Exchange, and other applicable securities laws and regulations of the PRC in all material respects during the Track Record Period and up to the Latest Practicable Date and (ii) there was no material matter that should be brought to the attention of the investors and the Stock Exchange in relation to the Group's listing on the Shenzhen Stock Exchange.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the Over-allotment Option). Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Tuesday, September 8, 2026.

Our listing application is made on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to: (i) our revenue for the year ended December 31, 2025, being approximately RMB22,766 million, which is over HK$500 million as required by Rule 8.05(3) of the Listing Rules; and (ii) our expected market capitalization based on the Offer Price at the time of Listing which exceeds HK$4 billion as required by Rule 8.05(3) of the Listing Rules.

DIVIDENDS

We declared cash dividend of RMB104.0 million for the year ended December 31, 2024, which had been fully distributed. We proposed cash dividend of RMB146.7 million for the year ended December 31, 2025, and interim dividend of RMB272.4 million during the four months ended April 30, 2026, both of which were subsequently approved by the Annual General Meeting of the Company on May 19, 2026, and had been fully distributed in June 2026. Save as disclosed above, after the Track Record Period and up to the date of this prospectus, we did not declare any dividends to our Shareholders. We currently do not have any dividend policy regarding a fixed dividend pay-out ratio.

Subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修訂)》), and the Articles of Association, we may pay cumulative cash dividends of any three fiscal years that account for not less than 30% of our average profits for those three fiscal years subject to certain conditions. In 2025, our Shareholder Return Plan for 2025-2027 was adopted. We have strictly implemented this plan, which specifies the decision-making process for dividend standards, dividend ratios and profit distribution policies, aiming to protect the legitimate interests of minority Shareholders.

Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, fund requirements, Shareholders' interests and any other conditions that our Board may deem relevant.

LISTING EXPENSES

Our listing expenses mainly include (i) underwriting-related expenses, such as underwriting fees and commissions, and (ii) non-underwriting-related expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the Listing and the Global Offering, and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total listing expenses (based on the maximum Offer Price and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately HK$254.1 million, accounting for approximately of 4.0% of our gross proceeds. Among such estimated total listing expenses, we expect to pay underwriting-related expenses of HK$156.9 million, professional fees for our legal advisors and reporting accountants of HK$64.4 million and other fees and expenses of HK$32.8 million. An estimated amount of HK$9.8 million

for our listing expenses is expected to be expensed through the income statements and the remaining amount of HK$244.3 million is expected to be recognized directly as a deduction from equity upon the Listing. In 2023, 2024, 2025 and the four months ended April 30, 2026, listing expenses charged to the income statements were nil, nil, RMB1.6 million and nil, respectively, and listing expenses amounted to nil, RMB0.2 million, RMB26.7 million and RMB7.9 million in the corresponding years/periods will be deducted from equity upon Listing.

GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

(a) the Hong Kong Public Offering of initially 2,607,800 Hong Kong Offer Shares (subject to reallocation) in Hong Kong as described below in the section headed "Structure of the Global Offering — The Hong Kong Public Offering"; and

(b) the International Offering of initially 23,470,000 International Offer Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option) outside the United States in reliance on Regulation S and in the United States to U.S. persons in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 26,077,800 H Shares are issued pursuant to the Global Offering; (ii) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and (iii) 455,745,949 Shares are issued and outstanding following the completion of the Global Offering.

	Based on the maximum Offer Price of HK$240.60 per H Share
Market capitalization of our Shares[(1)]	HK$204,633.5 million
Unaudited pro forma adjusted net tangible asset per Share[(2)]	HK$48.63 (RMB42.05)

Notes:

(1) As of the Latest Practicable Date, the Company had 429,668,149 A Shares listed on the ChiNext market of Shenzhen Stock Exchange. Assuming that 26,077,800 H Shares in issue after the completion of the Global Offering and the Offer Size Adjustment Option and the Over-allotment Option are not exercised, the estimated total market capitalization of the Company is based on (i) the offer price per H Share stated herein and (ii) the market value per A Share based on its average closing price for the latest five trading days preceding August 21, 2026 (being RMB399.18) and applying an exchange rate of RMB0.8647 to HK$1 prevailing on August 21, 2026.

(2) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is arrived at after adjustments referred to in "Appendix II – Unaudited Pro Forma Financial Information" in this prospectus and on the basis that 445,223,067 Shares, are in issue assuming the Global Offering have been completed on April 30, 2026, without taking into account of any shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option, and without consideration of (a) a cash dividend of RMB419.1 million to owners of the Company's A Shares on the relevant record date approved by the Annual General Meeting of the Company on 19 May 2026; (b) 3,915,740 Shares were issued pursuant to the 2023 Restricted Share Incentive Scheme on 18 May 2026 with proceeds of RMB140.9 million received; (c) 6,607,142 A Shares pursuant to the 2025 A Shares Issuance were issued to 21 investors in August 2026 with net proceeds of RMB3,668.1 million raised. The unaudited pro forma net tangible assets would have been HK$56.11 per Share if all the aforesaid events had been accounted for as at 30 April 2026.

For the calculation of the unaudited pro forma adjusted net tangible asset per Share attributed to our Shareholders, see the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

Assuming an Offer Price of HK$240.6 per Offer Share (being the maximum Offer Price) and assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, we estimate that we will receive net proceeds of approximately HK$6,020.2 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering.

We intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions: (a) approximately 78.3%, or HK$4,711.2 million, will be used for enhancing our independent R&D and innovation capabilities in key areas, including chip design and advanced memory product development; (b) approximately 11.7%, or HK$707.0 million, will be allocated for strategic investments and/or acquisition to further strengthen our overall competitive position; and (c) approximately 10%, or HK$602.0 million, will be used for working capital and other general corporate purposes. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

BUSINESS ACTIVITIES SUBJECT TO INTERNATIONAL SANCTIONS

Primary Sanctions

U.S Export Controls

Procurement

During the Track Record Period and up to the Latest Practicable Date, we procured items including Flash wafers, DRAM wafers and controller chips, which are subject to the EAR ("**Procured Items**"), and those Procured Items are classified as Export Control Classification Number ("**ECCN**") 3A991 and EAR99. Among the Procured Items, we have procured US-origin items at an amount of RMB11.4 million, RMB123.8 million, RMB255.7 million and RMB129.5 million in 2023, 2024, 2025 and four months ended April 30, 2026, respectively, representing 0.1%, 0.75%, 1.15% and 0.8% of our total procurement for the same period. Our procurement of the Procured Items that are non-U.S origin amounted to approximately RMB4 billion to RMB11 billion for each year/period of the Track Record Period, representing approximately 35% to 55% of our total procurement for the same year/period.

Sales

During the Track Record Period and up to the Latest Practicable Date, we did not sell any items that are subject to the EAR to entities on the Entity List and the Military End- User List ("**BIS Entities**") or to any entities on the SDN List. As advised by our International Sanctions Legal Advisor, given the nature of our business activities (i.e., we did not sell any products that are subject to the EAR to BIS Entities, or to any Entity on the SDN List), our sales did not represent a violation of applicable U.S. Export Controls.

As advised by our International Sanctions Legal Advisor, during the Track Record Period, given that we did not have business activities in Comprehensively Sanctioned Countries or with any SDNs, our business activities did not represent a violation of the applicable primary sanctions or represent Primary Sanctioned Activities as defined in Chapter 4.4 of the Guide for New Listing Applications issued by the Stock Exchange ("**Chapter 4.4 of the Guide**").

Secondary Sanctions

As advised by our International Sanctions Legal Advisor, given that during the Track Record Period and up to the Latest Practicable Date, (i) we did not have any business activities in Comprehensively Sanctioned Countries or with any SDNs; (ii) we did not engage in activities which would be viewed by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**") as "operating in" certain designated sectors, the risk is low that our activities would result in the imposition of sanctions on the Sanctions Relevant Persons.

For detail, please see "Business — Business Activities Subject to International Sanctions".

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Business Updates

In the second quarter of 2026, the global semiconductor memory product industry continued to benefit from the rapid adoption of AI applications. The integration of large models into smartphones, computers and smart vehicles continued to increase local data storage and processing requirements, driving growing demand for higher-capacity and higher-performance embedded memory products. Accelerated AI data center construction and large-scale AI model deployment also drove strong demand for enterprise-grade memory products. Meanwhile, the supply of key memory raw materials, including DRAM and NAND Flash wafers, remained tight, and the average prices of DRAM and NAND Flash wafers continued to increase in the first half of 2026, as upstream suppliers continued to prioritize capacity for products such as HBM and enterprise SSDs amid strong demand from AI and data center applications.

Against this industry backdrop, our sales continued to increase during the first half of 2026, driven by the ongoing increase in the selling prices of our memory products, despite a decline in sales volume compared to the same period in 2025 due to the rapid increase in memory wafer unit prices. Given that (i) the decrease in sales volume was primarily a reflection of industry-wide supply and pricing dynamics, (ii) we adjust our procurement and inventory strategies in response to changes in wafer supply and pricing, with a view to balancing cost and customer demand, and (iii) our overall financial performance benefited from the price increase which offset the impact of lower sales volume, our Directors are of the view that the decrease in sales volume does not have a material adverse impact on our business operations and financial performance. Our business model, revenue structure and cost structure generally remained unchanged subsequent to the Track Record Period.

Our Directors have confirmed that as of the date of this prospectus, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since April 30, 2026, being the end date of our latest audited financial statements, and there has been no event since April 30, 2026 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

Summary of Unaudited Financial Information for the Six Months Ended June 30, 2026

We are a public company listed on the Shenzhen Stock Exchange and we have disclosed unaudited key financial information prepared under PRC GAAP as at and for the six months ended June 30, 2026 pursuant to the relevant PRC securities laws and regulations. We have included our unaudited interim condensed consolidated financial information prepared in accordance with IAS 34, Interim Financial Reporting, as at and for the six months ended June 30, 2026 in Appendix IA to this prospectus. Our unaudited interim condensed consolidated financial information as at and for the six months ended June 30, 2026 has been reviewed by our reporting accountant in accordance with International Accounting Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The members of the Board, including those of the Audit Committee, have received and reviewed the unaudited interim

condensed consolidated financial information of the Group for the six months ended June 30, 2026, as set out in Appendix IA to this prospectus. We have complied with the code provisions in Part 2 of the Corporate Governance Code, except for code provision C.2.1 of part 2 of the Corporate Governance Code. See "Directors and Senior Management — Management and Corporate Governance — Corporate Governance Code" for further details. We are not in breach of our Articles of Association or laws and regulations of the PRC or other regulatory requirements as a result of not distributing such interim reports in accordance with the requirements under Rule 13.48(1) of the Listing Rules. Pursuant to the Note to Rule 13.48(1) of the Listing Rules, we do not intend to distribute a separate interim report in respect of the six months ended June 30, 2026 under the aforementioned Rule. For details, please see "Appendix IA — Unaudited Interim Condensed Consolidated Financial Information".

Our revenue increased by 136.3% from RMB10,195.7 million for the six months ended June 30, 2025 to RMB24,088.4 million for the six months ended June 30, 2026, and our gross profit increased significantly from RMB1,126.4 million to RMB14,024.7 million for the same period, with our gross profit margin increased from 11.0% to 58.2% during the same period. Our other income and gains increased by 356.2% from RMB255.9 million for the six months ended June 30, 2025 to RMB1,167.5 million for the six months ended June 30, 2026. As a result, we recorded a profit of RMB10,717.7 million for the six months ended June 30, 2026, compared to a profit of RMB41.0 million for the six months ended June 30, 2025. Our total assets increased by 88.5% from RMB22,750.7 million as of December 31, 2025 to RMB42,877.2 million as of June 30, 2026, and our total liabilities increased by 67.2% from RMB14,389.1 million as of December 31, 2025 to RMB24,065.4 million as of June 30, 2026. We recorded net cash flows used in operating activities of RMB3,151.4 million, net cash flows used in investing activities of RMB552.2 million and net cash flows from financing activities of RMB5,350.4 million for the six months ended June 30, 2026. See "Appendix IA — Unaudited Interim Condensed Consolidated Financial Information" for details and "Financial Information — Recent Developments and No Material Adverse Change — Unaudited Financial Information for the Six Months Ended June 30, 2026" for our discussion of fluctuations of selected line items.

We recorded net operating cash outflow of RMB3,151.4 million for the six months ended June 30, 2026, primarily because the increases in working capital, in particular the increase in inventories of RMB14,226.5 million due to the increased procurement costs of raw materials, collectively outpaced our profit before tax of RMB12,730.0 million for the same period. Our inventory turnover days continued to increase from 190.7 days for the year of 2025 to 317.2 days for the four months ended April 30, 2026, mainly because (i) against the industry backdrop when supply is constraint, we prioritized supply for strategically important customers whose total purchase volume for a given period is typically fixed, with orders placed in stages (for example, on a monthly basis). We therefore arranged deliveries in stages and reserved inventory for subsequent releases to them, which in turn extended our inventory turnover days, and (ii) at very high product prices, our overall sales volume and order intake declined, which collectively resulted in a reduced sales pace, and consequently, prolonged inventory turnover days.

Issuance of A Shares to specific targets

On December 22, 2025, the Shareholders of our Company resolved the proposed issuance of A Shares to specific targets (the "**2025 A Shares Issuance**"). On August 17, 2026, (a) the 2025 A Shares Issuance was completed; (b) 6,607,142 A Shares were issued to 21 eligible investors at RMB560 per A Share; and (c) gross proceeds of approximately RMB3,700 million were raised. Upon completion of the 2025 A Shares Issuance, the total issued share capital of the Company was increased from 423,061,007 Shares to 429,668,149 Shares. For further details of the 2025 A Shares Issuance, please refer to the section headed "History and Corporate Structure — Major Shareholding Changes of our Company — (6) Issuance of A Shares to specific targets" in this prospectus.

Repurchase of A Shares

According to the announcement published by our Company on August 11, 2026 on the Shenzhen Stock Exchange, the Board of our Company has resolved on August 7, 2026 to repurchase its A Shares with the Group's own source of funds rather than the net proceeds from the Global Offering, primarily to meet the needs of the relevant employee incentive plans. The repurchases will be conducted from time to time within a twelve-month period from the date of the board resolutions approving the repurchase plan, in an aggregate amount of not less than RMB400 million and not more than RMB800 million. Based on a repurchase price of not more than RMB735 per A Share, our Company expected to repurchase a total of approximately 544,217 to 1,088,434 A Shares. Our Company has no intention to conduct any repurchase prior to the Listing. Our Company expects that the repurchase of A Shares will not affect our ability to maintain a public float above the minimum prescribed expected market value of H Shares required to be held in public hands of not less than HK$3,000,000,000 under Rule 19A.13A(2)(b) of the Listing Rules.

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain technical terms are explained in "Glossary of Technical Terms" in this document.

"2023 Restricted Share Incentive Scheme"	the 2023 Restricted Share Incentive Scheme (2023年限制性股票激勵計劃), the principal terms of which are set out in the section headed "Statutory and General Information — 4. Restricted Share Incentive Schemes — 2023 Restricted Share Incentive Scheme" in Appendix VI in this prospectus
"2025 A Share Placee(s)"	21 final A share investors participated in the issuance of A Shares to specific targets by the Company completed in August 2026, details of which are set out in the section headed "History and Corporate Structure — Major Shareholding Changes of Our Company — (6) Issuance of A Shares to specific targets" in this prospectus
"2026 Restricted Share Incentive Scheme"	the 2026 Restricted Share Incentive Scheme (2026年限制性股票激勵計劃), the principal terms of which are set out in the section headed "Statutory and General Information — 4. Restricted Share Incentive Schemes — 2026 Restricted Share Incentive Scheme" in Appendix VI in this prospectus
"2026 Restricted Share Awards"	the restricted Shares granted and to be granted by the Company pursuant to the 2026 Restricted Share Incentive Scheme, pursuant to which the grantees of the 2026 Restricted Share Incentive Scheme shall have the right to subscribe for the underlying A Shares upon vesting of the restricted Shares.
"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
"Accountants' Report"	the accountants' report of our Company for the Track Record Period, details of which is set out in Appendix I
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix V to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Brazilian Legal Advisors"	Pinheiro Neto Advogados, acting as legal counsel as to Brazilian law to our Company

"business day"	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
"Capital Market Intermediaries"	the capital market intermediaries as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China", "PRC" or "Chinese Mainland"	the People's Republic of China (中華人民共和國), for the purpose of this prospectus and for geographical reference only, except where the context requires, references in this prospectus to "China", the "PRC" and "Chinese Mainland" do not apply to Hong Kong, Macau Special Administrative Region of the PRC and Taiwan, China
"CIC" or "Industry Consultant"	China Insights Industry Consultancy Limited, an Independent Third Party, and a market research firm engaged by our Company to prepare an industry report, the details of which are set out in the section headed "Industry Overview" in this prospectus
"CIC Report"	an independent market research report commissioned by our Company and prepared by CIC for the purpose of this prospectus
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "CWUMPO"	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", or "the Company"	Shenzhen Longsys Electronics Co., Ltd. (深圳市江波龍電子股份有限公司) (formerly known as "Shenzhen Longsys Electronics Company Limited (深圳市江波龍電子有限公司)), a PRC company established on April 27, 1999 and converted into a joint stock limited liability company on September 30, 2018, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 301308)
"Comprehensively Sanctioned Countries"	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Sanctions Relevant Jurisdiction. For the purpose of this prospectus, Comprehensively Sanctioned Countries include Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People's Republic (LPR) and Donetsk People's Republic (DPR) regions and Zaporizhzhia and Kherson regions

"Concert Party Agreement"	the concert party agreement dated August 9, 2021 entered into by Mr. Cai and Ms. Cai, pursuant to which the parties agreed, inter alia, that they shall act in concert in general meetings or Board meetings of the Company since the date of the agreement. For further details, please refer to the section headed "History and Corporate Structure — Concert Party Arrangement" in this prospectus
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context otherwise requires, refers to Mr. Cai and Ms. Cai. For further details, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"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"	the enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國 企業所得税法》), which was promulgated on March 16, 2007, came into effect on January 1, 2008, and was most recently amended on December 29, 2018 becoming effective on the same date
"Employee Incentive Platform(s)"	the employee incentive platforms at the Company level, namely Longjian Management, LongXi No. 1, LongXi No. 2, LongXi No. 3 and/or LongXi No. 5
"ESG"	environmental, social and governance
"Euro", "EUR" or "€"	the lawful currency of the European Union
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"FINI"	"Fast Interface for New Issuance," an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering

"Group", "our Group", "the Group", "we", "us", or "our"	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange in December 2023
"H Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, to be listed and traded on the Hong Kong Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$", "HK dollars" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your **broker** or **custodian** who is an HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant(s)"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong Offer Shares"	the 2,607,800 H Shares being initially offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)

"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on the terms and subject to the conditions described in this document, as further described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus
"Hong Kong Takeovers Code" or "Takeovers Code"	Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement, dated Friday, August 28, 2026, relating to the Hong Kong Public Offering, entered into by, among others, the Joint Sponsors, the Sponsor-Overall Coordinators, the Hong Kong Underwriters, the Controlling Shareholders and our Company
"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	person(s) or company(ies), who/which, to the best of our Directors' knowledge, information and belief, is/are not our connected persons
"International Offer Shares"	the 23,470,000 H Shares being initially offered for subscription under the International Offering together, where relevant, with any additional H Shares that may be issued pursuant to any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option (subject to reallocation as described in section headed "Structure of the Global Offering" in this prospectus)
"International Offering"	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirements under the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Sanctions Legal Advisor"	Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells International LLP) our legal advisor as to international sanctions laws and U.S. Outbound Investment Rule in connection with the Listing
"International Underwriters"	the underwriters expected to enter into the International Underwriting Agreement relating to the International Offering

"International Underwriting Agreement"	the international underwriting agreement, expected to be entered into on or around the Price Determination Date, relating to the International Offering, by, among others, our Company, the Controlling Shareholders, the Sponsor-Overall Coordinators and the International Underwriters in respect of the International Offering, as further described in the section headed "Underwriting — International Offering" in this prospectus
"IP Proceedings Legal Advisor"	Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells International LLP), our legal advisor as to the IP Proceedings
"Joint Bookrunners", "Joint Global Coordinators", "Joint Lead Managers"	the joint bookrunners, the joint global coordinators, and the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Joint Sponsors"	the joint sponsors as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"KRW"	Korean Republic won, the lawful currency of the Republic of Korea
"Latest Practicable Date"	August 21, 2026, being the latest practicable date for ascertaining certain information in this document before its publication
"Listing"	the listing of the H Shares on the Main Board
"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about Tuesday, September 8, 2026, on which the H Shares are to be listed and on which dealings in the H Shares are to be first permitted to take place on the Hong Kong Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Longforce Suzhou"	Longforce Technology (Suzhou) Co., Ltd. (元成科技(蘇州)有限公司) (formerly known as "Powertech Technology (Suzhou) Co., Ltd. (力成科技(蘇州)有限公司)" ("**Powertech Suzhou**"), a limited liability company established in the PRC on August 31, 1995, and a non-wholly-owned subsidiary of our Company
"Longjian Management"	Ningbo Longjian Self-funded Investment Partnership (Limited Partnership)* (寧波龍艦自有資金投資合夥企業(有限合夥)) (formerly known as Shenzhen Longjian Management Consulting Partnership (Limited Partnership)* (深圳市龍艦管理諮詢企業(有限合夥)), a limited partnership established in the PRC on November 22, 2017 and our Employee Incentive Platforms

"LongXi No. 1"	Ningbo Longxi No. 1 Self-funded Investment Partnership (Limited Partnership)* (寧波龍熹一號自有資金投資合夥企業(有限合夥)) (formerly known as Shenzhen LongXi No. 1 Investment Partnership (Limited Partnership)* (深圳市龍熹一號投資企業(有限合夥)), a limited partnership established in the PRC on November 22, 2017 and our Employee Incentive Platforms
"LongXi No. 2"	Ningbo Longyi Self-funded Investment Partnership (Limited Partnership)* (寧波龍乙自有資金投資合夥企業(有限合夥)) (formerly known as Shenzhen LongXi No. 2 Investment Partnership (Limited Partnership)* (深圳市龍熹二號投資企業(有限合夥)), a limited partnership established in the PRC on November 24, 2017 and our Employee Incentive Platforms
"LongXi No. 3"	Ningbo Longxi No. 3 Self-funded Investment Partnership (Limited Partnership)* (寧波龍熹三號自有資金投資合夥企業(有限合夥)) (formerly known as Shenzhen LongXi No. 3 Investment Partnership (Limited Partnership)* (深圳市龍熹三號投資企業(有限合夥)), a limited partnership established in the PRC on November 22, 2017 and our Employee Incentive Platforms
"LongXi No. 5"	Ningbo Longxi No. 5 Self-funded Investment Partnership (Limited Partnership)* (寧波龍熹五號自有資金投資合夥企業(有限合夥)) (formerly known as Shenzhen LongXi No. 5 Consulting Partnership (Limited Partnership)* (深圳市龍熹五號諮詢企業(有限合夥)), a limited partnership established in the PRC on August 8, 2019 and our Employee Incentive Platforms
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Ministry of Finance" or "MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Cai"	Mr. Cai Huabo (蔡華波先生), chairman of the Board, executive Director, general manager and one of our Controlling Shareholders
"Ms. Cai"	Ms. Cai Lijiang (蔡麗江女士), the elder sister of Mr. Cai and one of our Controlling Shareholders
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"OFAC"	the U.S. Department of Treasury's Office of Foreign Assets Control

"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, together, where relevant, with any additional H Shares which may be issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option
"Offer Size Adjustment Option"	the option under the International Underwriting Agreement, exercisable by the Sponsor-Overall Coordinators (for themselves and on behalf of the International Underwriters) on or before the second Business Day prior to the Listing Date, pursuant to which our Company may issue and allot up to an aggregate of 3,911,650 additional H Shares, representing approximately 15.0% of the Offer Shares initially being offered under the Global Offering, at the Offer Price, to cover additional market demand in the International Offering, as described in "Structure of the Global Offering — Offer Size Adjustment Option"
"Overall Coordinators"	the overall coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sponsor-Overall Coordinators on behalf of the International Underwriters for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 3,911,650 additional H Shares, representing approximately 15.0% of the Offer Shares initially being offered under the Global Offering, assuming the Offer Size Adjustment Option is not exercised, or up to an aggregate of 4,498,400 additional H Shares (representing in aggregate approximately 15% of the Offer Shares being offered under the Global Offering, assuming the Offer Size Adjustment Option is exercised in full) to the International Underwriters to, among other things, cover over-allocations in the International Offering, if any, details of which are described in the section headed "Structure of the Global Offering — Over-allotment Option" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
"PRC GAAP"	generally accepted accounting principles in the PRC

"PRC government" or "State"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisor"	Zhong Lun Law Firm, acting as legal counsel as to PRC law to our Company
"Price Determination Agreement"	the agreement to be entered into between our Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or before Friday, September 4, 2026 and in any event no later than 12:00 noon on Friday, September 4, 2026, on which the Offer Price is to be fixed for the purposes of the Global Offering
"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
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"Restricted Share Incentive Schemes"	collectively, the 2023 Restricted Share Incentive Scheme and the 2026 Restricted Share Incentive Scheme
"Restricted A Shares"	the underlying A Shares of the 2026 Restricted Share Awards pursuant to the 2026 Restricted Share Incentive Scheme
"RMB" or "Renminbi"	Renminbi, the lawful currency of Chinese Mainland
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"Sanctioned Target"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Sanctions Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Comprehensively Sanctioned Countries; or (iii) that is the target of sanctions under the law or regulation of a Sanctions Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)

"Sanctions Relevant Jurisdiction"	any jurisdiction that is relevant to the Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assess or certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this prospectus, Sanctions Relevant Jurisdictions include the U.S., the European Union, the United Kingdom, the United Nation and Australia
"Sanctions Relevant Person"	the Company, together with its investors and shareholders and persons who might, directly or indirectly, be involved in permitting the listing, trading, clearing and settlement of its shares, including the Stock Exchange and related group companies
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SDN"	any entity designated on the list of Specially Designated Nationals and Blocked Persons
"Secondary Sanctionable Activity"	certain activity by the Company that may result in the imposition of sanctions against the Sanctions Relevant Person(s) by a Sanctions Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the Company is not incorporated or located in that Sanctions Relevant Jurisdiction and does not otherwise have any nexus sutra that Sanctions Relevant Jurisdiction
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFC"	Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen

"Sponsor-Overall Coordinator(s)"	the sponsor-overall coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Stabilizing Manager"	CLSA Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy and ESG Committee"	the strategy and ESG committee of the Board
"subsidiary" or "subsidiaries"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Track Record Period"	the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026
"Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), promulgated by the CSRC on February 17, 2023
"U.S.", "US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
"U.S. dollars", "US dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"VAT"	value-added tax
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Zilia Eletrônicos"	Zilia Technologies Indústria e Comércio de Componentes Eletrônicos Ltda. (formerly known as "SMART Modular Technologies do Brasil-Indústria e Comércio de Componentes Ltda." ("**SMART Brazil**"), a company established in Brazil on October 19, 2009, and a wholly-owned subsidiary of our Company

"Zilia Semicondutores"	Zilia Technologies Indústria de Componentes Semicondutores Ltda. (formerly known as "SMART Modular Technologies Indústria de Componentes Eletrônicos Ltda."), a company established in Brazil on February 5, 2004, and a wholly-owned subsidiary of our Company
"%"	per cent

Unless otherwise specified, in this document:

(a) certain amounts and percentage figures have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them; and

(b) for ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) 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. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

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

"ADAS"	advanced driver assistance system, a system designed to assist drivers in the operation and safety of vehicles by utilizing various sensors, cameras and software algorithms to provide additional functionalities and enhance the driving experience
"AR"	augmented reality, a technology that overlays digital information, such as images, sounds and other data, onto the real-world environment in real-time, enhancing the user's perception and interaction with the surroundings
"B2B"	business-to-business, a type of transaction or business model where products or services are sold from one business to another, rather than to individual consumers
"B2C"	business-to-consumer, a type of transaction or business model where products or services are sold directly from a business to individual consumers
"CAGR"	compound annual growth rate
"CAMM"	compression attached memory module, are types of memory modules that utilize compression technology to optimize data storage and retrieval. Other special types of CAMM include, for example, low power CAMM ("**LP CAMM**") and small outline CAMM ("**SOCAMM**")
"CFexpress"	a high-speed memory card standard designed for professional imaging and video applications, offering faster data transfer rates and improved performance compared to previous formats
"controller chip"	a specialized microprocessor that provides drive and high-speed data transfer for Flash memory media, with specific external interfaces and protocol processing modules responsible for communication with the host, determining the form and category of the storage product
"CPU"	central processing unit, an integrated circuit that serves as the computational and control core of an electronic product
"CXL"	compute express link, an open standard interconnect protocol that enables high-speed communication between CPUs to device or memory, or device to device to enhance data center performance
"DDR"	double data rate, an industry standard for SDRAM products introduced by JEDEC; "**DDR5**" is the fifth generation
"die"	an individual integrated circuit that is cut from a semiconductor wafer

"DIMM"	dual inline memory module, a type of memory module that features a series of DRAM integrated circuits mounted on a printed circuit board, with electrical contacts on both sides to connect to a device's motherboard, providing volatile storage for data processing. Major types of DIMMs include Registered DIMM ("**RDIMM**"), Small Outline DIMM ("**SODIMM**"), Unbuffered DIMM ("**UDIMM**"), multiplexed rank DIMM ("**MRDIMM**"), each designed to cater to specific performance and form factor requirements in various computing environments
"DPPM"	defect parts per million, a quality metric that quantifies the number of defective units in a batch of one million parts, used to assess the manufacturing quality and reliability of products
"DRAM"	dynamic random access memory, a type of volatile memory used in computers and other devices to store data that is actively being used or processed, requiring periodic refreshing to maintain the stored information
"EDA"	electronic design automation, a category of specialized software tools used for the design, simulation, verification and layout of integrated circuits and electronic systems
"edge AI"	the deployment and execution of AI models and data processing directly on end or edge devices (such as smartphones, IoT devices, industrial equipment or local servers), rather than relying solely on centralized cloud or data center infrastructure
"embedded storage"	memory products that are integrated into the main system of an electronic product, featuring high-capacity embedded NAND Flash solutions or DRAM solutions or compounded NAND and DRAM solutions, and are primarily used in devices such as smartphones and computers
"eMCP"	embedded multi-chip package, a semiconductor packaging technique where eMMC and LPDDR are enclosed within a single package, allowing for increased functionality and performance while minimizing space and enhancing connectivity between the chips
"eMMC"	embedded multi-media card, an integrated non-volatile memory system consisting of Flash memory and a Flash memory controller, used primarily in portable devices for reliable and efficient data storage and management
"EMS provider"	electronic manufacturing service ("**EMS**") provider, a company that provide a range of services including design, assembly, production and testing of electronic components and products for OEMs, enabling them to focus on core competencies such as innovation and market expansion
"ePoP"	embedded package on package, a semiconductor packaging technique where eMMC and LPDDR are integrated within a package, and stacked directly on top of the CPU surface

"fabless"	a semiconductor business model in which a company designs and sells integrated circuits but does not own or operate wafer fabrication facilities, instead outsourcing the manufacturing of its chip designs to wafer foundries
"firmware"	a pre-installed program code in memory, running within the Flash memory controller, responsible for core tasks such as protocol processing, data management and hardware driving in the memory
"Flash"	a type of non-volatile semiconductor memory chip, which retains stored information even when powered off, featuring the ability to be repeatedly read, erased and written, and is considered a major category of memory products
"flip-chip"	a method used to connect semiconductor dies within a package, involving flipping the semiconductor die so that its active side faces down towards the substrate, which allows for a higher density of interconnections, improved electrical performance due to shorter connection paths, and better thermal management as the die is in closer contact with the substrate
"GB"	gigabyte, a unit of digital information storage equal to one billion bytes, commonly used to quantify data storage capacity in computers and other electronic devices
"Gb"	gigabit, a unit of digital information equal to one billion bits, commonly used to measure data transfer speeds
"HBM"	high bandwidth memory, a type of memory used in high-performance computing and graphics applications, offering high-speed data transfer rates and increased bandwidth through advanced packaging techniques
"HLC"	High-Level Cache, a proprietary caching technology that leverages innovation across the controller chip, firmware and system-level architecture to enable SSD or UFS storage devices to take over part of the data caching functions traditionally handled by DRAM, thereby reducing the DRAM capacity required in edge AI devices
"IATF"	International Automotive Task Force, a coalition of automotive manufacturers and trade associations dedicated to establishing global quality standards for the automotive industry, exemplified by the IATF 16949 certification
"ICT"	information and communications technology, a technology that facilitates the use, management and exchange of information and communication through electronic means
"IDM"	integrated device manufacturer, a company that designs, manufactures and sells its own products, handling the entire production process from design to fabrication and distribution, and in the context of the semiconductor industry, a company that covers the entire business segment, including chip design, wafer manufacturing and packaging and testing

"integrated circuit" or "IC"	integrated circuit, a type of miniature electronic device or component, manufactured using semiconductor techniques, integrating all the necessary transistors, resistors, capacitors, inductors and their connecting wires for a circuit onto a small semiconductor wafer (such as a silicon chip or substrate), which is then soldered and encapsulated within a casing to form an electronic device with the desired circuit functions
"IoT"	internet of things, a network of interconnected devices that communicate and exchange data with each other over the internet
"iSA"	intelligent storage agent, a proprietary firmware-level technology designed for AI inference on edge devices
"JEDEC"	Joint Electron Device Engineering Council, a standardization institution in the solid-state and semiconductor industry that develops industry standards for solid-state electronics
"LLM"	large language model, an AI model trained on extensive text data to understand and generate human language, capable of tasks such as translation, summarization, and question answering
"LPDDR"	low power double data rate, an industry standard for low-power SDRAM products introduced by the JEDEC
"MB"	megabyte, a unit of digital information storage equal to approximately one million bytes, frequently used to describe the size of files or the capacity of storage devices
"Mb"	megabit, a unit of digital information equal to approximately one million bits, frequently used to measure data transfer speeds
"MCP"	multi-chip package, a semiconductor packaging technique that encapsulates two or more memory chips within a single package through methods such as stacking
"memory module"	circuit boards equipped with memory chips that provide DRAM solutions for temporary data processing and program execution, and are used in a wide range of computing and industrial applications, including computers, educational systems and industrial automation
"memory wafer"	a silicon semiconductor integrated circuit material, processed with specific techniques to have particular circuit functions, which can be made into a finished integrated circuit product after undergoing cutting, packaging and testing processes
"micro SD card"	a smaller version of the SD card, used in mobile phones and other compact electronic devices for additional storage capacity

"mobile storage"	portable storage devices such as USB Flash drives, memory cards and portable SSDs; mobile storage products primarily serve as tools for data transfer and backup in applications such as security cameras, automotive systems and high-definition photography
"NAND Flash"	a type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage
"NFC"	near field communication, a short-range wireless communication technology that enables data exchange between devices placed within close proximity, commonly used for contactless payments, access control and device pairing
"NVMe"	non-volatile memory express, a high-performance interface protocol designed specifically for SSD, enabling faster data transfer speeds and lower latency compared to legacy protocols
"ODM"	original design manufacturer, a company that designs and manufactures a product or component as specified and eventually rebranded by another firm for sale
"OEM"	original equipment manufacturer, a company that uses its brand advantages, core technologies and sales channels to have products produced by a manufacturer with production capabilities and then sells them to the market
"OSAT"	outsourced semiconductor assembly and test, critical stages of the production process of semiconductor products outsourced to third-party services providers to handle the assembly, packaging and testing of semiconductor devices
"PCB"	printed circuit board, a board used in electronics to connect electronic components using conductive pathways, tracks, or signal traces etched from copper sheets laminated onto a non-conductive substrate
"PCBA"	printed circuit board assembly, the process and resulting product of mounting and soldering electronic components onto a PCB, forming a functional electronic assembly
"PCIe"	peripheral component interconnect express, a high-speed interface standard used to connect various hardware components to a computer's motherboard, providing fast data transfer and improved performance, with different generations such as Gen1 to Gen5
"QFN"	quad flat no-lead, a surface-mount integrated circuit package that features exposed pads on the bottom of the package rather than protruding leads, offering a compact form factor and excellent thermal performance
"RAM"	random access memory, a type of computer memory that can be accessed randomly, used to store working data and machine code currently in use, allowing for quick read and write access

"ROM"	read-only memory, a type of non-volatile memory used in computers and other electronic devices to store firmware or software that is not intended to be modified frequently
"SATA"	serial advanced technology attachment, an interface standard that uses serial connection, and is widely used to connect storage devices like hard drives and SSDs to a computer's motherboard, facilitating data transfer
"SRAM"	static random access memory, a type of RAM that uses bi-stable latching circuitry to store each bit, providing faster access times than DRAM and not requiring periodic refreshing
"SD card"	secure digital card, a non-volatile memory card format used in portable devices like cameras, smartphones and tablets for data storage and transfer
"semiconductor memory product"	a semiconductor component with information storage capabilities, widely used in various electronic products, serving as the hardware medium for data or programs
"SiP"	system-in-package, a type of chip packaging technology that combines multiple electronic components, such as processors, memory and sensors, passive components, and other electronic components into a single package, offering high integration, design flexibility and reduced space for compact electronic devices
"SLC"	single-level cell, a type of Flash memory that stores one bit of data per cell, offering higher durability and faster performance compared to triple-Level Cell ("**TLC**"), which stores three bits per cell, and quad-level cell ("**QLC**"), which stores four bits per cell, all of which provide higher storage density at the cost of reduced speed and endurance
"SPU"	storage processing unit, a type of intelligent storage controller chip that integrates a memory control engine for data transfer and an intelligent processing engine for functions such as data compression, hot-cold data identification and workload adaptation
"SMT"	surface-mount technology, a technology where packaged chips and other electronic components are precisely mounted onto printed circuit boards
"SPI NAND Flash"	a type of non-volatile memory that combines the high-density storage benefits of NAND Flash with the efficient Serial Peripheral Interface ("SPI") for data transfer, offering a compact and cost-effective solution for embedded systems and IoT devices
"SSD"	solid-state drive, an internal storage component installed within a computer or server, providing enhanced performance and reliability over traditional hard disk drives. Other special types of SSD include enterprise SSD ("**eSSD**"), portable SSD ("**PSSD**"), and micro-SSD ("**mSSD**")

"stacked-die"	a packaging technology in which two or more dies are stacked and bonded in a single package. In this prospectus, "stacked-die" specifically pertains to technologies that employ flip-chip and wire bonding techniques
"tape out"	the final step in the design phase of an integrated circuit, in which the completed circuit layout is sent to a wafer foundry for photomask production and wafer fabrication
"TB"	terabyte, a unit of digital information storage equal to approximately one trillion bytes, often used to measure the storage capacity of large databases and storage systems
"UFS"	universal flash storage, a high-performance, scalable flash storage specification designed for use in mobile devices and consumer electronics, offering fast data transfer speeds and improved power efficiency
"uMCP"	UFS-based multi-chip package, a semiconductor packaging technique that integrates UFS and LPDDR within a single package, designed to be versatile and adaptable for various applications by supporting a wide range of functionalities and interconnections
"USB"	universal serial bus, a standardized interface that enables communication and power supply between computers and peripheral devices, facilitating easy connectivity and data transfer across a wide range of electronic equipment
"VOC"	volatile organic compounds, organic chemicals that have a high vapor pressure at room temperature, leading to significant vaporization and potential environmental and health impacts due to their presence in the atmosphere
"VR"	virtual reality, a technology that creates a simulated, immersive environment, allowing users to interact with and experience a computer-generated world as if it were real, typically through the use of specialized headsets and sensors
"wafer foundry"	a semiconductor manufacturing facility that fabricates integrated circuits on silicon wafers on behalf of other companies that provide the circuit designs, enabling fabless companies to produce their self-designed chips without owning fabrication facilities
"wafer supplier"	companies that design, manufacture and supply memory wafers and memory devices, and often collaborate with other companies that may integrate these memory chips or devices into their products or sell them under their own brand names
"wire bonding"	a method where fine wires are used to connect the bond pads on the semiconductor die to the corresponding pads on the substrate or lead frame. The die is placed face-up, and the wires are bonded using techniques such as thermo-compression, thermo-sonic, or ultrasonic bonding, which is a well-established, cost-effective, and flexible method suitable for a wide range of applications

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events, or performance (often, but not always, through the use of words or phrases such as "aim", "anticipate", "aspire", "believe", "could", "estimate", "expect", "goals", "going forward", "intend", "may", "objective", "ought to", "outlook", "plan", "project", "projection", "seek", "schedules", "should", "target", "will", "would") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to: (i) our goals and strategies; (ii) our future business development, financial conditions and results of operations; (iii) future developments, trends and conditions in the industry and markets in which we operate; (iv) our expectations regarding demand for and market acceptance of our products and services; (v) our expectations regarding our relationships with customers, suppliers and other business partners; (vi) changes in the macro environment, regional and global economy; (vii) our ability to adequately protect our reputation and brand image, as well as our intellectual property rights; (viii) our ability to obtain adequate capital resources to fund future development plans; (ix) our ability to control costs and to achieve and maintain operational efficiency; (x) our ability to attract and retain qualified personnel; (xi) competition in the industries and markets in which we operate; (xii) our proposed use of proceeds; (xiii) rapid developments in technology and our ability to successfully keep up with technological advancement; (xiv) changes in currency exchange rates; (xv) relevant government policies and regulations relating to industries which we operate in; and (xvi) all other risks and uncertainties described in "Risk Factors."

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as at the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

An investment in our H Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this document, including our consolidated financial statements and related notes, before you decide to buy our H Shares. If any of the circumstances or events described below actually arises or occurs, our results of operations, financial performance and business prospects may suffer. In any such case, the market price of our H Shares could decline and you may lose all or part of your investment. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.

RISK FACTORS RELATED TO OUR BUSINESS AND OUR INDUSTRY

The markets for our products are evolving, and changing market conditions, such as the introduction of new technologies or changes in customer preferences, may negatively affect demand for our products. If we fail to properly anticipate or respond to changing market conditions, our business prospects and results of operations will suffer.

The semiconductor memory product industry is subject to constant and rapid changes in technology, constant product and technology upgrade, frequent new product introductions and evolving technical standards. New technologies may be introduced that make the current technologies on which our products are based less competitive or even obsolete or require us to make changes to our technology that could be expensive and time-consuming to implement. Due to the evolving nature of our markets, our future success depends on our ability to accurately anticipate and respond to changes in industry standards, technological requirements, customer and consumer preferences and other market conditions. Our technologies could also become obsolete sooner than we expect because of faster than anticipated, or unexpected, changes in one or more of the industry standards and technological requirements. In addition, we may be unable to develop or introduce new or enhanced technologies that satisfy customer requirements and achieve market acceptance in a timely manner or at all, succeed in commercializing the technologies on which we have focused our research and development expenditures to develop, or anticipate new industry standards and technological changes. If we fail to adapt successfully to technological changes or fail to obtain access to important new technologies, we may be unable to retain customers or attract new customers. Any decrease in demand for our products, due to the emergence of competing technologies, changes in customer preferences and requirements or otherwise, could adversely affect our business, results of operations and prospects.

The markets in which we compete have historically been cyclical and have experienced fluctuations of average selling prices that have materially adversely affected, and may in the future materially adversely affect, our business, results of operations and financial condition.

Historically, the markets in which we compete have been cyclical and have experienced both downturns and upturns. The downturns have been characterized by diminished product demand, production overcapacity, high inventory levels and decreasing selling prices and inventory values while upturns showed increasing market demand outpacing available supply and increasing selling prices. Such market volatility has resulted in significant fluctuations in our average selling prices and gross margins, which improved rapidly during industry upcycles and declined during downturns. According to CIC, during the Track Record Period, the price of memory wafers fluctuated significantly. NAND Flash and DRAM wafer prices declined by approximately 45% and 40%, respectively, in 2023, but rebounded by approximately 57% and 51%, respectively, in 2024. In 2025, the market remained weak in the first half of 2025 but subsequently recovered and strengthened since the third quarter driven by the stabilization of global memory product inventory levels and increased demand of AI-related applications. Accordingly, the cyclical nature of the market has had, and may continue to have, a material adverse effect on our business, results of

operations and financial condition. In particular, we incurred a net loss of RMB837.3 million for the year ended December 31, 2023, primarily attributable to (i) sustained weak demand in our end markets, which led to significant declines in memory product prices, and (ii) an increase in operating expenses, largely due to increased investment in R&D. We also incurred a net loss of RMB149.2 million in the four months ended April 30, 2025, primarily due to the relatively lower gross profit margin resulting from (i) the continued slow recovery of downstream end markets, and (ii) continued de-stocking efforts by downstream customers since the second half of 2024, which collectively led to a decline in memory wafer prices and memory product prices in early 2025, extending the downward pressure on selling prices that emerged in the third quarter of 2024, which negatively affected our profitability during this period. For details, see "Financial Information — Description of Major Components of Our Results of Operations". While we recorded net profits of RMB505.2 million, RMB1,497.8 million and RMB6,427.2 million in 2024, 2025 and the four months ended April 30, 2026, respectively, primarily due to the increased memory product prices driven by overall market demand outpacing available supply, our results of operations could be materially and adversely affected in the event of another market downturn. The semiconductor memory market showed rapid expansion since the third quarter of 2025, supported by substantial memory demand from AI-related applications and data center infrastructure construction. Accordingly, our gross profit and gross profit margin improved significantly from the four months ended April 30, 2025 to the four months ended April 30, 2026, with gross profit margin increased from 9.1% to 57.5%. Economic downturns often have had an adverse effect upon manufacturers and end-users of electronics products. The timing of new product developments, the lifecycle of existing electronics products and the level of acceptance and growth of new products can also affect demand for our products. Downturns in the markets we serve could have a significant negative impact on the demand for our products. Additionally, due to changing conditions, our customers have experienced and may in the future experience periods of excess inventory that could have a significant adverse impact on our sales. During an industry downturn, there is also a higher risk that some of our trade and bills receivables become delinquent or even uncollectible and that our inventory would decrease in value. We cannot predict the timing or the severity of the cycles within our industry. In particular, it is difficult to predict how long and to what levels any industry upturn or downturn, or general economic strength or weakness, will last or develop.

The demand for our products is largely driven by the demand for downstream devices and end applications such as smartphones, computers, server, automotive electronics, robotics, and other industrial and consumer electronics. Sales of our products are dependent on demand in these markets. From time to time, these markets have experienced cyclical downturns, often in connection with, or in anticipation of, declines in general economic conditions, and we may experience substantial period-to-period fluctuations in our operating results due to factors affecting these markets. Changes in end-user demand for our customers' products could have a material adverse effect on demand for our products, particularly if the customer has accumulated excess inventories of products purchased from us or from competitors selling similar products. Reduced demand for our products could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, our industry has historically experienced fluctuations of prices. In 2023-2024, as the market recovered and demand grew, per-GB unit prices rose across the board. The price for each of our product lines experienced a relatively significant decrease in 2023, followed by a rebound from 2023 to 2024 and then a slight decrease from 2024 to 2025 across product lines except DIMM, and a significant increase from the four months ended April 30, 2025 to the four months ended April 30, 2026 across all product lines, which aligns with the industry-wide fluctuation of the semiconductor memory sector. For example, the average selling price of embedded storage products increased from RMB0.39 per GB in 2023 to RMB0.73 per GB in 2024, and decreased to RMB0.66 per GB in 2025, and further increased to RMB1.83 per GB in the four months ended April 30, 2026 (as compared to RMB0.61 per GB in the four months ended April 30, 2025). For more information on average selling price for each of our product lines, see "Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Product" in this prospectus. If not accompanied by increases in demand, supply increases usually result in

significant declines in component prices and, in turn, declines in the average selling prices and profit margins of our products. During periods of overcapacity, our net sales may decline if we fail to increase sales volume of existing products or to introduce and sell new products in quantities sufficient to offset declines in selling prices. Our efforts to increase sales or to introduce new products to offset the impact of declines in average selling prices may not be successful.

Our operating history may not be a reliable predictor of our prospects and future results of operations.

We incurred a net loss of RMB837.3 million for the year ended December 31, 2023 and RMB149.2 million in the four months ended April 30, 2025. Our future profitability will depend on a variety of factors, including the expansion of our business, product mix, performances of our products and services, price of raw materials, depreciation and amortization, competitive landscape, customer preference and macroeconomic and regulatory environment. Therefore, our revenues may not grow at the rate we expect and it may not increase sufficiently to offset any increase in our expenses. We may incur losses again in the future and we cannot assure you that we will achieve our intended profitability every year.

Our gross profit and gross profit margin improved significantly from the four months ended April 30, 2025 to the four months ended April 30, 2026, with gross profit margin increased from 9.1% to 57.5%, primarily due to the increased memory product prices. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. We cannot assure you that we will be able to achieve similar results or grow at the same rates as we did in the past. Our revenue growth may slow down or even decline in the future for a number of reasons, including slowing demand for our products, intensified competition, material changes in technology, declining growth rate of our total addressable market, and our failure to continue to take advantage of growth opportunities. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully.

Risks that we face in undertaking this expansion include, among others, (i) managing a larger organization with a greater number of employees in different geographic locations; (ii) managing our supply chain to support fast business growth; (iii) controlling expenses and investments in anticipation of expanded operations; (iv) establishing or expanding R&D, sales and service facilities; (v) implementing and enhancing administrative structure systems and processes; (vi) executing our strategies and business initiatives successfully; (vii) changes in memory products prices or the selling prices of our products; (viii) improving our operational, financial and management controls, compliance programs and reporting systems; and (ix) addressing new markets and potentially unforeseen challenges as they arise.

To effectively manage the expected growth of our operations, we will also be required to improve our operational, financial and management controls and reporting systems and procedures to match this growth. Our current and planned staffing, systems, policies, procedures and controls may not be adequate to support our future operations. If we fail to efficiently manage the expansion of our business or improve our operational efficiency, our costs and expenses may increase faster than we planned and we may not respond timely to competitive challenges or otherwise successfully execute our business strategies. Our product portfolio may continue to change in the future, affecting our revenue mix, and this may have an adverse impact on our profit margin. Our growth requires significant financial resources and place significant demands on our management. If we fail to effectively manage the growth of our business and operations, our reputation, overall prospects and results of operations could be negatively impacted.

We face competition and expect competition to increase in the future. If we fail to compete effectively, our revenue growth and results of operations will be materially and adversely affected.

The global semiconductor market in general, and the semiconductor memory market in particular, are highly competitive. We have a market share of 1.2% in the global memory product market in 2025. We expect competition to increase and intensify as other semiconductor companies enter our markets, many of which may have greater financial and other resources with which to pursue technology development, product design, manufacturing, marketing and sales and distribution of their products. Increased competition could result in price pressure, reduced profitability and loss of market share, any of which could materially and adversely affect our business, revenue and operating results. Currently, our competitors range from large, international companies offering a wide range of semiconductor products to companies offering other specialized or alternative emerging memory technologies. In addition, as opportunities in the semiconductor market grow, we expect that new entrants will enter these markets and existing competitors, including leading semiconductor companies, may increase their investments in order to compete more effectively against our products. These competitors could develop technologies that would render our products or technologies uncompetitive or obsolete.

Our ability to compete successfully depends on factors both within and outside of our control, including (i) the functionality, performance and pricing of our products relative to those of our competitors; (ii) our relationships with our customers and other industry participants; (iii) our ability to develop innovative products; (iv) our ability to retain high-level talent, including our management team and engineers; and (v) the actions of our competitors, including merger and acquisition activity, new product launches and other actions that could change the competitive landscape.

Competition could result in pricing pressure, reduced revenue and profitability and loss of market share, any of which could materially and adversely affect our business, results of operations and prospects. In the event of a market downturn, competition in the markets in which we operate may intensify as our customers reduce their purchase orders. Our competitors that are significantly larger and have greater financial, technical, marketing, distribution, customer support and other resources or more established market recognition than us may be better positioned to accept lower prices and withstand adverse economic or market conditions.

We have been and intend to continue investing heavily in our R&D and such investments may not yield the results we expect.

Our future growth depends on penetrating new markets, adapting existing products to new applications and customer requirements, and introducing new products that achieve market acceptance. We have been and intend to continue investing heavily in, and potentially increasing, R&D as part of our efforts to design, develop, back-end manufacture and commercialize new products and enhance existing products. Our R&D expenses were RMB593.7 million, RMB910.3 million, RMB1,047.8 million, RMB304.5 million and RMB374.6 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively.

The semiconductor memory industry is experiencing rapid technological changes, and we may need to invest significant resources in R&D to advance our technologies to remain competitive in the market. In addition, we may encounter challenges in adapting our products to new wafer fabrication process technologies or in achieving higher levels of design integration. The transition of our products to new process requires us from time to time to modify the design processes for our products and to redesign some products, we may face difficulties, delays and increased expense as we migrate to new designs and production processes, which in turn may result in delays in product deliveries. Therefore, we expect that our research and development expenses will continue to be significant. Furthermore, R&D activities are inherently uncertain, and there can be no assurance that we will continue to achieve technological breakthroughs and successfully commercialize such

breakthroughs. As a result, our significant expenditures on R&D may not generate corresponding benefits. If our R&D efforts fail to keep up with the latest technological developments, we would suffer a decline in our competitive position.

We depend on a limited number of suppliers for our major raw materials and services. Any significant disruption in the supply of raw materials or services could adversely impact our business, financial condition and operating results.

We are dependent upon a limited number of suppliers for certain materials, including certain critical components, we use in producing our products. For example, our major raw materials include memory wafers. The memory wafer industry is highly concentrated, which makes our suppliers relatively concentrated. During the Track Record Period, memory wafers accounted for the largest portion of our total procurement, while no single supplier accounted for more than 16% of our total purchases in each year/period during the Track Record Period. During the Track Record Period, our purchases from our five largest suppliers accounted for 48.6%, 50.0%, 52.0% and 63.3% of our total purchases in 2023, 2024 and, 2025 and the four months ended April 30, 2026, respectively, while our purchase from the largest supplier accounted for 13.9%, 11.4%, 14.5% and 15.5% of our total purchases, respectively, for the same periods. A majority of our top five suppliers during the Track Record Period are overseas suppliers including those in the United States, South Korea and Taiwan China, for supply of memory wafers, controller chips and fabrication services. In particular, we rely on the fabrication services provided by a limited number of fabs in Taiwan China and South Korea. If any of them terminate, suspend or reduce their services to us, we may not be able to cost-effectively and quickly find alternative fabrication services providers to satisfy our requirements. The semiconductor industries in these jurisdictions are subject to evolving laws, regulations and policies, including export controls, sanctions, trade policies, tariffs and industrial policies. Any changes to, or new interpretation of, such laws, regulations or policies may restrict or otherwise adversely affect the ability of our suppliers to provide products or services to us, or our ability to conduct cross-border transactions in these jurisdictions. Any interruptions in these suppliers' operations, any failure to accommodate our fast-growing business scale, termination or suspension of supply arrangements, change in procurement terms, deterioration of cooperative relationships, or disputes with our third-party suppliers may materially and adversely affect our results of operations. Furthermore, supply may also be interrupted by accidents, disasters, geopolitical instability, sanctions or export control measures imposed by foreign governments or other unforeseen events beyond our control. We may not be able to identify and secure alternative sources on a timely basis or on commercially reasonable terms to deliver products to customers in the required quantities and at commercially viable prices and there is no guarantee that we will be able to pass on the increase in costs to customers. If we could not address the impact of interruption to the operations of our third-party suppliers or service providers, our business operations and financial results may be materially and adversely affected.

We may face claims of intellectual property infringement, which could be time-consuming, costly to defend or settle, result in the loss of significant rights, harm our relationships with our customers and distributors, or otherwise materially adversely affect our business, financial condition and results of operations.

The semiconductor memory product industry is characterized by companies that hold patents and other intellectual property rights and that vigorously pursue, protect and enforce intellectual property rights. These companies include patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own patents may provide little or no deterrence. From time to time, third parties may assert against us and our customers' patent and other intellectual property rights to technologies that are important to our business.

Claims that our products, processes or technology infringe third-party intellectual property rights, regardless of their merit or resolution, could be costly to defend or settle and could divert the efforts and attention of our management and technical personnel. We may also be obligated to indemnify our customers or business partners in connection with any such litigation, which could

result in increased costs. Infringement claims also could harm our relationships with our customers or distributors and might deter future customers from doing business with us. If any such proceedings result in an adverse outcome, we could be required to: (i) cease the production, use or sale of the infringing products, processes or technology; (ii) pay substantial damages for infringement; (iii) expend significant resources to develop non-infringing products, processes or technology, which may not be successful; (iv) license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all; (v) cross-license our technology to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; or (vi) pay substantial damages to our customers to discontinue their use of or to replace infringing technology sold to them with non-infringing technology, if available.

Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations. Furthermore, our exposure to the foregoing risks may also be increased as a result of acquisitions of other companies or technologies. For example, we may have a lower level of visibility into the development process with respect to intellectual property or the care taken to safeguard against infringement risks with respect to the acquired company or technology. In addition, third parties may make infringement and similar or related claims after we have acquired technology that had not been asserted prior to the acquisition.

As of the Latest Practicable Date, we were involved in certain patent infringement proceedings initiated by Micron Technology, Inc. ("**Micron**"), one of our top suppliers during the Track Record Period, alleging that, inter alia, certain NAND flash memory dies and SSD products sold by us and other named defendants in Germany, France and the United Kingdom infringe certain European patents of the claimant (the "**IP Proceedings**"), where Yangtze Memory Technologie Co., Ltd. ("**YMTC**"), our another top supplier during the Track Record Period, is the manufacturer of the litigation-related memory dies that are incorporated into the accused products sold by us. These IP Proceedings are one of those disputes between Micron and YMTC. The IP Proceedings are currently at a very early stage, and in case of any adverse rulings against us, we may be required to (a) cease offering and distributing products with allegedly infringing components in Germany, France and United Kingdom; (b) adopt measures to recall, remove and/or destruct these products; and/or (c) ordered to pay monetary damages. Since the IP Proceedings are still at a very early stage and it is still uncertain regarding the results of the IP Proceedings at this stage, our business relationship with Micron may be adversely affected due to the IP Proceedings, and the customary indemnity arrangement with YMTC may not be sufficient to fully cover the potential damages suffered by the Group pursuant to the IP Proceedings. See "Business — Legal Proceedings and Compliance — Legal Proceedings" for further details.

Legal proceedings and claims could have a material adverse effect on our business, results of operations, or financial condition.

We may be subject to or involved in lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines relating to our business operations inside and outside China. For further details, see "Business — Legal Proceedings and Compliance — The IP Proceedings" in this prospectus. Lawsuits and other administrative or legal proceedings that may arise during our operations can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Lawsuits and other legal and administrative proceedings may be costly and time consuming and may require a commitment of management and personnel resources that will be diverted from our normal business operations. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our products, regardless of whether the allegations are valid or whether we are ultimately found liable. If any of these happens, our business, financial condition, results of operations or liquidity could be materially and adversely affected. In addition, our Directors, management, Shareholders and employees and their affiliates may from time to time be

subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

We or certain of our Directors or officers may be a target for lawsuits, including putative class action lawsuits brought by Shareholders and lawsuits against our Directors and officers as a result of their position in other public companies. We cannot assure you that we or our Directors or officers will be able to prevail in their defense or reverse any unfavorable judgment on appeal, and we and our Directors or officers may decide to settle lawsuits on unfavorable terms. Any adverse outcome of these cases, including any plaintiffs' appeal of the judgment in these cases, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus materially and adversely affect our business, financial condition, results of operations, cash flows and reputation. Moreover, even if we or our Directors or officers eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial performance.

We are subject to anti-corruption, AML, anti-bribery and other relevant laws and regulations in the jurisdictions where we operate. We may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial conditions and results of operations. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations. Given the uncertainty, complexity and scope of many of these litigation matters, their outcome generally cannot be predicted with a reasonable degree of certainty. Therefore, our provision for such matters may be inadequate. Moreover, even if we eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm, which could have a material and adverse effect on our prospects and future growth, including our ability to attract new business partners and customers, expand our relationships with governmental regulators and industry groups and recruit and retain employees and agents.

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

We make planning and spending decisions, including determining production levels, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimates of product demand and customer requirements. Our products are typically purchased pursuant to purchase orders. While our customers may provide us with their demand forecasts, they are not contractually committed to buy any quantity of products beyond purchase orders. The possibility of unexpected changes in the demand for their products could reduce our ability to accurately estimate future customer requirements. Occasionally, customers may require rapid increases in production, which could strain our resources, necessitate more onerous procurement commitments. If we overestimate customer demand, we may accumulate excess inventory, which could result in decreases in our prices or write-downs of unsold inventory. Conversely, if we underestimate customer demand or are unable to secure sufficient production capacity, we could miss sales opportunities, lose market share or damage our customer relationships. The rapid pace of innovation in our industry could also render significant portions of our inventory obsolete. Excess or obsolete inventory levels could result in unexpected expenses or inventory write-downs that could adversely affect our business, operating results and financial condition.

Our growth depends on the growth and development of the markets served by our customers, and if the market does not develop as we expect, our business prospects may be harmed.

Demand for our products is dependent upon, among other things, our penetration in the global semiconductor memory product market and demand in the markets served by our customers, including smartphones, computers, server, automotive electronics, robotics, other industrial and consumer electronics and AI-related applications, which are nascent and characterized by rapidly changing technologies, devices and connectivity requirements, evolving industry standards and changing customer demands. The proliferation of AI technologies, uptick in AI-related applications, upgrades in consumer electronics and expansion in data centers, connected vehicles, robotics and the IoTs have driven significant data growth, and fueled the global demand for semiconductor memory products.

Such growth is influenced by various factors, including the continued expansion of mobile operator networks and the Internet to connect an increasing number and variety of devices, price reductions for key hardware and software components which contributes to the widespread application of such components, innovations in technology towards more efficient and low-power formats, the continued capital expenditure on AI infrastructure development, and the ongoing development of industry standards and protocols. Without these continued advancements, technologies such as AI, electronics, IoTs, cloud computing, and autonomous driving might not achieve widespread market acceptance, potentially impacting our business negatively. Additionally, evolving business practices and changing consumer preferences may also slow the growth and development of these industries. Since our revenue growth ultimately depends on the success of these sectors, our business may suffer if there is a slowdown or decline in their adoption. Even if these industries do develop, we may not be well-positioned or able to penetrate and capitalize on these new markets. As a result of these factors, the future revenue and income potential of our business is uncertain.

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

As a semiconductor memory products enterprise, memory wafers represent our most significant raw material costs. Therefore, changes in the availability and prices of raw materials, particularly memory wafers, have a significant impact on our results of operations. For the years ended December 31, 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, costs of raw materials accounted for 85.2%, 86.7%, 88.1%, 87.7% and 90.2% of our cost of sales, respectively. During the Track Record Period, we have experienced fluctuations in the cost of our raw materials. According to CIC, the price of NAND Flash wafers decreased by approximately 45% in 2023, rebound by approximately 57% in 2024 compared to 2023, while the price of DRAM wafers decreased by approximately 40% in 2023, rebound by approximately 51% in 2024 compared to 2023. In 2025, the market remained weak in the first half of 2025 but subsequently recovered and strengthened since the third quarter, driving a significant increase in wafer prices, according to CIC. For the movements of price of raw materials during the Track Record Period, see "Industry Overview — Global Semiconductor Memory Wafer Price Trend Analysis" in this prospectus. For the estimated impact of fluctuations in prices of raw materials, see "Financial Information — Major Factors Affecting Our Results of Operations — Fluctuation in Prices of Raw Materials and Supply Chain Management" in this prospectus. The current or expected supply of our key raw materials may fluctuate depending on a number of factors beyond our control, including but not limited to the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters and other factors. If wafer prices remain high or continue to increase, our margins, business and financial performance may be adversely affected.

In the four months ended April 30, 2026, the sales volume across all of our product lines experienced decreases compared to the same period of 2025, primarily due to (i) the rapid increase in prices during this period, which reduced certain price-sensitive customers' ability and willingness to procure our products, with some customers deferring purchases or downgrading specifications in response to changing demand patterns, and (ii) given that the sharp increase in the unit cost of DRAM and NAND Flash wafers in the first half of 2026, the average selling prices of certain products did not rise as quickly as wafer prices because certain customers were not able to afford higher memory product costs. As a result, total customer purchase orders decreased in volume. Accordingly, we prioritized supply for strategically important and higher-margin customers to preserve profitability and reduced the scale of our memory wafer purchases, which consequently reduced the volume of products supplied to our customers. Any shortages or delay in the supply of our raw materials could result in occasional price adjustments or cause delays in our production and delivery to customers. We cannot guarantee we will not in the future experience price fluctuations and supply shortages of raw materials. There is no guarantee that we will be able to find alternate sources of supply in a timely manner and with reasonable price, or at all. If we are unable to keep up with demand for our products due to the failure to supply the raw materials we need, our customers may reduce, delay or cancel their orders and our business could be adversely affected.

If we fail to acquire new customers or retain existing customers, our business, financial conditions and results of operations may be materially and adversely affected.

At the core of our growth strategy is our commitment to reinforcing relationships with existing, large-scale global customers while continuously broadening our customer base by bringing in new leading enterprise across different industries for our products and enhancing our brand recognition. Our B2B customers primarily include renowned ODMs, electronics manufacturers, automotive companies and retailers worldwide. We have invested in branding, sales and marketing to acquire and retain customers since our inception. We incurred selling and distribution expenses of RMB482.0 million, RMB772.1 million, RMB885.6 million, RMB268.9 million and RMB272.5 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026 respectively. There is no guarantee that new customers will stick with us or that the net profits from new customers will cover the expenses of acquiring them.

In 2023, 2024, 2025 and the four months ended April 30, 2026, revenue generated from our five largest customers accounted for 34.6%, 36.8%, 29.0% and 28.3% of our total revenue, respectively. In 2023, 2024, 2025 and the four months ended April 30, 2026, revenue generated from our largest customers accounted for 11.0%, 14.0%, 7.6% and 7.5% of our total revenue, respectively. For details, see "Business — Our Customers." Any significant reduction in sales to our top customers could have a significant negative impact on our business, financial condition and operating results. Furthermore, changes in forecasts or the timing of orders from our top customers, which may be outside of our control, could cause our operating results to fluctuate. Our existing customers may decline materially or their demand may fluctuate as a result of many factors, including, among other things, dissatisfaction with the performance, quality or price of our products, negative publicity related to our brands, or alternative products offered by our competitors. If we are unable to retain our existing customers or to acquire new customers in a cost-effective manner, our business, financial conditions and results of operations may be adversely affected.

We have recorded net operation cash outflow in the past, and our liquidity, financial condition and prospects may be adversely affected if we continue to record net operation cash outflow in the future.

For the years ended December 31, 2023, 2024 and 2025, we had net cash outflow used in operating activities of RMB2,798.4 million, RMB1,189.7 million and RMB1,201.2 million, respectively. We recorded net cash generated from operating activities of RMB89.9 million in the four months ended April 30, 2025, and net cash used in operating activities of RMB2,947.5 million in the four months ended April 30, 2026. For details, see "Financial Information — Liquidity and Capital Resources — Cash Flow Analysis" in this prospectus. There is no assurance that we will not

experience net cash outflows from our operating activities in the future. In the event that we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity, financial condition and prospects may be adversely affected. We cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to obtain additional cash, we will incur additional financing costs, and we cannot assure you that we will be able to obtain the financing on terms acceptable to us, or at all.

We rely on third parties to package, test and produce certain of our products in addition to our own factories, which exposes us to a number of risks, including reduced control over production and delivery timing and potential exposure to price fluctuations, which could result in a loss of revenue or reduced profitability.

In addition to our own factories, we outsource certain packaging, testing, SMT and assembly of our products to third-party foundries, OSAT service providers and EMS providers. Relying on third-party packaging, testing, SMT and assembly presents a number of risks, including but not limited to (i) capacity and raw material shortages during periods of high demand; (ii) reduced control over delivery schedules, inventories and quality; (iii) geopolitical changes, import, export and tariff policies; (iv) the unavailability of, or delays in obtaining access to, key process technologies; (v) the inability to achieve required production capacity and acceptable yields on a timely basis; (vi) misappropriation of our intellectual property; (vii) service providers' inability to perform their obligations due to bankruptcy or other financial constraints; (viii) wrongdoing or misconduct by them or their employees; and (ix) potential increases in prices.

Any of the foregoing risks may affect our ability to meet customer demand.

We typically negotiate pricing on a per purchase order basis. Therefore, our suppliers and service providers are not obligated to perform services for any period, quantities or price outside of a particular purchase order. During periods of high demand and tight inventories, our third-party foundries, OSAT services providers and EMS providers may allocate capacity or service capability to the production of other companies' components while reducing deliveries to us, or significantly raise their prices. In particular, they may allocate capacity to other customers that are larger and better financed than us, decreasing the supply available to us. Shortages of capacity available to us may be caused by the actions of their other, large customers that may be difficult to predict, such as major product launches. If we need other foundries, OSAT services providers or EMS providers because of increased demand, or if we are unable to obtain timely and adequate deliveries from our providers, we might not be able to cost-effectively and quickly find other vendors to satisfy our requirements. Because the lead-time needed to establish a relationship with a new third-party supplier could be several quarters, there is no available alternative source of supply for any specific component. In addition, the time and expense to qualify a new foundry could result in additional expense, diversion of resources or lost sales, any of which would negatively impact our financial results.

If any of our current or future foundry partners, OSAT services providers or EMS providers significantly increases the costs of wafers or other materials or service fees, or if any of our relationships with our suppliers is terminated, our operating results could be adversely affected. Such occurrences could also damage our customer relationships, result in lost revenue, cause a loss in market share or damage our reputation.

Changes to industry standards and technical requirements relevant to our products and markets could adversely affect our business, results of operations and prospects.

Many of our products form parts of larger electronic systems. Products incorporated into these systems must comply with various industry standards and technical requirements created by regulatory bodies or industry participants in order to operate efficiently together. Industry standards and technical requirements in our markets, such as those developed by JEDEC, are evolving and may change significantly over time. In addition, large industry-leading semiconductor and electronics companies play a significant role in developing standards and technical requirements for the product ecosystems within which our products can be used. Our customers also may design certain specifications and other technical requirements specific to their products and solutions. These technical requirements may change as customers introduce new or enhanced products and solutions.

Our ability to compete in the future will depend on our ability to identify and comply with evolving industry standards and technical requirements. The emergence of new industry standards and technical requirements could render our products incompatible with products developed by other suppliers or make it difficult for our products to meet the requirements of certain of our customers in consumer, industrial, automotive and other markets. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our products to ensure compliance with relevant standards and requirements. If our products are not in adherence to prevailing industry standards and technical requirements for a significant period of time, we could miss opportunities to achieve crucial design wins, our revenue may decline and we may incur significant expenses to redesign our products to meet the relevant standards, which could adversely affect our business, results of operations and prospects.

If sales of our customers' products decline or if their products do not achieve market acceptance, our business and operating results could be adversely affected.

Our revenue depends on our customers' ability to commercialize their products successfully. The markets for our customers' products are extremely competitive and are characterized by rapid technological change. Competition in our customers' markets is based on a variety of factors including price, performance, product quality, marketing and distribution capability, customer support, name recognition and financial strength. As a result of rapid technological change, the markets for our customers' products are characterized by frequent product introductions, short product life cycles, fluctuating demand and increasing product capabilities. As a result, our customers' products may not achieve market success or may become obsolete. We cannot assure you that our customers are able to dedicate the resources necessary to promote and commercialize their products, successfully execute their business strategies for such products, or be able to manufacture such products in quantities sufficient to meet the demand or cost-effectively manufacture products at a high volume. Moreover, our customers may develop internally, or in collaboration with our competitors, technology that they may utilize instead of the technology available to them through us. Our customers' failure to achieve market success for their products, including as a result of general declines in our customers' markets or industries, could negatively affect their willingness to utilize our products, which may result in a decrease in our revenue and negatively affect our business and operating results.

Our revenue also depends on the timely introduction, quality and market acceptance of our customers' products that incorporate our products. Our customers' products are often very complex and subject to design complexities that may result in design flaws, as well as potential defects, errors and bugs. If our customers discover design flaws, defects, errors or bugs in their products, or if they experience changing market requirements, failed evaluations or field trials, or issues with other vendors, they may delay, change or cancel a project which would adversely affect our business and financial results.

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

Prior to selecting and purchasing our products, our customers typically require that our products undergo extensive qualification processes, which involve testing of our products in the customers' products, including testing for reliability. However, obtaining the requisite qualifications for a memory product does not ensure any sales of the product. After our products are qualified and selected, it can take several months or more before a customer commences mass production of products that incorporate our products. Despite these uncertainties, we devote substantial resources, including design, engineering, sales, marketing and management efforts, to ensure our products meet customer requirements and are ready for future sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, expected sales of those products may be precluded or delayed, which may impede our growth and harm our business.

The complexity of our products may lead to errors, defects and bugs, and we may be subject to warranty, product recalls or product liability claims, which could negatively impact our reputation with customers and result in liability.

Products as complex as ours may contain errors, defects and bugs when first introduced to customers or as new versions are released. Delivery of products with production defects or reliability, quality or compatibility problems could significantly delay or hinder market acceptance of the products or result in a costly recall and could damage our reputation and adversely affect our ability to retain existing customers and attract new customers. Errors, defects or bugs could cause problems with the functionality of our products, resulting in interruptions, delays or cessation of sales of these products to our customers. We may also be required to make significant expenditures of capital and resources to resolve such problems. We cannot assure you that problems will not be found in new products, both before and after commencement of commercial production, despite testing by us, our suppliers or our customers. Any such problems could result in (i) delays in development, production and roll-out of new products; (ii) additional development costs; (iii) loss of, or delays in, market acceptance; (iv) diversion of technical and other resources from our other development efforts; (v) claims for damages by our customers or others against us; and (vi) loss of credibility with our current and prospective customers.

Any such event could have a material adverse effect on our business, financial condition and results of operations.

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

In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, 45.1%, 42.4%, 36.1%, 41.0% and 42.4% of our revenue was generated from our distributors, respectively. As of December 31, 2023, 2024, 2025 and April 30, 2026, we had 147, 149, 172 and 176 distributors, respectively. See "Business — Sales, Distribution and Marketing — Distributor Sales" for further details. We have limited control over the operations and actions of our distributors. We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach our agreements and policies. We cannot assure you that our distributors will be successful in marketing, selling and supporting our products. Furthermore, we cannot assure you that our distributors will always be compliant with relevant laws, regulations or our distributorship agreements. If our distributors breach the distribution agreements, fail to maintain the requisite licenses, permits or approvals or comply with applicable regulatory requirements when selling our products, improperly use our brands, products or intellectual property rights, it could damage our reputation and brand image, undermine customers' confidence in us and reduce their long-term demands for our products.

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

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

In the past, we have grown our business through acquisitions and we may in the future seek to acquire or invest in businesses, products or technologies. During the Track Record Period, we acquired equity interest in Powertech Suzhou and SMART Brazil and also conducted external equity investments. Such acquisitions or investments could create risks for us, including (i) difficulties in assimilating acquired personnel, operations and technologies or realizing synergies expected in connection with an acquisition, particularly with acquisitions of companies with large and widespread operations, complex products or that operate in markets in which we historically have had limited experience; (ii) unanticipated costs or liabilities, including possible litigation, associated with the acquisition; (iii) incurrence of acquisition-related costs; (iv) diversion of management's attention from other business concerns; (v) use of resources that are needed in other parts of our business; (vi) use of substantial portions of our available cash to consummate an acquisition; (vii) overvaluation of acquisition targets based on inaccurate assumptions or projections; (viii) difficulties in integrating acquired brands and maintaining their market positioning and customer loyalty; and (ix) failure to realize anticipated benefits, synergies, cost savings or operational efficiencies from such acquisitions and investments.

A significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill, which must be assessed for impairment at least annually. If such acquisitions do not yield expected returns, we may be required to recognize impairment loss for goodwill based on impairment assessment process, which could harm our results of operations. International acquisitions would involve unique risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries or regions.

Any future investment or acquisition could be material to our business, financial condition and operating results. We may be unable to complete acquisitions at all or on commercially reasonable terms, which could limit our future growth. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of additional debt, which could adversely affect our operating results and result in a decline in our stock price and further restrict our ability to pursue business opportunities, including potential acquisitions. In addition, if an acquired business fails to meet our expectations, our operating results may suffer.

We may make additional impairment loss on our assets.

During the Track Record Period, we conducted regular review and impairment assessment on carrying amounts of our goodwill, property, plant and equipment, right-of-use assets and intangible assets with infinite 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. In particular, according to our accounting policies, we may only retain an asset when it is capable of generating enough cash to pay for itself and, preferably, produce some profit, failing which, its carrying amount would have to be reduced to reflect the loss of capability to produce cash and profit. Such test involves business judgement of our management, which is subjective in nature and subject to inherent limitations and risks. Please also see Note 3 to the Accountants' Report in Appendix I to this prospectus".

In addition, as of December 31, 2023, 2024, 2025 and April 30, 2026 we recorded goodwill of RMB868.7 million, RMB794.0 million, RMB820.2 million and RMB845.6 million, respectively, which primarily arose from the acquisitions of Powertech Suzhou and SMART Brazil. The value of goodwill is based on a number of assumptions made by the management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and record a significant impairment loss. Any significant impairment of goodwill or other intangible assets could have a material adverse effect on our results of operations and financial position.

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

In order to operate our business effectively and meet the procurement demands and expectations of our clients, particularly our major clients, we must maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. As of December 31, 2023, 2024, 2025 and April 30, 2026, we had inventories of RMB5,893.2 million, RMB7,833.2 million, RMB11,677.7 million and RMB21,343.7 million, respectively. In 2023, 2024, 2025 and the four months ended April 30, 2026, our inventory turnover days were 182.2 days, 170.4 days, 190.7 days and 317.2 days, respectively. The large amount of inventory may further increase as our business scale expands. We are committed to adopting a flexible approach to inventory management, adjusting our inventory levels in response to market demand fluctuations. When market demand increases, we correspondingly raise our inventory levels to ensure supply stability. However, such an approach is inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. We cannot assure you that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. Furthermore, if we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

As of December 31, 2023, 2024, 2025 and April 30, 2026, we recorded provision of inventories of RMB120.1 million, RMB235.9 million, RMB76.0 million and RMB80.5 million, respectively. Demand forecasts are inherently uncertain despite supply chain management mechanisms due to a number of factors, such as launch of new products, pricing, changes in customer procurement decisions and evolving preferences of consumers of memory products, each of which may affect the accuracy of any forecast. We may record impairment losses from time to time in accordance with our impairment policies. Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

We are exposed to risks associated with our global presence and will continue to be subject to such risks when we expand our business overseas.

We have operating subsidiaries in (a) Chinese Mainland, (b) Hong Kong, China, (c) Taiwan, China, (d) Brazil, (e) the United States, (f) UAE, (g) the Netherlands, and (h) Japan. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our revenue from Chinese Mainland amounted to RMB2,318.7 million, RMB5,038.8 million, RMB7,547.9 million, RMB1,823.3 million and RMB4,426.5 million representing 22.9%, 28.9%, 33.2%, 29.7% and 30.1% of our total revenue. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our overseas sales amounted to RMB7,806.4 million, RMB12,424.8 million, RMB15,218.3 million, RMB4,317.7 million and RMB10,280.1 million, representing 77.1%, 71.1%, 66.8%, 70.3% and 69.9% of our total revenue, in which we recorded revenue from Hong Kong, China of RMB4,597.6 million,

RMB5,485.7 million, RMB5,623.5 million, RMB1,729.2 million and RMB4,303.3 million respectively. See the section headed "Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Geographic Location" in this prospectus for more information relating to our sales and purchases in major countries or regions. We may be subject to the following risks: (i) challenges in providing products, services and support, in recruiting personnel in international markets, and in managing sales channels and distribution networks effectively; (ii) revenue fluctuation from period to period in the future due to unfavorable market conditions, intensified competition, unattractive products and services, downward pressure on our selling price and any other inherent risks associated with our international business operations; (iii) challenges in commercializing our products in new markets where we have limited experience with the local market dynamics and no existing or developed sales, distribution and marketing infrastructure; (iv) difficulties in dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain permits, licenses and approvals necessary to manufacture or import, market and sell products in or to various jurisdictions; (v) potentially reduced protection for our intellectual property rights and potential breach of third-party intellectual rights; (vi) differences in accounting treatment in different jurisdictions, potential adverse tax implications and foreign exchange losses; (vii) inability to effectively enforce contractual or legal rights; and (viii) changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant jurisdictions.

If we are unable to effectively avoid or mitigate these risks, our ability to expand in international markets will be impaired, or our international business may not be able to achieve or sustain profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

During the Track Record Period, we carried out certain intra-group transactions among our subsidiaries in the PRC and overseas. We have adopted transfer pricing arrangements to regulate these transactions. We have determined transfer prices that our Directors believe are comparable prices that would be charged by unrelated third parties dealing with each other on an arm's length basis. Please refer to the section headed "Business — Transfer Pricing Arrangements" in this prospectus for further details. However, these transactions and cross border business arrangements during the ordinary course of business may introduce uncertainty over our Group's profit allocation and its respective tax position across different jurisdictions or different provinces within the PRC. The tax treatments of these transactions or arrangements may be subject to the interpretation by respective tax authorities in different countries, regions or different provinces in the PRC. There is no assurance that tax authorities would share the same view, or such laws and regulations will not be modified. In the event that an authority of any relevant jurisdiction determines that such intra-group transactions were not on an arm's length basis that affect taxable income, such authority could require our relevant subsidiaries to re-determine the transfer prices and thereby adjust revenue, deduct costs and expenses or adjust taxable income of the relevant subsidiary in order to accurately reflect the taxable income. Any such adjustment could result in higher overall tax liability for us, which may adversely affect our business, financial condition and results of operations.

Our global operations expose us to numerous and different legal and regulatory requirements, and violation of these regulations could harm our business.

We are subject to numerous legal regimes on matters as diverse as anti-corruption, import or export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, immigration, internal and disclosure control obligations, securities regulation, anti-competition, data privacy and labor relations. This includes in emerging markets where legal systems may be less developed or familiar to us. In particular, the legal framework can vary significantly across jurisdictions and that regulations are highly complex. The interpretation and implementation of relevant laws and regulations and the enforcement practices by relevant governmental authorities are still in development. See "Regulatory Overview" in this prospectus for more information relating to the legal and regulatory requirements from different jurisdictions. Compliance with diverse legal

requirements is costly, time consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with the performance of our obligations to our customers or suppliers also could result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to process information and allegations by our customers or suppliers that we have not performed our contractual obligations. Due to the varying degrees of development of the legal systems of the countries in which we operate or sell, local laws might be insufficient to protect our rights.

The global economic conditions, political instability, and changes in diplomatic and trade relationships could negatively affect our operating results and cause fluctuations in demand for our products.

Our operating results are directly affected by the general global economic conditions of the industries in which our major customers operate. Some of our business segments are highly dependent on the economic and market conditions in each of the geographic areas in which we operate. The global economic conditions varies by geographic segment and can result in substantial volatility in global credit markets. For example, the current tensions in international trade and rising political tensions, particularly those among the major global economies and those targeting the industry that we operate in, could result in stricter export controls on chips and/or semiconductors. In addition, the recent tensions have led to the introduction of higher tariffs on various goods traded in multilateral trade, including high-technology goods, semiconductors and electronics. Since February 2025, the U.S. proposed to impose multiple rounds of tariffs on a wide range of goods imported from multiple countries, including China, and China responded with retaliatory tariffs. On February 20, 2026, the U.S. Supreme Court held that the International Emergency Economic Powers Act (the "**IEEPA**") does not authorize the President to impose tariffs, including the reciprocal and fentanyl-related tariffs. Effective from February 24, 2026, the U.S. customs authority has ceased to collect these tariffs. Meanwhile, President Trump issued a proclamation to impose a temporary import surcharge of 10% on all imports to the U.S. effective from February 24, 2026 for a period of 150 days, and later announced this tariff rate would be 15% (the rate of the actual import surcharge may vary, subject to the modification of the relevant rules to effectuate the collection of such surcharge). Although the two countries' trade negotiations are continuing, there is substantial uncertainty regarding any final tariff rates. However, on May 7, 2026, the U.S. Court of International Trade (CIT) determined that these 10% global tariffs, issued under Section 122 of the Trade Act of 1974, are also unlawful. During the Track Record Period, the U.S. tariffs paid by our Group amounted to RMB4.9 million, RMB8.4 million, RMB12.3 million and RMB1.7 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, accounting for less than 0.1% of our total revenue for each of the respective year/period. As advised by our International Sanctions Legal Advisor, given that our exports to the United States are relatively low compared to our total revenue and we do not plan to expand our U.S. exports, U.S. tariffs are unlikely to have a material adverse impact on our business operations. See "Business — Impact on U.S. Tariffs" for details. It is possible that additional trade policy measures including new tariffs, import/export restrictions, or technology controls may be implemented. Any such developments could create additional challenges for a business involving cross-border trade like ours. There is a possibility that the trade restrictions could expand if an agreement to resolve the issues cannot be reached. There is no assurance as to how the trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies. We cannot predict the implications of the ongoing trade tensions and the resulting impact on our industry and the global economy. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, cash flow, results of operations and financial condition.

In addition, our business operations and financial performance could be adversely affected by the political climate and diplomatic relationships in the regions where we operate. Political instability, such as government upheaval, civil unrest, or changes in leadership, can create an unpredictable environment that may disrupt our supply chain, operations, and customer base. Additionally, shifts in diplomatic relationships between countries can lead to changes in trade policies, tariffs, and sanctions, which could adversely affect our ability to import or export goods and services.

We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations, and our business, financial condition and results of operations could be adversely affected.

Our operations may be negatively affected by trade policies, sanctions and export controls regulations administered by the government authorities in the countries in and with which we operate, including, but not limited to, increased duties, taxes and other costs. Margins on sales of our products in certain countries and on sales of products that include components obtained from certain foreign suppliers could be materially and adversely affected by international trade regulations, including duties, tariffs and anti-dumping penalties. In addition to trade policy measures, the United States and certain other governments have imposed sanctions and export controls measures that directly or indirectly affect China-based technology companies. For details, see "Regulatory Overview — Law and Regulations in the United States — Laws and Regulations in relation to International Trade — U.S. Sanctions and Export Control Laws" in this prospectus. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our technology partners' abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition.

In addition to the restrictions introduced by the rules of U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**"), BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations. For example, on September 29, 2025, the BIS issued an immediately effective interim final rule that extended Entity List and Military End-User List restrictions to entities that are 50% or more owned, directly or indirectly, by shareholders on those lists; however, on November 10, 2025, BIS announced that such rule will be suspended for one year till November 9, 2026, following the China-U.S. trade negotiations on October 30, 2025.

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

If new sanctions and export controls measures were to include a complete or more restrictive ban on products sales to certain entities, it could impact not only our ability to continue supplying our products to affected customers, but could also negatively affect our customers' demand for our products, and could even lead to changes in supply chains of our products, to the extent they involve the use of items subject to the Export Administration Regulations, or EAR, or other applicable regulations. During the Track Record Period and up to the Latest Practicable Date, we procured items which are subject to the EAR ("**Procured Items**"), and those Procured Items are classified as Export Control Classification Number ("**ECCN**") 3A991 and EAR99. These Procured Items include U.S.-origin products and other foreign-made products, including those manufactured in South Korea and Taiwan (region). Among the Procured Items, we have procured US-origin items at an amount of RMB11.4 million, RMB123.8 million, RMB255.7 million and RMB129.5 million in 2023, 2024, 2025 and four months ended April 30, 2026, respectively, representing 0.1%, 0.75%, 1.15% and 0.8% of our total procurement for the same period. Our procurement of the Procured Items that are non-U.S origin (i.e., the foreign-made products), amounted to approximately RMB4 billion to RMB11 billion for each year/period of the Track Record Period, representing approximately 35% to 55% of our total procurement for the same year/period. As advised by our International Sanctions Legal Advisor, such procurement did not represent a violation of the applicable U.S. export control laws. However, if the U.S. government imposes more stringent restrictions, or if relevant government authorities interpret the current regulations differently from our view, we may face penalties or our sales may be negatively affected. As our products become more technologically advanced, there is also a greater likelihood of sanctions and export controls regulations restricting our ability to obtain the components or technologies necessary to produce them or otherwise to export or transfer our products. Even if our products are not directly targeted by these types of sanctions and export controls, we may nonetheless face higher costs and expenses in our supply chain due to new sanctions and export controls measures as our customers and business partners may be negatively affected by sanctions and export controls measures directed at China.

During the Track Record Period, items subject to the EAR we procured are classified as ECCN 3A991 or EAR99. Our procurement of such items, including those procured through Hong Kong entities, are not subject to license requirement since we are not subject to anti-terrorism restrictions. Similarly, during the Track Record Period, our products meet the performance parameter set forth in the ECCN 3A991 or EAR99, if subject to the EAR. Since we did not sell any products that are subject to the EAR to any entities or regions subject to anti-terrorism restrictions, our sales to our customers are not subject to export license requirement. See "Business — Business Activities subject to International Sanctions — U.S. Export Controls" for details on our compliance and internal control measures. Furthermore, as a significant portion of our sales and procurement through Hong Kong are conducted with Hong Kong-incorporated trading companies and distributors who further distribute our products to, or source raw materials from, other parties in different jurisdictions, we may not be able to identify the ultimate customers or suppliers involved in all such sales and procurement. During the Track Record Period, our revenue from Hong Kong accounted for 45.4%, 31.4%, 24.7% and 29.3% of our total revenue in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, and our procurement from Hong Kong accounted for 38.3%, 21.7%, 29.7% and 34.5% of our total procurement for the same periods. We cannot guarantee that those trading companies and distributors will always be compliant with relevant sanctions and export controls laws and regulations, international trade policies or the relevant obligations stipulated in our agreements. If those Hong Kong trading companies breach the agreements, fail to comply with applicable regulatory requirements when selling our products, we may be exposed to negative legal and business consequences, including regulatory enquiries, enhanced scrutiny from regulators, the loss of access to controlled technologies, and reputational harm, which could adversely affect our business and financial condition.

Moreover, in response to Russia's conflict with Ukraine, the United States, the European Union, and various other jurisdictions have imposed far-reaching sanctions and export controls restrictions on Russia and many Russian entities and individuals such that sales to or other business in Russia or with such restricted entities or individuals are subject to heightened regulatory risks.

These measures, as well as other economic and trade sanctions measures maintained by the United States, the European Union, and other jurisdictions, may prohibit or restrict our ability to, directly or indirectly, conduct activities or dealings in or with certain targeted countries and territories or involving certain targeted persons, or otherwise affect our business. New measures imposed by the United States, the European Union, or others could restrict certain of our operations and adversely affect our business, results of operations, and financial condition. Our failure to successfully comply with applicable sanctions or export controls rules may expose us to negative legal and business consequences, including civil or criminal penalties, the loss of access to controlled technologies, and government investigations.

We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that impose prohibitions and notification requirements on U.S. persons for certain investments.

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the "**Final Rule**"), which became effective on January 2, 2025. The Final Rule imposes prohibitions and notification requirements, as the case may be, on certain transactions ("covered transactions") by U.S. persons, including U.S.-incorporated entities, U.S. citizens and permanent residents wherever located, any person in the United States, and branches of U.S.-incorporated entities, involving entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three technology sectors: (i) semiconductors and microelectronics; (ii) quantum information technologies; and (iii) artificial intelligence systems (such entities are referred to as "**covered foreign persons**"). Although non-U.S. subsidiaries of U.S. persons generally are not themselves "U.S. persons" under the Final Rule, a U.S. person is required to take all reasonable steps to prohibit and prevent its controlled foreign entities from engaging in transactions that would be prohibited transactions if engaged in by a U.S. person, and may be subject to notification requirements with respect to certain transactions by such controlled foreign entities, pursuant to 31 C.F.R. §§ 850.302 and 850.402. On February 21, 2025, the U.S. President issued a memo entitled the "America First Investment Policy" (the "**America First Memo**"), indicating that Executive Order 14105 is under review and the Trump Administration will consider new or expanded restrictions, such as broadening the sectors. For details, see "Regulatory Overview — Law and Regulations in the United States — Laws and Regulations in relation to International Trade — U.S. Outbound Investment Laws and Regulations" in this prospectus.

As advised by our International Sanctions Legal Advisor, we fall into the scope of the Final Rule and are deemed to be a covered foreign person engaged in one or more "covered activities" in the semiconductors sectors as described in the definition of "notifiable transaction" (each as defined in the Final Rule). Under 31 C.F.R. §850.224(c), (d) and (e) of the Final Rule, "covered activities" in semiconductors sectors as described in the definition of "prohibited transaction" include: (i) designing any integrated circuit ("**IC**") that either meets or exceeds advanced performance parameters in ECCN 3A090.a or is designed to operate in extreme environments at or below 4.5 Kelvin; (ii) fabricating ICs matching specific, advanced technology nodes or characteristics (e.g. NAND IC with 128+ layers or DRAM ICs using a technology node of 18 nanometer half-pitch or less); and (iii) packaging any integrated circuit using advanced packaging techniques. The Final Rule excludes certain transactions from the scope of covered transactions, including investments in publicly traded securities that do not provide investors with rights beyond "standard minority shareholder protections". Under the Final Rule, standard minority shareholder protections include the power to prevent the sale or pledge of all or substantially all of the assets of an entity or a voluntary filing for bankruptcy or liquidation, the power to prevent an entity from entering into contracts with majority investors or their affiliates, the power to prevent an entity from guaranteeing the obligations of majority investors or their affiliates, the right to purchase an additional interest in an entity to prevent the dilution of an investor's pro rata interest in that entity in the event that the entity issues additional instruments conveying interests in the entity, the power to prevent the change of existing legal rights or preferences of the particular class of stock held by

minority investors, as provided in the relevant corporate documents governing such stock, and the power to prevent the amendment of the articles of incorporation, constituent agreement, or other organizational documents of an entity with respect to the matters described above.

As advised by our International Sanctions Legal Advisor, we should not be viewed as directly or indirectly engaging in any "covered activities" as described in the definition of "prohibited transactions" (each as defined in the Final Rule) as we do not design, fabricate or package any integrated circuit described in 31 C.F.R. §850.224(c), (d) or (e) and do not engage in activities in the artificial intelligence and quantum computing sectors described in the other sections of 31 C.F.R. §850.224. Since we design and package other types of integrated circuits that are not described in 31 C.F.R. §850.224(c), (d) or (e), as advised by our International Sanctions Legal Advisor, we are engaged in "covered activities" as described in the definition of "notifiable transaction."

On December 23, 2025, Treasury published additional frequently asked questions ("**FAQs**") on the Final Rule. One of these FAQs (X.4) provides that absent additional facts, when a U.S. person acquires an equity interest in a "covered foreign person," and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of a "publicly traded security" in 31 C.F.R. §850.501(a)(1)(i), regardless of when an agreement to make such investment is entered into. In light of the FAQs' guidance, and because purchasers of our H shares in this Global Offering would not be afforded rights beyond "standard minority shareholder protection," as advised by our International Sanctions Legal Advisor, even if our activities fall within the definition of "notifiable transaction" under the Final Rule, there is a reasonable basis to conclude that a U.S. person's acquisition of our H shares in this Global Offering may constitute an "excepted transaction" under the "publicly traded security exception". In addition, as advised by our International Sanctions Legal Advisor, the "publicly traded securities exception" would be applicable to our U.S. person investors upon Listing and U.S. persons will be exempted and are allowed to acquire the Company's publicly traded shares, as long as the investment made does not afford such U.S. persons rights that are beyond standard minority shareholder protections. There is no assurance, however, that Treasury would take the same view as ours. In particular, if a U.S. person's acquisition of our H shares in this Global Offering is deemed a "notifiable transaction," the obligation of reporting such acquisition of our H shares to Treasury would fall on the U.S. person. Our Directors are of the view that the Final Rule is unlikely to have any material adverse impact on the Company's operations, financial performance or the Global Offering. Based on the independent due diligence conducted by the Joint Sponsors, the view of the Directors and the view of the International Sanctions Legal Advisor, the Joint Sponsors are of the view that (i) the Final Rule is unlikely to have any material adverse impact on the Company's operations, financial performance or the Global Offering; and (ii) any obligation of reporting a "notifiable transaction" to Treasury would fall on the U.S. person who subscribes for the Shares in the Global Offering, and upon completion of the Global Offering, U.S. persons will be exempted and are allowed to acquire the Company's publicly traded shares, as long as the investment made does not afford such U.S. persons rights that are beyond standard minority shareholder protections.

Even if U.S. persons' acquisition of certain publicly traded securities (such as our H Shares) would fall under an exception in the Final Rule, the Final Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after this Global Offering given that the relevant laws, regulations, and policies continue to evolve. For example, on December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"), enacted as part of the National Defense Authorization Act for Fiscal Year 2026, became law. The COINS Act codifies the Outbound Investment Rule and directs Treasury to promulgate new implementing regulations within 450 days of enactment. Treasury has confirmed that the existing Outbound Investment Rule will remain in full force and effect until such new regulations are issued. The content of the new regulations is uncertain, and Treasury retains significant discretion in shaping key features of the revised regulations. The applications and implications of the Final Rule, the America First Memo, the COINS Act and any related policies, laws and regulations are complex, and may be changed and updated from time to time. Future changes to the Final Rule, the America

First Memo, the COINS Act and any related policies, laws and regulations or their interpretations, or any similar or more expansive restrictions imposed by the U.S. or other jurisdictions, may result in additional costs on our business and/or limit our ability to raise capital or contingent equity capital from U.S. investors and other sources that may otherwise be beneficial to us, which could adversely affect our performance, financial condition and prospects, in which case the trading price of our H Shares may also be materially and adversely affected.

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

Our growth prospects and future profitability depend on, among other things, our ability to upgrade the production capability and increase production capacity. During the Track Record Period, our Suzhou Packaging and Testing Production Base had a relatively low utilization rate, with packaging production lines at 39.8% in 2023, 59.0% in 2024, 62.6% in 2025 and 71.3% in the four months ended April 30, 2026 and testing production lines at 26.0% in 2023, 31.1% in 2024, 50.3% in 2025 and 58.4% in the four months ended April 30, 2026. The Manaus plant had utilization rates of 56.0%, 56.6%, 38.8% and 43.9% in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. For details on utilization rate of each of our production facilities, see "Business — Production — In-house Back-end Manufacturing". To successfully upgrade our production capability and expand production capacity, we need to make cost-effective and efficient upgrade and expansion plans, expand and construct new facilities, maintain and purchase packaging, testing and SMT and assembly equipment, and hire and train professionals necessary to operate such facilities or equipment, all of which may be affected by several factors including, but not limited to, the following: (i) availability of working capital for constructing facilities or purchasing equipment; (ii) delays in completion of construction and shortages or delays in the delivery of equipment; (iii) difficulties or delays which may arise in installing the equipment; and (iv) implementation of new production processes.

We cannot guarantee that our upgrade or expansion plan, if implemented, will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our products. If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, our business and profitability may be adversely affected. In addition, if we do not receive sufficient orders from our customers to effectively utilize our production facilities, we may be subject to low utilization rates of production capacity or over-capacity for our facilities, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new facilities or expansion of any existing facilities and maintenance of expanded production capacity. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may be unable to generate sufficient cash flows or obtain access to or renew external financing necessary to fund our operations, make scheduled debt payments, pay dividend and make adequate capital investments.

Our cash flows from operations depend primarily on the volume of products sold to our customers. To develop new products and technology, support future growth and achieve operating efficiencies, we must make significant capital investments in procurements of equipment and R&D. Investments in capital expenditures may not generate expected returns or cash flows. In addition, we invest our capital in areas that we believe best align with our business strategy and will yield future profitability. Failure to optimize our investment choices, could significantly impact our ability to realize expected returns on our capital expenditures, which could have a material adverse effect on our business, results of operations, or financial condition.

In the past we have utilized external sources of financing when needed. We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing Shareholders, including investors in this offering, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our Shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. In addition, our credit rating may also be affected by our liquidity, financial results, economic risk, or other factors, which may increase the cost of future borrowings and make it difficult for us to obtain financing on terms acceptable to us or at all. There can be no assurance that we will be able to generate sufficient cash flows, access capital or credit markets, or find other sources of financing to fund our operations, make debt payments, pay dividend, and make adequate capital investments to remain competitive in terms of technology development and cost efficiency. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

We are exposed to credit risk of our customers and failure to collect our trade and bills receivables in a timely manner may affect our financial condition and results of operations.

As of December 31, 2023, 2024, 2025 and April 30, 2026, our trade and bills receivables amounted to RMB1,345.3 million, RMB1,671.6 million, RMB2,040.4 million and RMB3,642.9 million, respectively. Our trade and bills receivables turnover days were 40.7 days, 31.5 days, 29.8 days and 23.2 days for the years ended December 31, 2023, 2024, 2025 and the four months ended April 30, 2026, respectively.

Should the creditworthiness of our customers deteriorate or should a significant number of our customers fail to settle their accounts receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers beyond their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our accounts receivables from the customers or that they will settle our accounts receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial position and results of operations may be materially and adversely affected.

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

Our revenue from overseas sales represented 77.1%, 71.1%, 66.8%, 70.3% and 69.9% of our total revenues in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively. Some of the sales of our products are denominated in foreign currencies, such as U.S. dollar, Brazilian Real and Hong Kong dollar. Gains and losses on the conversion to RMB of such revenues and of other associated monetary assets and liabilities, as well as profits and losses incurred in certain countries, may contribute to fluctuations in the value of our assets and our results of operations. We also have costs and expenses that are denominated in foreign currencies, and decreases in the value of RMB could result in increases in such costs that could have a significant negative impact on our results of operations. In addition, fluctuating values between the RMB and other currencies can result in currency gains which are used in the computation of foreign taxes and can increase foreign taxable income. As we continue to expand our international operations, we will become increasingly exposed to the effects of fluctuations in currency exchange rates. In 2023, 2024 and 2025, we recorded net foreign exchange losses of RMB19.5 million, RMB61.3 million and RMB39.8 million, respectively. In the four months ended April 30, 2025, we recorded net foreign exchange gains of RMB52.2 million, and in the four months ended April 30, 2026, we recorded net

foreign exchange losses of RMB107.5 million. We recorded exchange differences on translation of foreign operations of RMB11.6 million, RMB(292.1) million, RMB83.0 million, RMB138.6 million and RMB(4.6) million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively.

In addition, as the net proceeds from the Global Offering will be in Hong Kong dollars, fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the proceeds from the Global Offering. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against other currencies in the future. It is difficult to predict how market forces or relevant government policies may impact the exchange rate between the renminbi and other currencies in the future.

Fluctuations in changes in fair value of financial assets and liabilities measured at fair value through profit or loss may adversely affect our financial results.

We recorded financial assets at fair value through profit or loss of RMB393.9 million, RMB899.7 million, RMB950.1 million and RMB1,068.1 million as of December 31, 2023, 2024, 2025 and April 30, 2026 respectively. Our financial assets at fair value through profit or loss mainly consist of structured deposits and certificate deposits, listed equity investment, and unlisted equity investments. Additionally, we recorded financial liabilities measured at fair value through profit or loss of RMB0.8 million, RMB66 thousand and RMB39.6 million as of December 31, 2023, 2025 and April 30, 2026, respectively. Our financial liabilities measured at fair value through profit or loss include our derivative financial instruments. For details, please see "Financial Information — Discussion of Certain Key Items from our Consolidated Statements of Financial Position — Assets — Financial Assets at Fair Value through Profit or Loss". The fair value change of financial assets and liabilities measured at fair value through profit or loss may significantly affect our financial position and results of operations. The determination of the fair value of such financial assets and liabilities requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such financial assets and liabilities. These factors include, but are not limited to, general economic condition, changes in market interest rates and the stability of capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operations and financial condition.

Share-based payment may have a material and adverse effect on our financial condition.

We operate share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Employees (including Directors) of us receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, we incurred equity-settled share-based payment expenses of RMB198.1 million, RMB232.2 million, RMB91.5 million, RMB44.5 million and RMB21.0 million, respectively. To further incentivize employees and consultants, we may grant additional share-based compensation in the future, which may increase our operating expenses and adversely affect our financial condition. In addition, the issuance of additional Shares for share-based awards could dilute the ownership percentage of our existing Shareholders.

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

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

Additionally, our future success also depends on our ability to attract, recruit and train qualified employees and retain existing key personnel. In particular, we rely on our top in-house R&D team to develop our core technologies, products and services, and our experienced sales and marketing personnel to maintain relationships with our customers and end-users of our products and services. Competition for personnel in the semiconductor technology field is intense, and the availability of suitable and qualified candidates is limited. We compete to attract and retain qualified R&D personnel with other semiconductor companies, universities and research institutions. In order to compete for talents, we may need to offer higher compensation, better trainings and more attractive career opportunities, employees share incentives schemes and other benefits to our employees, which may be costly and time-consuming. If we lose the services of any key senior management member or employee, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely impact our business and prospects. The loss of the services of one or more of our key employees, especially our key technical personnel with the appropriate qualifications and experience, or our inability to attract and retain qualified technical personnel, could harm our business, financial condition and results of operations.

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

We need to maintain and enhance our brands identity while increasing market awareness of the reputation of our business and products. The successful promotion of our brand will depend on our efforts to achieve widespread acceptance of our products, attract and retain customers, maintain our current market position, and successfully differentiate our offerings from those of competitors. These efforts require substantial expenditures, and we anticipate expenses will increase as our market becomes more competitive and as we expand into new markets. Furthermore, these investments in brand promotion may not yield increased revenue. To the extent they do, the resulting revenue still may not be enough to offset the increased expenses we incur.

In addition, adverse publicity, with or without merits, relating to events or activities attributed to us, our management, Directors, employees, Shareholders, business partners or their affiliates, industry, or productions or services similar to ours, may tarnish our reputation and reduce the value of our brands. For instance, unfounded and adversarial statements or opinions could be misleading and harm our business and reputation. Given the delicate and complex nature of the industry that we operate in, we are vulnerable to such statements or opinions. If we fail to respond to such statements or opinions in a proper manner, our business reputation, financial condition and results of operations may be adversely affected. Moreover, our brand value depends on our ability to provide products that meet industry standards in our markets. Damage to our reputation and loss of brand equity may reduce demand for our products, have an adverse effect on our future financial results, or reduce the trading price of our Shares. Damage may also require additional resources to

rebuild our reputation and restore the value of the brands. If we are unable to successfully enhance and protect our reputation, our business operations, results of operations, and financial condition could be materially and adversely affected.

Failure to protect our intellectual property or our proprietary technology could substantially harm our business. If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be harmed significantly.

Our success and ability to compete depend in part upon our ability to protect our intellectual property. We rely on a combination of intellectual property rights, including patents, copyrights, trademarks, trade secrets and know-how, in China and other jurisdictions. The steps we take to protect our intellectual property rights may not be adequate, particularly in foreign jurisdictions. The laws of some foreign countries do not protect our intellectual property rights as fully as do the laws of other countries, and our ability to protect our intellectual property rights will differ per jurisdiction. Any patents we hold may not adequately protect our intellectual property rights or our products against competitors, and third parties may challenge the scope, validity or enforceability of our issued patents. In addition, other parties may independently develop similar or competing technologies designed around any patents or patent applications that we hold. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time consuming. A failure to timely seek patent protection on products or technologies generally precludes us from seeking future patent protection on these products or technologies.

We cannot assure you that any contractual protections and security measures will not be breached, that we will have adequate remedies for any such breach or that our customers, suppliers, distributors, employees or consultants will not assert rights to intellectual property or damages arising out of such contracts. The risk that other parties may breach confidentiality agreements or that our trade secrets become known or independently discovered by competitors could harm us by enabling our competitors, who may have greater experience and financial resources, to copy or use our trade secrets and other proprietary information in the advancement of their products, methods or technologies. The unauthorized use or disclosure of our trade secrets would impair our competitive position, thereby weakening demand for our products and harming our ability to maintain or increase our customer base.

We may initiate claims against third parties to protect our intellectual property rights if we are unable to resolve matters satisfactorily through negotiation. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management. It could also result in the impairment or loss of portions of our intellectual property, as an adverse decision could limit our ability to assert our intellectual property rights, limit the value of our technology or otherwise negatively impact our business, financial condition and results of operations. Additionally, any enforcement of our patents or other intellectual property may provoke third parties to assert counterclaims against us. Our failure to secure, protect and enforce our intellectual property rights could materially harm our business.

We rely upon third-party licensed technology to develop our products. If licenses of third-party technology are inadequate, our ability to develop and commercialize our products or product enhancements could be negatively impacted.

Our products incorporate technology licensed from third parties, including standard essential patents and industry standards, common IP cores and software design tools such as electronic design automation software. For details, see "Business — Intellectual Property." While we believe these licenses enable us to develop our products and pursue our current product strategies, these licenses may not provide us with the benefits we expect from them. From time to time, we may be required to license additional technology from third parties to develop our products or product enhancements. However, these third-party licenses may not be available to us on commercially

reasonable terms or at all. Our inability to obtain third-party licenses necessary to develop products and product enhancements could require us to obtain substitute technology at a greater cost or of lower quality or performance standards or delay product development. Any of these results may limit our ability to develop new products, which could harm our business, financial condition and results of operations.

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

We conduct packaging, testing, SMT and final products assembly through our facilities in Suzhou, Zhongshan and Zhuhai in China and Atibaia and Manaus in Brazil. The operation of our facilities may be disrupted by physical damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the underlying land, and the regulatory development, many of which are beyond our control. Any power outage, disruption or shortage in power supply could have a materially adverse impact on our production and employee safety.

We rely on the efficient and uninterrupted operation of complex information technology systems and networks to operate our business. Any significant disruption to our systems or networks, including, but not limited to, new system implementations, computer viruses, security breaches, facility issues, natural disasters, terrorism, war, telecommunication failures or energy blackouts, could have a material adverse impact on our operations, sales and financial results. Such disruption could result in a loss of our intellectual property or the release of sensitive competitive information or supplier, customer or employee personal data. Any loss of such information could harm our competitive position, result in a loss of customer confidence, and cause us to incur significant costs to remedy the damages caused by any such disruptions or security breaches. Additionally, any failure to properly manage the collection, handling, transfer or disposal of personal data of employees and customers may result in regulatory penalties, enforcement actions, remediation obligations, litigation, fines and other sanctions.

We may experience attacks on our data, attempts to breach our security and attempts to introduce malicious software into our IT systems. If attacks are successful, we may be unaware of the incident, its magnitude, or its effects until significant harm is done. Any such attack or disruption could result in additional costs related to rebuilding of our internal systems, defending litigation, responding to regulatory actions, or paying damages. Such attacks or disruptions could have a material adverse impact on our business, operations and financial results.

Third-party service providers may have access to certain portions of our and our customers' sensitive data. In the event that these service providers do not properly safeguard the data that they hold, security breaches and loss of data could result. Any such loss of data by our third-party service providers could negatively impact our business, operations and financial results, as well as our relationship with our customers.

In order to comply with environmental laws and regulations, we may need to modify our activities or incur substantial costs, and if we fail to comply with environmental regulations we could be subject to substantial fines or be required to have our suppliers alter their processes.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not produce any material generation of emissions and wastes and no heavy pollutions. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, emission of greenhouse gas, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support

to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See "Business — Environmental, Social and Governance Matters."

In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing products from other companies, which may materially and adversely affect our results of operations and financial conditions.

We may not have sufficient insurance coverage to cover our business risks.

We have obtained insurance to cover certain potential risks and liabilities, such as property damage insurance, product liability insurance, directors' and officers' insurance and employer liability insurance. For further details, see "Business — Insurance." However, insurance companies in the PRC and other jurisdictions in which we operate may offer limited business insurance products. As a result, we may not be able to acquire any insurance for all types of risks we face in our operations in the PRC and overseas, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. This potentially insufficient coverage could expose us to potential claims and losses. Any business disruption, litigation, regulatory action, outbreak of epidemic disease, adverse weather conditions or natural disasters could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage will be sufficient to cover us for any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensation amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Our operations in different parts of the world could be subject to natural disasters, health epidemics, wars, geopolitical tensions, armed conflicts and other business disruptions, which could have a material adverse effect on our business, results of operations and financial condition.

Our business could be adversely affected by natural disasters or outbreaks of epidemics. These natural disasters, outbreaks of contagious diseases and other adverse public health developments in any market where we operate could severely disrupt our business operations by damaging our technology infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

Wars, geopolitical tensions and armed conflicts in various regions, including recent military conflicts, and wars around the world, have created uncertainties in the global economic and operating environment. Such developments may lead to fluctuations in energy prices, disruptions in logistics and transportation, volatility in foreign exchange rates and changes in regulatory or trade policies, which could affect global business activities and market conditions. In addition, such uncertainties may affect the stability of global supply chains and the overall business sentiment, which could in turn influence market conditions and cross-border commercial activities.

We may be subject to fines for failure to register some of our leases, and our legal right to use certain properties could be challenged or restricted.

We lease properties primarily for our production facilities, warehouses and offices. As of the Latest Practicable Date, certain of our lease agreements have not been registered and filed with the relevant real estate administration bureaus in the PRC. Although failure to do so does not in itself invalidate the leases, the lessors and the lessees may be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The relevant government authorities may impose a fine

ranging from RMB1,000 to RMB10,000 for each unregistered lease. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner once we are required to do so. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no guarantee that we would be able to find suitable alternative properties on reasonable commercial terms, or at all. Any relocation could lead to disruptions to our operations and may have an adverse effect on our business, financial condition, results of operations and prospects. For details, see "Business — Properties" in this prospectus.

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

Changes in economic, political or social conditions or government policies in the markets in which we operate could have a material adverse effect on our business and results of operations.

We operate our business in China and overseas, across Europe, North America, South America, the Middle East and Asia. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, inflation and the availability and cost of capital and credit have been and will continue to affect the markets where we operate. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Additionally, as we are headquartered in Shenzhen, Guangdong Province, China and the majority of our assets are in China, our financial condition, results of operations and prospects are subject to economic, political, and legal developments in the PRC. The ongoing trade tensions between the United States and the PRC may have tremendous negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. The uncertainty surrounding U.S. government's tariff policy has created significant apprehension among global markets, as the potential for disrupted trade flows could have far-reaching economic consequences. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any changes in the global or local economy in the markets in which we operate may materially and adversely affect our business, results of operations and financial condition.

We have extensive operations in Brazil. We face risks for dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain permits, licenses, qualification for preferential tax regimes designed to foster in-country production and approvals necessary to manufacture or import, market and sell our products. Our business operations in Brazil are subject to various Brazilian laws and regulations, such as international trade and tariffs, tax, foreign capital, labor and employment and anti-corruption. For details, see "Regulatory Overview — Laws and Regulations in Brazil" of the Prospectus. The Brazilian government has historically exercised, and may continue to exercise, significant influence over the Brazilian economy. Government actions and policies in Brazil to address macroeconomic conditions may include changes in monetary and tax policy, foreign exchange and capital flow regulations, import and customs rules, tariffs, price-related measures in regulated sectors, and other laws, regulations or policies affecting companies operating in Brazil. As advised by Brazilian legal advisor, our Directors are of the view that such policies and regulations did not have a material adverse effect on the Group's business operations and financial performance. However, given that the relevant laws, regulations and policies continue to evolve, if we are unable to effectively avoid or mitigate these risks, our ability to expand in Brazil and other markets will be impaired or our international business may not be able to achieve or sustain profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects. Any changes in the global or local economy in the markets in which we operate may materially and adversely affect our business, results of operations and financial condition.

You should assess the legal protections you are entitled to under legal system in China.

The legal system in China is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. In particular, the interpretation and enforcement of newly promulgated laws and regulations involve uncertainties and application may be subject to case-by-case analysis. In addition, as other civil law countries, there is a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value unless the Supreme People's Court otherwise provides. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which may not be available on a timely basis or at all and may have a retroactive effect. The laws and regulations in China are subject to further revisions or interpretations from time to time. New laws, regulations, guidelines and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved. Therefore, you should assess the legal protections you are entitled to under legal system in China.

In addition, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims.

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

On February 17, 2023, the CSRC issued the Trial Measures (which came into effect on March 31, 2023) and five supporting guidelines (which came into effect on March 31, 2023) (the "**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC ("**PRC domestic companies**") and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. The Overseas Listing Regulations stipulate that such issuer shall fulfill the filing procedures within three working days after it makes an application for offering and listing in an overseas stock market. For details, see "Regulatory Overview — Regulations on Securities and Overseas Listings" in this prospectus.

The Overseas Listing Regulations may subject us to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our ability to continue to sell our securities to investors, cause significant disruption to our business operations, and severely damage our reputation, which could affect our financial condition and results of operations and cause our securities to decline in value or become worthless.

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

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

ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from the Global Offering into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

Failure to comply with rapidly evolving governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business.

We do not have access to or control over the data stored in our products once they are sold to customers. In the course of conducting our business, we collect and process data primarily related to the transactions with our enterprise customers. Adhere to the principle of data minimization, we collect only the essential personal information from our customers, distributors, suppliers and other third-party service providers solely to facilitate the sales and delivery of our products, as well as to provide after-sales services. See "Business — Information Technology and Data Privacy." We are subject to local and overseas laws relating to cybersecurity and data privacy. For instance, we are subject to various regulatory requirements relating to cybersecurity and data privacy, including the PRC Data Security Law (《中華人民共和國數據安全法》), the Cybersecurity Law of PRC (《中華人民共和國網絡安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and Regulations on Network Data Security Management (Draft for Comments) 《網絡數據安全管理條例(徵求意見稿)》 (together, commonly known as the "Data Security Regulations"). Should our data processing activities be subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. Failure to comply with these regulations could expose us to severe penalties, legal liability, and reputational damage. Any failure by us to comply with local or overseas cybersecurity or data protection laws and regulations could result in proceedings against us by governmental entities or others.

As of the Latest Practicable Date, we had not been notified of being classified as a critical information infrastructure operator (CIIO), we had not received any inquiry, notice, warning from any PRC government authorities, and have not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by our business operations or the Listing. Our PRC Counsel is of the view that we are not required to apply for cybersecurity review for the purpose of the Listing. As the definitions for terms such as "affect or may affect national security" are broad, and there remains uncertainty how these rules will be enacted and interpreted, we cannot guarantee that the Cybersecurity Review Measures and Regulations on Network Data Security Management (Draft for Comments) will not be interpreted in a way that will adversely affect us.

In addition, regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

Payment of dividends or gains from the sale or other disposition of our H Shares is subject to taxation under PRC law.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares ("**Non-PRC Resident Individual Holders**") are subject to the PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》)(國税函[2011]348號) dated June 28, 2011 and issued by the SAT of the PRC, the

tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5.0% to 20.0%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong, China. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. Based on our knowledge, as of the Latest Practicable Date, the PRC tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the EIT Law and its implementation regulations, a non-PRC resident enterprise is generally subject to EIT at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of EIT for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (《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》(國税函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, including whether and how EIT on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders' investments in H Shares may be materially and adversely affected.

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

During the Track Record Period, some of our subsidiaries were entitled to preferential income tax rates pursuant to the relevant tax regulations. For example, during the Track Record Period, certain entities within our Group enjoyed preferential EIT tax rate of 15% as they were High and New Technology Enterprise (HNTE). For details, see Note 10 to the Accountants' Report in Appendix I to this prospectus. Preferential tax treatments and other incentives granted to us by PRC governmental authorities are subject to review and renewal and may be adjusted or revoked in the future. We cannot guarantee that the preferential tax treatments and other incentives to which our PRC subsidiaries are currently entitled would be kept valid or successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net income.

During the Track Record Period, we recorded government grants of RMB25.4 million, RMB104.9 million, RMB373.0 million, RMB108.0 million and RMB287.5 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively, which mainly consist of Brazilian government subsidy to Zilia and non-recurring financial support or subsidies from government bodies as incentives for R&D projects. We cannot assure you that we will continue to receive and benefit from such grants in the future.

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

According to the Notice of the Ministry of Finance and the SAT on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《財政部、國家税務總局關於出口貨物勞務增值税和消費税政策的通知》) issued by Ministry of Finance and the SAT on 25 May 2012, revised on 9 December 2014 and 20 January 2020, unless otherwise provided by law, export goods and services are subject to the exemption and refund of VAT policies. Subject to the relevant PRC laws, we are entitled to a rebate of VAT from the PRC tax authority in connection with our export sales for our products. The tax rebate comprised a refund of VAT incurred on the raw materials we used for production of our products in the PRC, which are subsequently exported to overseas countries. We cannot assure you that the PRC governmental policies on tax rebate will not change or that the current policies we enjoy will not be cancelled. If there is any reduction, suspension, discontinuation or cancellation of tax rebate which may adversely affect the recoverability of our VAT recoverable, our business, financial condition and profitability would be adversely affected.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce against them in the PRC any judgments obtained from non-Chinese courts.

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. As a result, it may not be possible to affect service of process upon most of our Directors and senior management outside the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other western countries. However, judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by 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 (《最高人民法院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》) are met. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions other than Hong Kong in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

Although we will be subject to the Listing Rules and the Hong Kong Takeovers Code upon the listing of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Hong Kong Takeovers Code do not have the force of law in Hong Kong.

We are subject to the currency exchange control system.

The conversion of RMB is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future.

In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

RISKS RELATING TO THE GLOBAL OFFERING

We will be concurrently subject to listing and regulatory requirements of China and Hong Kong, China.

As we are listed on the Shenzhen Stock Exchange and will be listed on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the completion of the Global Offering, there has been no public market for our H Shares. There can be no guarantee that an active trading market for our H Shares will develop or be sustained after the completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Joint Sponsors and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our H Shares will be traded following completion of the Global Offering. The market price of our H Shares may drop below the Offer Price at any time after completion of the Global Offering.

Our A Shares are listed on the Shenzhen Stock Exchange, and the characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the Global Offering, our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current laws and regulations of the PRC, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

The trading price and trading volume of our H Shares may be volatile, which could result in substantial losses to you.

The trading price and trading volume of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our H Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these

companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. Due to such lock-up requirement, the liquidity and trading volume of the H Shares in the short-term following the Global Offering may be significantly affected. These factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

You will incur immediate and significant dilution and may experience further dilution if we issue additional H Shares in the future.

If the Offer Price of our H Shares is higher than the net tangible book value per H Share of our H Shares immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value. If we issue additional H Shares in the future, purchasers of our H Shares in the Global Offering may experience further dilution in their shareholding percentage.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any dividends in the future.

Our ability to declare future dividends will depend on the availability of dividends, if any, received from us and our other PRC operating subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. The calculation of our distributable profits under PRC GAAP differs in certain respects from the calculation under IFRS. Our Company and our PRC operating subsidiaries may not be able to pay a dividend in a given year if our Company or our PRC operating subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS. For details, see "Financial Information — Dividends" in this prospectus and Note 11 to the Accountants' Report in Appendix I to this prospectus.

There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial condition, cash requirements and availability and other factors as they may deem relevant, and subject to the approval at a Shareholders' meeting. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

You should not place any reliance on any presentation or information released by us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in the PRC, which are different from those applicable to the Global Offering. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective investors in our H Shares should be reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this

document. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed 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 Global Offering.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Our Controlling Shareholders may have substantial influence over the Company and his interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have significant influence over our operations and business strategies, and may have the ability to require our Group to effect corporate actions according to their own desires by virtue of their shareholding in our Group. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders' interests may be adversely affected as a result.

In addition, there is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Global Offering. We cannot predict the effect, if any, of any future sales of the Shares by any of its Controlling Shareholders, or that the availability of the Shares offered by any of the Controlling Shareholders for purchase may have on the market price of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

Certain facts, forecasts and statistics contained in this document are derived from various government official sources and may not be accurate, reliable, complete or up to date.

Certain facts, forecasts and statistics in this document relating to the PRC and global economy and the industries in which we operate are obtained from official government publications that we believe are reliable. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. However, there can be no guarantee of the quality or reliability of these sources. Neither we, the Joint Sponsors nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the PRC, the 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. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Furthermore,

there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy. Therefore, you should not unduly rely upon the industry facts, forecasts and statistics contained in this document.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price and trading volume of our H Shares may decline.

The trading market for our H Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our H Shares or publishes inaccurate or unfavorable research about our business, the market price for our H Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our H Shares to decline.

You should read the entire document carefully and should not rely on any information contained in press articles or other media relating to us, our H Shares or the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us, our business, our industry and the Global Offering. There may be additional media coverage regarding us, our business, our industry and the Global Offering subsequent to the date of this prospectus but prior to the completion of the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the Global Offering has authorized the disclosure of any such information in the press or media and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. Our Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our and their respective directors, supervisors, officers, representatives, employees, advisors or any other persons or parties involved in the Global Offering make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, our Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our and their respective directors, supervisors, officers, representatives, employees, advisors or any other persons or parties involved in the Global Offering disclaim responsibility for it, and you should not rely on such information.

In preparation for the Listing, we have sought the following waivers from strict compliance with the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

Our business operations are located, managed, and conducted in a number of jurisdictions, and our Company's head office is located in Shenzhen, the PRC. Our executive Directors and senior management members ordinarily reside outside Hong Kong and play important roles in our Company's business operations, principally responsible for the overall management, corporate strategy, planning, business development and control of our Group's business, it is important for them to remain in close proximity to the Group's operations located in these jurisdictions. We consider that it would be practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by relocation of our existing executive Directors or by appointment of additional executive Directors. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

(i) we have appointed Mr. Cai and Mr. Xu Gangling (許剛翎先生) ("**Mr. Xu**") as the authorized representatives of our Company (the "**Authorized Representatives**") for purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange and will be readily contactable by phone and email to deal promptly with enquiries from the Hong Kong Stock Exchange. Our Company will provide contact details of the Authorized Representatives to the Hong Kong Stock Exchange and will inform the Hong Kong 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 Hong Kong Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. Please refer to the section headed "Directors and Senior Management" in this prospectus for further biographical details of our Authorized Representatives;

(ii) to facilitate communication with the Hong Kong Stock Exchange, we have provided our Authorized Representatives and the Hong Kong Stock Exchange with the contact details (including mobile phone number/office phone number and email address) of each of our Directors. When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact our Directors;

(iii) 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 Hong Kong Stock Exchange within a reasonable period upon request by the Hong Kong Stock Exchange; and

(iv) our Company has appointed Somerley Capital Limited as our compliance advisor with effect from the Listing Date in accordance with Rule 3A.19 of the Listing Rules. Our 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 the Company with the Hong Kong Stock Exchange during the period from the Listing Date to the date on which the 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 Listing. Our compliance advisor will act as the additional and alternative channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available and its representatives will be readily available to answer enquiries from the Hong Kong Stock Exchange.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

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

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

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

(iii) 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, the Hong Kong Stock Exchange will consider the following factors in assessing the individual's "relevant experience":

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

(ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the CWUMPO and the Takeovers Code;

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

(iv) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of listing and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

We have appointed Mr. Xu and Ms. Choy Fung Yee (蔡鳳儀女士) ("**Ms. Choy**") as the joint company secretaries of our Company. Please refer to the section headed "Directors and Senior Management" in this prospectus for further biographical details of Mr. Xu and Ms. Choy.

Ms. Choy is a practising solicitor in Hong Kong and currently a partner of the Hong Kong solicitors firm Ronald Tong & Co, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have a person as its joint company secretary such as Mr. Xu, who is an employee of our Company and who has day-to-day knowledge of our Company's affairs. Mr. Xu has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the Listing Date, in accordance with paragraphs 11 to 17 of Chapter 3.10 of the Guide for New Listing Applicants, on the conditions that: (i) Ms. Choy is appointed as a joint company secretary to assist Mr. Xu in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Choy, during the three-year period, ceases to provide assistance to Mr. Xu as the joint company secretary; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Mr. Xu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Mr. Xu has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Hong Kong Stock Exchange. Before the end of the three-year period, the qualifications and experience of Mr. Xu and the need for on-going assistance of Ms. Choy will be further evaluated by our Company. We will demonstrate and seek the Hong Kong Stock Exchange's confirmation that Mr. Xu, having benefited from the assistance of Ms. Choy for the preceding three years, has acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RELATION TO THE 2026 RESTRICTED SHARE INCENTIVE SCHEME

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes certain disclosure requirements in relation to the restricted Shares granted by the Company: (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in this document. Our Company is also required to disclose in this document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon Listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards; (b) Paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of the Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and (c) Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to disclose, amongst others, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in this document.

Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Guide for New Listing Applicants, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

As of the Latest Practicable Date, our Company had granted 2026 Restricted Share Awards under the 2026 Restricted Share Incentive Scheme to 637 grantees ("**Grantee(s)**") to subscribe for an aggregate of 4,622,820 Restricted A Shares, among which (i) 86,900 2026 Restricted Share Awards were granted to one Director; (ii) 217,240 2026 Restricted Share Awards were granted to four (4) members of our senior management; (iii) 34,750 2026 Restricted Share Awards were granted to two (2) connected persons of our Company; (iv) 173,800 2026 Restricted Share Awards were granted to two vice presidents of our Company; and (v) 4,110,130 2026 Restricted Share Awards were granted to 628 other core and mid-level management of the Group and core business/technical staff who are not Directors, members of senior management, consultants or connected persons of our Company. The 4,622,820 Restricted A Shares represent approximately 1.01% of the issued Shares immediately following completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no changes to our issued and outstanding Shares between the Latest Practicable Date and the Listing). For more details of the 2026 Restricted Share Incentive Scheme, see "Statutory and General information — 4. Restricted Share Incentive Schemes — 2026 Restricted Share Incentive Scheme" in Appendix VI to this document.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the 2026 Restricted Share Incentive Scheme on the ground that full compliance with such disclosure requirements would be unduly burdensome for our Company and the waiver and the exemption would not prejudice the interest of the investing public for the following reasons:

(a) given that 628 grantees (who are not (i) Directors, members of senior management and connected persons of our Company or (ii) other grantees who have been granted by the Company the 2026 Restricted Share Awards to subscribe for 86,000 or more Restricted A Shares) are involved, strict compliance with the disclosure requirements in setting out full details of all the grantees under the 2026 Restricted Share Incentive Scheme in this Prospectus would be costly and unduly burdensome for the Company in light of a significant increase in cost and time for information compilation and prospectus preparation;

(b) the grant and vesting in full of the 2026 Restricted Share Awards under the 2026 Restricted Share Incentive Scheme will not cause any material adverse impact on the financial position of the Company. The 628 Grantees, who are not (i) Directors, members of senior management and connected persons of our Company; or (ii) other grantees who have been granted by the Company the 2026 Restricted Share Awards to subscribe for 86,000 or more Restricted A Shares, have been granted the 2026 Restricted Share Awards to subscribe for 4,110,130 Restricted A Shares, representing approximately 0.90% of the issued Shares immediately following completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no changes to the Company's issued and outstanding Shares between the Latest Practicable Date and the Listing);

(c) there will not be any new H Shares issued under the 2026 Restricted Share Incentive Scheme as the 2026 Restricted Share Incentive Scheme is an A-share incentive scheme;

(d) non-compliance with the above disclosure requirements would not prevent the Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of the Company; and

(e) material information relating to the Restricted A Shares will be disclosed in this Prospectus to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:

(i) a summary of the terms of the 2026 Restricted Share Incentive Scheme;

(ii) the aggregate number of the Restricted A Shares and the percentage to the Company's total issued share capital represented by such number of Restricted A Shares;

(iii) the dilutive effect and the impact on earnings per Share upon full subscription of Restricted A Shares under the 2026 Restricted Share Incentive Scheme immediately following completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no changes to the Company's issued and outstanding Shares between the Latest Practicable Date and the Listing);

(iv) full details of the 2026 Restricted Share Awards (including the Restricted A Shares) to (i) Directors, members of senior management and connected persons of our Company (if any), and (ii) other grantees who have been granted by the Company the 2026 Restricted Share Awards to subscribe for 86,000 or more Restricted A Shares, on an individual basis, will be disclosed in the Prospectus, and such details include all the particulars required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(v) in respect of the 2026 Restricted Share Awards granted by the Company under the 2026 Restricted Share Incentive Scheme to remaining grantees (being the other grantees who are not (i) Directors, members of senior management and connected persons of the Company, or (ii) other grantees who have been granted by the Company the 2026 Restricted Share Awards to subscribe for 86,000 or more Restricted A Shares), disclosure will be made, on an aggregate basis and categorized into groups based on the number of Restricted A Shares, being (i) 1 to 5,000 Restricted A Shares; (ii) 5,001 to 30,000 Restricted A Shares; and (iii) 30,001 to 85,999 Restricted A Shares. For each group, the following details will be disclosed in the Prospectus: (i) the aggregate number of grantees and number of Restricted A Shares; (ii) the consideration paid for the grant of the 2026 Restricted Share Awards; and (iii) the exercise period, vesting period and exercise price of the 2026 Restricted Share Awards; and

(vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively.

The Stock Exchange has granted to us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules with respect to the 2026 Restricted Share Awards subject to the conditions that:

(a) on an individual basis, full details of the 2026 Restricted Share Awards granted by our Company (including the underlying Restricted A Shares) to (i) each of our Directors, members of senior management and connected persons of our Company (if any), and (ii)

other grantees who have been granted by the Company the 2026 Restricted Share Awards to subscribe for 86,000 or more Restricted A Shares of the Company, are disclosed in the section headed "Statutory and General information — 4. Restricted Share Incentive Schemes — 2026 Restricted Share Incentive Scheme" in Appendix VI to the Prospectus as required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the 2026 Restricted Share Awards granted to remaining grantees other than those referred to in sub-paragraph (a) above, disclosures are made, on an aggregate basis, and categorized into groups based on the number of underlying Restricted A Shares, being (i) 1 to 5,000 Restricted A Shares; (ii) 5,001 to 30,000 Restricted A Shares; and (iii) 30,001 to 85,999 Restricted A Shares. For each group, the following details are disclosed in the Prospectus: (i) the aggregate number of grantees and number of Restricted A Shares; (ii) the consideration paid for the grant of the 2026 Restricted Share Awards; and (iii) the exercise period, vesting period and exercise price of the 2026 Restricted Share Awards;

(c) the aggregate number of Restricted A Shares and the percentage to the Company's total issued share capital represented by such number of underlying Restricted A Shares as of the Latest Practicable Date are disclosed in the Prospectus;

(d) the dilutive effect and impact on earnings per Share upon the vesting and issuance of the Restricted A Shares are disclosed in the section headed "Statutory and General information — 4. Restricted Share Incentive Schemes — 2026 Restricted Share Incentive Scheme" in Appendix VI to the Prospectus;

(e) a summary of the major terms of the 2026 Restricted Share Incentive Scheme is disclosed in "Statutory and General information — 4. Restricted Share Incentive Schemes — 2026 Restricted Share Incentive Scheme" in Appendix VI to the Prospectus;

(f) a full list of all the grantees under the 2026 Restricted Share Incentive Scheme (including the persons referred to in part (a) above who have been granted 2026 Restricted Share Awards) containing all the details as required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available on Display — Document Available for Inspection" in Appendix VII to this Prospectus;

(g) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting the Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(h) the particulars of the waiver will be disclosed in the Prospectus.

The SFC has granted us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

(a) on an individual basis, full details of the 2026 Restricted Share Awards (including the Restricted A Shares) granted by our Company to (i) each of our Directors, members of senior management and connected persons of our Company (if any), and (ii) other grantees who have been granted by the Company the 2026 Restricted Share Awards to subscribe for 86,000 or more Restricted A Shares, are disclosed in the prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the 2026 Restricted Share Awards granted to remaining grantees other than those referred to in sub-paragraph (a) above, disclosures are made, on an aggregate basis, and categorized into groups based on the number of Restricted A Shares, being (i)

1 to 5,000 Restricted A Shares; (ii) 5,001 to 30,000 Restricted A Shares; and (iii) 30,001 to 85,999 Restricted A Shares. For each group, the following details are disclosed in the Prospectus: (i) the aggregate number of grantees and number of Restricted A Shares (subject to the 2026 Restricted Share Awards); (ii) the consideration paid for the grant of the 2026 Restricted Share Awards; and (iii) the exercise period, vesting period and exercise price of 2026 Restricted Share Awards;

(c) a full list of all the grantees under the 2026 Restricted Share Incentive Scheme (including the persons referred to in part (a) above who have been granted 2026 Restricted Share Awards), containing all the details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available on Display — Document Available for Inspection" in Appendix VII to this Prospectus; and

(d) the particulars of the exemption will be disclosed in the Prospectus which will be issued on or before August 31, 2026.

ALLOCATION OF OUR H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES UNDER RULE 10.04 AND PARAGRAPH 1C(2) OF APPENDIX F1 TO THE LISTING RULES

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a new applicant either in his/her/its own name or through nominees if the following conditions in Rule 10.03 of the Listing Rules are fulfilled:

(a) no securities are to be offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and

(b) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules (as amended and replaced by Rule 19A.13A(2) of the Listing Rules) is achieved.

Paragraph 1C(2) of Appendix F1 to the Listing Rules provides that, without the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to be made to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Chapter 4.15 of the Guide for New Listing Applicants provides that the Hong Kong Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Listing Rules to an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Prior to the Listing, our share capital comprises entirely A Shares listed on the Shenzhen Stock Exchange. As a company listed on the Shenzhen Stock Exchange with its A Shares publicly traded thereon and with a large public A Shares shareholder base, it would be unduly burdensome for us to seek the prior consent of the Hong Kong Stock Exchange for each of our minority existing Shareholders or their close associates who subscribe for the H Shares in the Global Offering.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 10.04 and consent pursuant to Paragraph 1C(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% voting rights in our Company immediately before completion of the Global Offering; and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected person (collectively, the "**Existing Minority A Shareholders**"), subject to the following conditions:

(a) the Joint Sponsors confirm that each Existing Minority A Shareholder (in case of the 2025 A Share Placees, including their respective close associates) to whom our Company may allocate the H Shares under the International Offering holds less than 5% voting rights in our Company immediately before completion of the Global Offering;

(b) the Joint Sponsors confirm that each Existing Minority A Shareholder (in case of the 2025 A Share Placees, including their respective close associates) is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;

(c) the Joint Sponsors confirm that none of the Existing Minority A Shareholders (in case of the 2025 A Share Placees, including their respective close associates) has the right to appoint a Director and/or has any other special rights;

(d) the Joint Sponsors confirm that allocation to the Existing Minority A Shareholders (including the 2025 A Share Placees) or their close associates will not affect our Company's ability to satisfy the public float requirement as prescribed by the Hong Kong Stock Exchange under Rule 8.08 (as amended and replaced by Rule 19A.13A(2)) of the Listing Rules;

(e) the Joint Sponsors confirm to the Hong Kong Stock Exchange in writing that based on (i) their discussions with our Company and the Overall Coordinators; and (ii) the confirmations provided to the Hong Kong Stock Exchange by our Company and the Overall Coordinators (as mentioned in the confirmations (f) and (g) below), and to the best of their knowledge and belief, they have no reason to believe that any of the Existing Minority A Shareholders (including the 2025 A Share Placees) or their close associates received any preferential treatment, or is in a position to exert influence on the Company to obtain actual or perceived preferential treatment in the allocation either as a cornerstone investor or as a placee by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, and the details of the allocation to (i) the Existing Minority A Shareholders holding more than 1% of the issued share capital of the Company immediately prior to the completion of the Global Offering and (ii) the 2025 A Share Placees and/or their respective close associates will be disclosed in this prospectus and/or the allotment results announcement, as the case may be;

(f) to the best knowledge and belief of our Company, and based on discussions between our Company and the Overall Coordinators and confirmations required to be submitted to the Hong Kong Stock Exchange by the Joint Sponsors, our Company will confirm to the Hong Kong Stock Exchange in writing that:

  (i) in the case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Existing Minority A Shareholders (including the 2025 A Share Placees) or their close associates by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, nor is the Existing Minority A Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, and the Existing Minority A Shareholders (including the 2025 A Share Placees) or their close associates' cornerstone investment agreements do not contain any material terms which are more favorable to the Existing Minority A Shareholders (including the 2025 A Share Placees) or their close associates than those in other cornerstone investment agreements; or

  (ii) in the case of participation as placees, no preferential treatment has been, nor will be, given to the Existing Minority A Shareholders (including the 2025 A Share Placees) or their close associates, nor is the Existing Minority A Shareholder (including the 2025 A Share Placees) or their close associates in a position to exert influence on the Company to obtain actual or perceived preferential treatment, by virtue of their relationship with our Company in any allocation in the placing tranche;

(g) in the case of participation as placees, the Overall Coordinators will confirm to the Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to the Existing Minority A Shareholders (including the 2025 A Share Placees) or their close associates by virtue of their relationship with our Company in any allocation in the placing tranche.

Allocation to the Existing Minority A Shareholders (excluding the 2025 A Share Placees) and/or their close associates will not be disclosed in the allotment results announcement of our Company (other than to the extent that such Existing Minority A Shareholders or close associates subscribe for Offer Shares as cornerstone investors) as our Company believes that it would be unduly burdensome for us to disclose such information given that (i) there is no requirement to disclose interests under the PRC laws unless such person is an owner of more than 5% of the issued share capital of our Company, the Directors or senior management of our Company or top ten Shareholders of our Company, and (ii) HKSCC, as trustee, holds A Shares on behalf of investors in Hong Kong and overseas pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect and our Company is unable to identify Shareholders who hold A Shares through the Shenzhen-Hong Kong Stock Connect.

CONSENT IN RESPECT OF THE PROPOSED SUBSCRIPTION OF H SHARES BY A CORNERSTONE INVESTOR WHO IS A CONNECTED CLIENT

Paragraph 1C of Appendix F1 to the Listing Rules (the "**Placing Guidelines**") states that no allocations will be permitted to "connected clients" of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate members(s)) without prior written consent of the Stock Exchange.

Paragraph 1B(7) of the Placing Guidelines states that "connected clients" in relation to an exchange participant means any client of such member who is a company which is a member of the same group of companies as such exchange participant.

As further described in the section headed "Cornerstone Investors" in this prospectus, CITIC Securities Asset Management (HK) Limited ("**CITIC AM HK**" and the "**Connected Client**") has entered into a cornerstone investment agreement with our Company and among others, CLSA Limited to participate as a cornerstone investor in the Global Offering to subscribe for the Offer Shares under the International Offering, where CITIC AM HK will hold the Offer Shares in its capacity as the discretionary fund manager managing certain sub-funds on behalf of their underlying clients who are independent third parties. CITIC AM HK and CLSA Limited, being one of the Overall Coordinators and Underwriters of the Global Offering, are members of the same group of companies. Accordingly, CITIC AM HK is a connected client of CLSA Limited, a connected distributor (the "**Connected Distributor**").

We have applied for, and the Stock Exchange has granted, a consent under paragraph 1C(1) of Appendix F1 to the Listing Rules to permit the Connected Client to participate in the Global Offering as a cornerstone investor on the following basis and conditions as set out in Paragraph 6 of Chapter 4.15 of the Guide:

(a) any Offer Shares to be allocated to the Connected Client will be held on behalf of independent third parties;

(b) the cornerstone investment agreement entered into with the Connected Client does not contain any material terms which are more favorable to it than those in other cornerstone investment agreements;

(c) the Connected Distributor has not participated, and will not participate, in the decision-making process or relevant discussions among the Company, the Underwriters and the Overall Coordinators as to whether Offer Shares will be allocated to the Connected Client;

(d) no preferential treatment has been, nor will be, given to the Connected Client by virtue of its relationship with the Connected Distributor, in any allocation of Offer Shares in the International Offering other than the assured entitlement under the cornerstone investment agreement following the principles set out in Chapter 4.15 of the Listing Guide;

(e) the Connected Client confirms that to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the allocation of Offer Shares in the Global Offering as a cornerstone investor by virtue of its relationship with the Connected Distributor, other than the assured entitlement under the relevant cornerstone investment agreement;

(f) each of (i) the Company, (ii) the Overall Coordinators, (iii) the Connected Distributor, and (iv) the Connected Client has provided the Stock Exchange with written confirmations in accordance with Chapter 4.15 of the Guide; and

(g) details of the cornerstone investment have been disclosed in this prospectus and details of the allocations will be disclosed in the allotment results announcement.

For further information about the cornerstone investment of CITIC AM HK, please refer to the section headed "Cornerstone Investors" in this prospectus.

DISCLOSURE OF OFFER PRICE

Paragraph 15(2)(c) of Appendix D1A to the Listing Rules provides that the issue price or offer price of each security must be disclosed in this Prospectus. Pursuant to Paragraph 12 of Chapter 4.14 of the Guide for New Listing Applicants, the Stock Exchange also allows an indicative offer price range to be included in the prospectus, as an alternative to the disclosure of a fixed offer price.

We have applied to the Stock Exchange a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules so that the Company will only disclose the maximum Offer Price in the Prospectus on the below basis:

(a) The Offer Price will be determined with reference to, among other factors, the closing price of our Company's A Shares on the Shenzhen Stock Exchange on the last trading day on or before the Price Determination Date. Our Company is unable to control the trading price of our A Shares on the Shenzhen Stock Exchange;

(b) Setting a fixed offer price or an offer price range with a low-end may adversely affect our ability to price our H Shares in the best interests of our Shareholders and the market price of the A Shares and the Hong Kong Offer Shares;

(c) Pursuant to paragraphs 9 and 10(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the amount payable on application and allotment on each share, and the price to be paid for shares subscribed for, shall be specified in this Prospectus, respectively. Disclosure of a maximum offer price complies with the requirements prescribed under paragraphs 9 and 10(b) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance by providing a clear indication of the maximum subscription consideration a potential investor shall pay for the Offer Shares; and

(d) A maximum Offer Price will be disclosed in this Prospectus. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

The Stock Exchange has granted to us a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules on the conditions that this Prospectus will disclose:

(a) the maximum Offer Price;

(b) the time for the determination of the Offer Price and the form of its publication;

(c) the historical prices of our Company's A Shares and trading volume on the Shenzhen Stock Exchange during the Track Record Period and up to the Latest Practicable Date;

(d) the determinants of the final Offer Price; and

(e) the source for investor to access the latest market price of our Company's A Shares.

See "Structure of the Global Offering — Pricing and Allocation" in this Prospectus for the historical prices of our A Shares and trading volume on the Shenzhen Stock Exchange.

WAIVER AND EXEMPTION IN RELATION TO THE MATERIAL CONTRACTS

Rule 11.06 of the Listing Rules requires this listing document to contain all specific items of information set out in Appendix D1A. Under paragraph 53(2) to Appendix D1A of the Listing Rules, all material contracts (not being entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the issue of the listing document shall be published on the Stock Exchange's website and the Company's website for a reasonable period of time (being not less than 14 days).

By paragraph 10 to Chapter 6.6 of the Guide for New Listing Applicants, copies of material contracts certified as true copies by approved certifiers with their recognized digital signatures, together with other required documents shall be submitted to the Stock Exchange for application for the authorisation of the registration of this Prospectus.

Under paragraph 17 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include a statement that there has been delivered to the Registrar of Companies for registration of a copy of every material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company or a contract entered into more than 2 years before the date of issue of this Prospectus. Section 342C(3)(b)(i) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires a copy of all material contracts stated in this Prospectus shall be delivered to the Registrar of Companies together with this Prospectus and other required documents for registration of this Prospectus.

The subscription agreements entered into by our Company and each of the 2025 A Share Placee for the purpose of the 2025 A Shares Issuance (the "**Subscription Agreements**") as disclosed in the section headed "Statutory and General Information — B. Further Information about our Business — A. Summary of Our Material Contracts" in Appendix VI to the Prospectus contain terms, among other things, regarding: (a) personal details of the relevant 2025 A Share Placees, being (i) the contact person; and (ii) the telephone number and contact email address of the relevant A Share Placee); and (b) details of securities account of the relevant 2025 A Share Placees (including those portfolio products of which the relevant A Share Placees was acting on behalf for), being (i) the name of securities account; (ii) the number of securities number in Shenzhen; (iii) the business registration number and/or personal identification number; (iv) custody unit code (託管單元代碼) and/or participant ID (席位號); (v) nature of securities; (vi) class of shareholders; and (vii) number of A shares subscribed for under the 2025 A Shares Issuance) (collectively, the "**Sensitive Information**").

We have applied to (i) the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 11.06 of, and paragraph 53(2) of Appendix D1A to, the Listing Rules and paragraph 10 to Chapter 6.6 of the Guide for New Listing Applicants and (ii) the SFC for, and the SFC has granted, a certificate of exemption under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the requirements under paragraph 17 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and section 342C(3)(b)(i) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so that the Sensitive Information could be redacted from the Subscription Agreements to be published on the websites of the Stock Exchange and the Company and be submitted for registration of this Prospectus for the following reasons:

(a) the Sensitive Information would not affect potential investors in assessing the assets, liabilities, financial position, profits and losses and prospects of the Company. The Sensitive Information is highly personal, private and confidential and it does not provide potential investors meaningful information in assessing the financial impact of the 2025 A Shares Issuance on our Group. Specifically, the Sensitive Information includes detailed information on the securities account held by the relevant 2025 A Share Placee for the purpose of the 2025 A Shares Issuance, which are non-disclosed information. Specifically, the Sensitive Information includes detailed information on the securities accounts held by the relevant 2025 A Share Placee for the purpose of the 2025 A Shares Issuance and certain personal privacy, which are non-disclosed information that, as advised by the PRC legal adviser of the Company, may render the Company in breach of relevant securities laws and personal information protection laws in the PRC if made public. In addition, certain information contained in the Subscription Agreements, including individuals' telephone numbers, email addresses and/or details relating to their securities accounts including those portfolio products of which the relevant A Share

Placees are acting on behalf for) may further constitute sensitive personal information under applicable PRC laws and regulations. As of the Latest Practicable Date, the Company had not obtained the relevant investors' consent to the public disclosure of such information. Accordingly, disclosure of the relevant Subscription Agreements by making them available for public inspection without appropriate redaction or the requisite consent may infringe the relevant individuals' privacy rights and/or contravene the Personal Information Protection Law of the PRC and other applicable PRC laws and regulations relating to the protection of personal information. Further, (i) consents will be required from each of 2025 A Share Placees regarding disclosure of their personal details; and (ii) regarding the details of securities account of the 2025 A Share Placee (including those portfolio products of which the A Share Placee was acting on behalf for), as advised by the PRC legal adviser of the Company: (1) regarding the 2025 A Share Placees which are fund managers and fund custodians: it is restricted under the applicable securities laws in the PRC to disclose the portfolio details in public which are not otherwise disclosed in their respective financial reports that regulated by the competent authorities in the PRC; and (2) regarding the remaining A Share Placees: consent shall first be obtained from such A Share Placees, and equivalent disclosure shall concurrently be made at the Shenzhen Stock Exchange since non-disclosure on the Shenzhen Stock Exchange will result in inconsistencies between the information disclosed in the domestic and overseas markets which is further discussed in paragraph (b) below. As such, full compliance with such requirements would be unduly burdensome for the Company and the waiver and the exemption would not prejudice the interest of the investing public. Also, the disclosure of the Sensitive Information will not enhance the general investing public's understanding of the transactions contemplated under the 2025 A Shares Issuance and the disclosure of the Sensitive Information is unnecessary. As 2025 A Shares Issuance and the list of final 2025 A Share Placee, with particulars including (i) name of each 2025 A Share Placee; (ii) background of each 2025 A Share Placee (including whether any of the 2025 A Share Placee is an existing shareholder of the Company and/or an existing employee of the Group immediately prior to the completion of the 2025 A Shares Issuance); (iii) number of A Shares subscribed for by each 2025 A Share Placee for the purpose of the 2025 A Shares Issuance; and (iv) percentage of shareholding in the total issued share capital of the Company immediately after completion of the 2025 A Shares Issuance, have been disclosed in the section headed "History and Corporate Structure — Major Shareholding Changes of Our Company — (6) Issuance of A Shares to specific targets" in the Prospectus, investing public will have sufficient information on the 2025 A Shares Issuance and be able to assess the impact of the 2025 A Shares Issuance essential for an informed decision. Therefore, only making the redacted version of the Subscription Agreements available on display and be submitted for registration purpose is unlikely to mislead the investing public regarding the facts and circumstances, knowledge of which is essential for the informed assessment of the Group;

(b) Specifically, pursuant to Article 24 of the Measures for the Administration of Information Disclosure of Publicly Offered Securities Investment Funds (2020 Amendment) (《公開募集證券投資基金信息披露管理辦法(2020修正)》) and Article 6 of the Provisions on Issues Concerning the Implementation of the Measures for the Administration of Information Disclosure of Publicly Offered Securities Investment Funds (2020 Amendment) (《關於實施<公開募集證券投資基金信息披露管理辦法>有關問題的規定(2020修訂)》), information relating to the portfolio holdings and investment operations of publicly offered funds constitutes non-public sensitive information, which is subject to strict confidentiality requirements and must not be disclosed prior to its lawful publication. Accordingly, as advised by the Company's PRC legal adviser, public disclosure of the full text of the placing agreements for the 2025 A Shares Issuance, which contain such information as part of the Sensitive Information, would (i) result in inconsistencies between the information disclosed in the domestic and overseas markets and trigger the Company's obligation to provide explanations and

publish corrective or supplemental announcements under Rules 11.2.1 and 11.2.2 of the Shenzhen Stock Exchange ChiNext Stock Listing Rules; (ii) constitute a breach of the confidentiality obligation under Article 83 of the PRC Securities Law in respect of information required to be disclosed but not yet lawfully made public; and (iii) given that it would constitute an unprecedented disclosure of material Sensitive Information in the A-share market, potentially be regarded as disseminating misleading information or disrupting the securities market, in contravention of Article 56 of the PRC Securities Law; and

(c) the details of the 2025 A Shares Issuance which are material to investors' assessment on our Group as well as the background, use of proceeds and final investors of the 2025 A Shares Issuance have been summarized and disclosed in the section headed "History and Corporate Structure — Major Shareholding Changes of Our Company — (6) Issuance of A Shares to specific targets" in the Prospectus. Besides, the key particulars of each 2025 A Share Placee which had been disclosed in this Prospectus as mentioned in sub-paragraph (a) above. As such, the mere fact that only the redacted version of the Subscription Agreements will be available on display and submitted for registration purpose would not result in the omission of any material information or mislead the Shareholders or the investing public with regard to any facts knowledge of which is essential for an informed assessment of our Group.

In light of the above, the Directors are of the view that the grant of the waiver and exemption sought under this application would not prejudice the interest of the investing public.

The SFC has agreed to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance granting a partial exemption from strict compliance with paragraph 17 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of our obligation to include a statement that a copy of every material contract has been delivered to the Registrar of Companies for registration and section 342C(3)(b)(i) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of our obligation that a copy of every material contract has been delivered to the Registrar of Companies for registration on the following conditions that:

(a) the Prospectus contains the statement that a copy of every material contracts referred to in the section headed "Statutory and General Information — B. Further Information about our Business — A. Summary of Our Material Contracts" in Appendix VI to the Prospectus (subject, in case of the Subscription Agreements, to the omission of the Sensitive Information) has been delivered to the Registrar of Companies for registration;

(b) a copy of every material contract referred to in the section headed "Statutory and General Information — B. Further Information about our Business — A. Summary of Our Material Contracts" in Appendix VI to the Prospectus in the form delivered to the Registrar of Companies for registration are made available on display in accordance with "Documents Delivered to the Registrar of Companies and Available on Display — 2. Documents Available on Display" in Appendix VII to the Prospectus; and;

(c) the particulars of the exemption will be disclosed in the Prospectus, and the Prospectus will be issued on or before August 31, 2026.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

RESTRICTIONS ON OFFER AND SALE OF H SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this document.

No action has been taken to permit a public offering of the H Shares or the distribution of this document in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this document may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this document and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered and sold, directly or indirectly, in Chinese Mainland or the U.S..

CSRC FILING

We have filed the required documents with the CSRC, and we have received a filing notice from the CSRC dated September 9, 2025, confirming our completion of the filing procedures pursuant to the new filing regime introduced by the new regulations on filing for the Global Offering and the application for listing of the H Shares on the Hong Kong Stock Exchange.

INFORMATION ON THE GLOBAL OFFERING

This document is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this document contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 2,607,800 Offer Shares and the International Offering of initially 23,470,000 Offer Shares (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and subject to reallocation on the basis as set out in the section headed "Structure of the Global Offering" in this prospectus).

The Offer Shares are offered solely on the basis of the information contained and representations made in this document and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this document, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering. Neither the delivery of this document nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this document or that the information in this document is correct as of any subsequent time.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters, subject to the terms and conditions of the International Underwriting Agreement. Please refer to the section headed "Underwriting" for further details on the Underwriters and the underwriting arrangements.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option). Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Tuesday, September 8, 2026.

Except for the A Shares that have been listed on the Shenzhen Stock Exchange and our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share or debt securities is listed on or dealt in on the Hong Kong Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Hong Kong Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisors for the details of the settlement arrangements as such arrangements may affect their rights and interests.

REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in Chinese Mainland.

Dealings in the H Shares registered in our H Share Register will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on the H Share Register of our Company in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of our Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our H Shares. None of our Company, the Joint Sponsors, Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, our H Shares.

LANGUAGE

If there is any inconsistency between this document and its Chinese translation, this document shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiary) have been included in this document in both the Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail.

ROUNDING

Certain amounts and percentage figures, such as share ownership and operating data, included in this document may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

CURRENCY TRANSLATIONS

Solely for your convenience, this document contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless otherwise specified, this document contains certain translations for convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of RMB0.8647 to HK$1.00, Renminbi into U.S. dollars at the rate of US$1.00 to RMB6.7817 and Hong Kong dollars into U.S. dollars at the rate of US$1.00 to HK$7.8432.

No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

DIRECTORS

Name	Position	Address	Nationality
Mr. Cai Huabo (蔡華波先生)	Executive Director	6D, Building 3 Haofengyuan Qiaoxiang Road Shenzhen Guangdong Province China	Chinese
Mr. Li Zhixiong (李志雄先生)	Executive Director	Room 5A1, Building 7 Haiwen Garden Nanshan District Shenzhen Guangdong Province China	Chinese
Mr. Wang Jingyang (王景陽先生)	Executive Director	No. 41, Lane 599 Zhoudongnan Road Zhoupu Town Pudong New Area Shanghai China	Chinese
Mr. Cai Jing (蔡靖先生)	Non-executive Director	No. 20062001 Talent Service Center No. 29 Suzhou Street B Haidian District Beijing China	Chinese
Mr. Hu Yingping (胡穎平先生)	Non-executive Director	Room 1803, No. 28 Lane 333, Fangdian Road Pudong New Area Shanghai China	Chinese
Mr. Tang Zhongcheng (唐忠誠先生)	Independent non-executive Director	Room 1202, Block A Dream Home, Modern City Nanshan District Shenzhen China	Chinese
Mr. Chen Weiyue (陳偉岳先生)	Independent non-executive Director	Room 505, Building 15 Tongxinling Futian District Shenzhen Guangdong Province China	Chinese
Mr. Huang Zhiqiang (黃志強先生)	Independent non-executive Director	No. 507, 3rd Floor Xinke Xiangyuan Zhongguancun Haidian District Beijing China	Chinese
Ms. Tang Mei Shan (鄧美珊女士)	Independent non-executive Director	Room A, 12/F., Block 7A MONTEREY 23 Tong Chun Street Tseung Kwan O Hong Kong	Chinese (Hong Kong)

Please refer to the section headed "Directors and Senior Management" in this prospectus for further details.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **Citigroup Global Markets Asia Limited** 50/F, Champion Tower Three Garden Road Central Hong Kong
Sponsor-Overall Coordinators	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **Citigroup Global Markets Asia Limited** 50/F, Champion Tower Three Garden Road Central Hong Kong
Overall Coordinators	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **Citigroup Global Markets Asia Limited** 50/F, Champion Tower Three Garden Road Central Hong Kong **China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square 8 Connaught Place, Central Hong Kong
Joint Global Coordinators	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **Citigroup Global Markets Asia Limited** 50/F, Champion Tower Three Garden Road Central Hong Kong **China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square 8 Connaught Place, Central Hong Kong

	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
Joint Bookrunners	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering) 50/F, Champion Tower Three Garden Road Central Hong Kong
	Citigroup Global Markets Limited (in relation to the International Offering) 33 Canada Square Canary Wharf London E14 5LB United Kingdom
	China Securities (International) Corporate Finance Company Limited 18/F, Two Exchange Square 8 Connaught Place, Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	Futu Securities International (Hong Kong) Limited 34/F, United Centre No. 95 Queensway Admiralty Hong Kong
	Tiger Brokers (HK) Global Limited 23/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Lead Managers	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering) 50/F, Champion Tower Three Garden Road Central Hong Kong

Citigroup Global Markets Limited
(in relation to the International Offering)
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

China Securities (International) Corporate Finance Company Limited
18/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

Tiger Brokers (HK) Global Limited
23/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Capital Market Intermediaries

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Citigroup Global Markets Asia Limited
(in relation to the Hong Kong Public Offering)
50/F, Champion Tower
Three Garden Road
Central
Hong Kong

Citigroup Global Markets Limited
(in relation to the International Offering)
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

China Securities (International) Corporate Finance Company Limited
18/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

	Futu Securities International (Hong Kong) Limited 34/F, United Centre No. 95 Queensway Admiralty Hong Kong
	Tiger Brokers (HK) Global Limited 23/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Legal Advisors to our Company	*As to Hong Kong and U.S. laws:* **Latham & Watkins LLP** 18/F, One Exchange Square 8 Connaught Place Central Hong Kong
	As to PRC laws: **Zhong Lun Law Firm** 22-31/F, South Tower of CP Center 20 Jin He East Avenue, Chaoyang District Beijing PRC
	As to Brazilian laws: **Pinheiro Neto Advogados** Rua Hungria, 1100 01455-906, São Paulo Brazil
	As to International Sanction laws, U.S. Outbound Investment Rule and the IP Proceedings: **Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells International LLP)** 11/F, One Pacific Place 88 Queensway Hong Kong
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The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by CIC, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

OVERVIEW OF THE GLOBAL SEMICONDUCTOR MEMORY MARKET

Memory Demand Driven by AI-enabled Data Processing

The global semiconductor memory market is entering a new growth cycle, driven not only by the continued expansion of global data volume, but more importantly, by the structural shift in how data is generated, processed and accessed in the AI era.

Before the current AI wave, the proliferation of internet services, smart devices, 5G, cloud computing and data centers had already expanded the scale and frequency of data creation, transmission and processing, laying the infrastructure foundation for more memory-intensive applications.

Since late 2022, the emergence of large language models has become the most important new driver of memory demand. Particularly, since the third quarter of 2025, supported by the substantial memory demand from AI-related applications and data center infrastructure construction, the semiconductor memory market has entered a period of rapid expansion, with demand for memory products outpacing available supply. On the cloud side, AI model training and inference require intensive data read and write, driving demand for high-capacity, high-bandwidth and high-reliability memory products in AI servers and data centers. On the edge side, the rollout of AI smartphones, AI computers, smart vehicles, AI wearables and embodied intelligence devices is increasing local data generation, model execution and real-time interaction, creating new requirements for memory performance, power efficiency and form factor.

Against this backdrop, memory is evolving from a passive storage medium into a critical infrastructure layer for data-intensive AI workloads. Effective memory solutions are increasingly essential to support fast data access, reliable storage, secure data management and system-level cost efficiency across a widening range of AI-driven applications.

Semiconductor Memory Overview

Semiconductor memory is a core segment of the integrated circuit industry. According to CIC, the global integrated circuit market is projected to reach nearly US$700 billion in 2025, with semiconductor memory accounting for over 30% of this market. Memory wafers are the fundamental building blocks of semiconductor memory, and are generally categorized into non-volatile memory, such as NAND Flash, and volatile memory, such as DRAM, depending on whether data can be retained after power-off.

Memory products primarily fall into four broad categories: embedded storage, SSDs, mobile storage and DIMM:

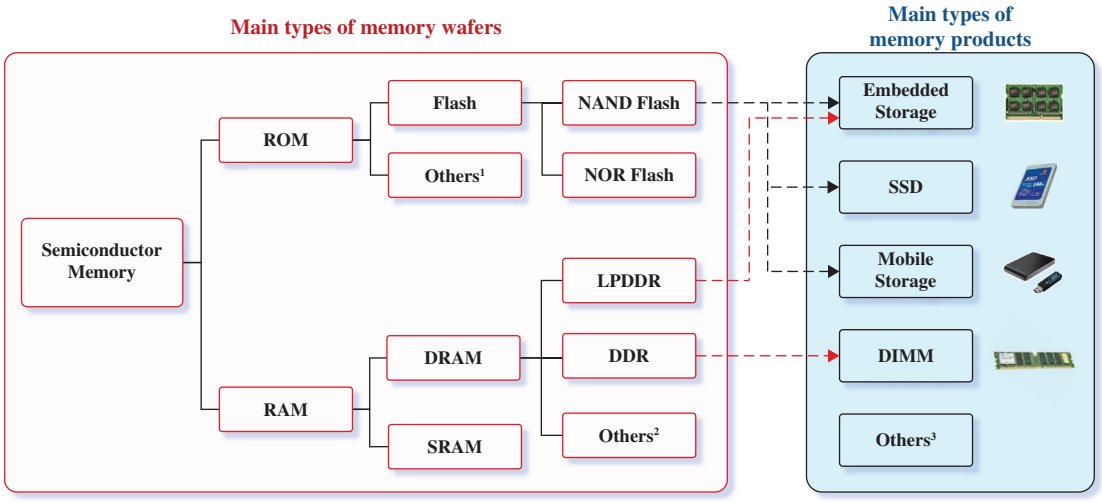
- ***Embedded Storage***: Embedded storage is memory module integrated within small, low-power devices. It can be made from NAND and LPDDR memory to form non-volatile and volatile memory, respectively. In addition, NAND and LPDDR can be packaged together to create highly integrated embedded storage.

- ***SSDs***: SSDs are non-volatile memory primarily used in devices with regular size and power consumption, such as servers and computers, and are made from NAND Flash memory. They have largely replaced traditional mechanical hard disk drives in key applications such as computers.

- ***Mobile Storage***: Mobile storage refers to portable and removable memory, mainly including USB flash drives, memory cards and portable SSDs and is typically made using NAND Flash memory.

- ***DIMM***: DIMM is volatile memory primarily used in devices with regular size and power consumption, such as servers and computers, and is made using DDR memory.

The following diagram illustrates the major types of semiconductor memory wafers and their corresponding types of memory products:

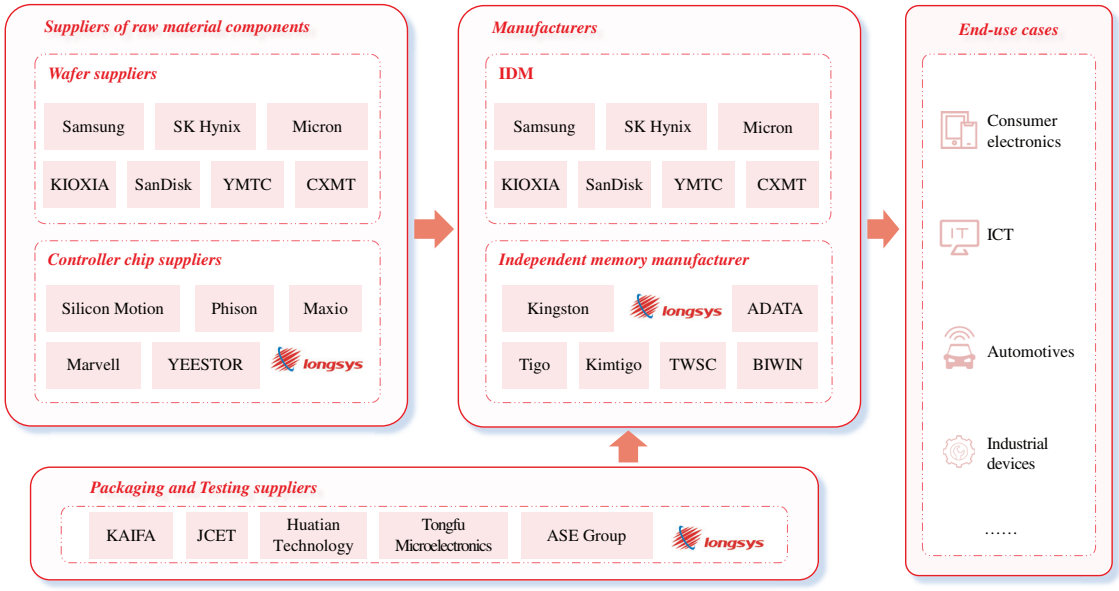


Notes:

1. Other ROM types include Mask ROM, programmable ROM (PROM), etc.
2. Other DRAM types mainly include graphics double data rate.
3. Other memory products mainly include HBM.

Semiconductor Memory Value Chain

The following diagram illustrates the relationships among the key players along the semiconductor memory value chain — suppliers of key components and services, manufacturers and end-use cases:



Note: Longsys' controller chips and packaging services are primarily provided for its own memory products.

Suppliers of key components and services mainly provide memory wafers, controller chips and packaging and testing services. Memory wafers are the most crucial components and are supplied by wafer suppliers. The global supply of NAND Flash memory wafers is highly concentrated, with the top five foundries controlling approximately 90% of the market. DRAM wafer supply is even more concentrated, with the top three foundries accounting for more than 90% of the market. As memory products become more application-specific, controller chips are becoming increasingly important to product differentiation. Together with firmware, they coordinate NAND Flash, manage data read and write operations, support error correction, wear leveling, diagnostics and repair, and directly affect product performance, reliability and lifespan. In the AI era, their role is further expanding from basic storage control to system-level data management. As local AI workloads increase pressure on DRAM capacity, latency, power consumption and device cost, controller chips and firmware are increasingly used to optimize cache hierarchy, classify hot and cold data, manage data placement across DRAM and NAND Flash, improve prefetching and compression efficiency, and enhance workload-aware storage performance. As a result, controller chips, firmware algorithms and system-level optimization are becoming key sources of product differentiation, rather than merely auxiliary components. Packaging and testing help ensure product performance and quality in real-world applications and enable precise control over product dimensions, a critical factor for products with specific performance, power and size requirements.

Significant application-specific development is required to transform standardized wafers into finished memory products. Such development is generally undertaken by memory product enterprises. Memory product enterprises primarily include IDMs and independent memory product enterprises. Holding approximately 80% of the market share in the semiconductor memory product market, IDMs produce both wafers and memory products, but primarily focus on standardized products manufactured at scale. As vertically integrated manufacturers, IDMs generally have stronger control over wafer supply supported by their in-house manufacturing capacity. Independent memory product enterprises, on the other hand, source wafers from wafer suppliers and focus on the production of memory products. Compared with IDMs, independent memory product enterprises are generally more flexible and application-oriented, but have relatively lower bargaining power in securing memory wafer supply, as they depend on external wafer suppliers and are more exposed to wafer price fluctuations and supply allocation during industry upcycles. The chart below illustrates the main differences between the independent memory product enterprises and IDMs:

Key Processes / Capabilities	IDMs	Independent Memory Enterprises
Memory Product Design	✓	✓
Memory Wafer Design*	✓	×
Memory Wafer Fabrication	✓	×
Firmware Development	✓	✓
Packaging & Testing	✓	✓
SMT & Assembly	✓	✓

*: Independent memory enterprises generally do not have design capabilities for mainstream memory wafers. Some independent memory enterprises may be able to design small-capacity memory wafers (e.g. SLC NAND wafers).

Memory products serve a wide range of end applications, each with unique requirements, resulting in diverse product specifications. For example, consumer electronics demand highly miniaturized designs and low power consumption; data centers prioritize storage capacity, data transfer speed and data security; and automotive and industrial applications typically require a wide operating temperature range and reliable performance under harsh conditions, including in the presence of high humidity, vibration and electromagnetic interference.

GLOBAL SEMICONDUCTOR MEMORY PRODUCTS MARKET

Market Size

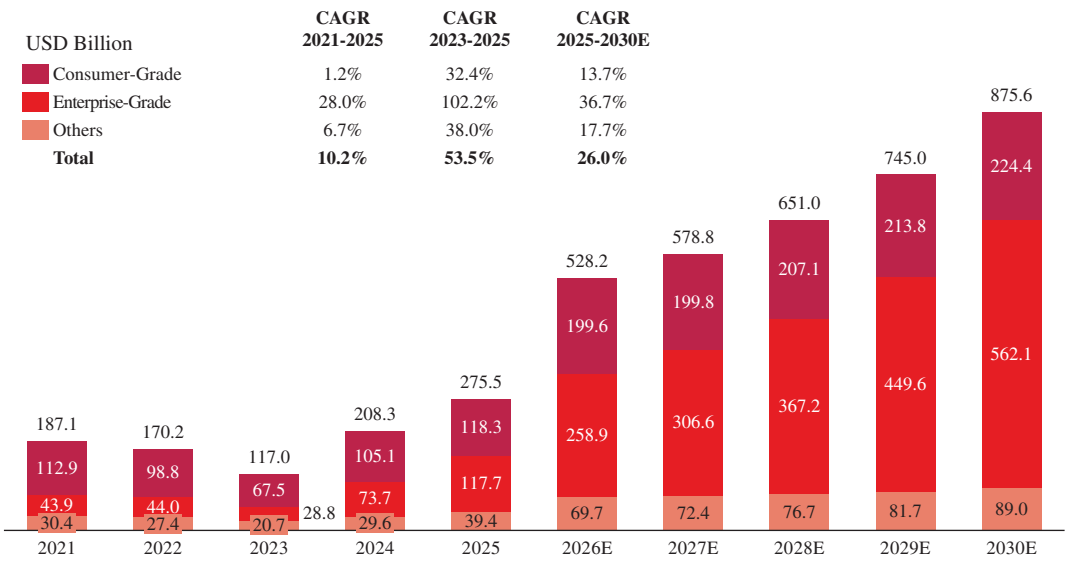
According to CIC, the global semiconductor memory product market size was US$275.4 billion in 2025, with independent memory product enterprises accounting for around 20% of the market share. Between 2021 and 2023, the demand for memory products decreased due to reduction in remote work, slowing global economic growth, U.S. interest rate hikes and the Russia-Ukraine conflict, as well as inventory clearance by IDMs and other memory enterprises. Since late 2023, as electronic companies had largely cleared their inventories and began restocking for upcoming product launches, demand rebounded. Consequently, the semiconductor memory product industry exhibited an upward trend. The market is expected to grow significantly to US$528.2 billion in 2026, primarily driven by the rapid expansion of AI-related workloads. In particular, the accelerated build-out of AI data centers has led to strong demand for enterprise-grade memory products, while the supply of advanced memory products has remained relatively constrained, resulting in a supply-demand imbalance and significant increases in memory product prices. From 2027 to 2030, although shipment volume is expected to continue growing, the overall market size is expected to remain relatively stable as memory product prices gradually normalize from their elevated levels. The global semiconductor memory product market is expected to reach US$875.6 billion by 2030, representing a CAGR of 26.0% from 2025 to 2030.

The enterprise-grade segment is projected to experience rapid growth, driven by the recent surge in AI server deployments. The increasing penetration of AI cloud computing has further accelerated demand for high-performance memory products, as cloud-based model training, inference and AI application hosting require greater memory bandwidth, capacity and data access efficiency. Meanwhile, the rapid growth of cloud storage driven by AI-generated data, multimodal content and enterprise data lakes has increased demand for high-capacity SSDs and other storage products, further supporting the expansion of the enterprise-grade memory product market, resulting in a greater than 30% increase in global AI server shipments in 2023. Shipments grew more than 40% in 2024 and approximately 25% in 2025, reaching approximately 2.1 million units, and are projected to maintain a nearly 20% CAGR over the next five years. As a critical component in the data processing lifecycle for increasingly multimodal LLMs and agents, memory directly impacts data capacity, training and computation speeds, data reliability and data security, fueling strong growth in related product markets. Memory product enterprises have continued to innovate to enhance product performance, with high-performance DDR5 DIMM, HBM, high-capacity SSDs and CXL memory expansion modules being particularly popular.

Consumer-grade and other applications provide a broad and stable demand base for semiconductor memory products. Consumer-grade applications continue to drive demand for higher memory capacity and faster data access, with edge AI devices including AI smartphones, AI tablets, and AI computers driving incremental demand for semiconductor memory solutions that can better balance capacity, performance-per-watt, power consumption, form factor, reliability and system-level cost. Other applications, including industrial-grade applications and vehicles, typically require long product lifecycles, high reliability and stable performance under demanding operating environments, creating opportunities for memory product enterprises with strong customization, packaging and testing, and quality control capabilities.

The following diagram illustrates the global semiconductor memory market size by application.

Market size of global semiconductor memory industry, by application, 2021-2030E



Source: Omdia, TrendForce, Yole, CIC

Notes:

1. The decrease in market size by approximately 31% in 2023 was mainly attributable to the significant decline in the average unit price of global semiconductor memory products from USD0.27/GB in 2022 to USD0.16/GB in 2023, which more than offset the increase in shipment capacity from 630.4 billion GB to 749.8 billion GB during the same period. Such decline in unit price was primarily due to the cyclical downturn of the semiconductor memory industry, weak demand from consumer electronics and inventory adjustments across the supply chain in 2023.

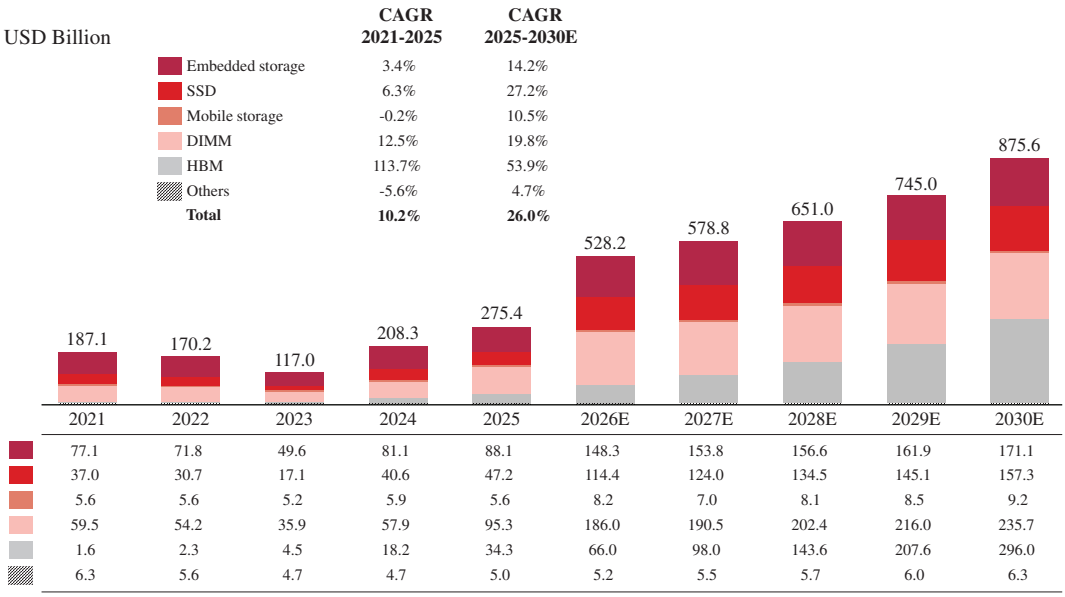
2. The significant increase in market size by approximately 92% in 2026E is mainly expected to be driven by the recovery in average unit price from USD0.27/GB in 2025 to USD0.45/GB in 2026, together with continued growth in overall shipment capacity from 1,027.1 billion GB to 1,161.4 billion GB. The expected increase in unit price in 2026E is primarily attributable to the rapid growth in AI-driven data center demand, which is expected to tighten supply-demand balance and support higher pricing for semiconductor memory products, particularly enterprise-grade and high-performance memory products.

In terms of shipment capacity, global semiconductor memory products continued to grow from 547.0 billion GB in 2021 to 1,027.1 billion GB in 2025, and are expected to further increase to 2,513.5 billion GB in 2030E, driven by the continuous expansion of data storage and processing demand across enterprise-grade, consumer-grade and other applications. In terms of unit price, the average unit price of global semiconductor memory products decreased from USD0.3/GB in 2021 to USD0.16/GB in 2023 due to the downward industry cycle, and subsequently recovered to USD0.27/GB in 2025. It is expected to further increase to USD0.5/GB in 2026E before gradually normalizing to USD0.35/GB in 2030E. Specially for consumer-grade applications, shipment capacity is expected to experience short-term decrease from 600.4 billion GB in 2025 to 495.6 billion GB in 2026, mainly due to the significant increase in consumer-grade memory unit price from USD0.2/GB in 2025 to USD0.4/GB in 2026. As unit price gradually normalizes thereafter, consumer-grade shipment capacity is expected to resume growth and reach 933.9 billion GB in 2030.

By memory product type, the growth of embedded storage was primarily driven by growth in consumer electronics, smart vehicles, industrial control equipment and other edge devices. As AI functions are increasingly deployed on edge devices, embedded storage is expected to play a more important role in supporting local data capture, model execution and real-time interaction under constraints on power consumption, size and reliability. In terms of growth rate, HBM is expected to show the fastest growth, followed by SSDs and DIMM, primarily driven by demand for

enterprise-grade products, especially those used in AI servers within data centers. Between 2021 and 2023, driven by continuous advancements in memory technology, per-GB unit prices declined across all product categories. In 2023-2024, as the market recovered and demand grew, per-GB unit prices rose across the board. In particular, the relatively stronger increase in the per-GB unit price of DIMM products was primarily attributable to the rebound in DRAM prices, as industry-wide production cuts and recovering demand, particularly from data centers and AI servers, resulted in a tighter supply-demand balance for DRAM. Meanwhile, from 2021 to 2025, the growing global demand for storage capacity led to a continued increase in per-GB shipment volumes across all product types. The following diagram illustrates the global semiconductor memory product market size by product type.

Market size of global semiconductor memory industry, by memory type, 2021-2030E



Source: Omdia, TrendForce, Yole, CIC

Market Drivers

Several key factors are shaping the semiconductor memory product market: (i) AI workloads workloads are driving more diversified memory demand, with cloud training and inference requiring high-capacity, high-bandwidth and high-reliability memory products, while edge AI devices such as AI smartphones, AI computers, smart vehicles, AI wearables and embodied intelligence devices require memory solutions with larger capacity, stronger performance-per-watt, compact form factor and higher customization; (ii) advancements in high-speed and high-capacity memory technologies, such as CXL and 3D NAND, together with improvements in product lifespan, interface speed, packaging options, controller design and firmware optimization, are driving memory products toward stronger performance and broader applicability; (iii) rising emphasis on data privacy, security and localization is increasing demand for localized data storage and management; (iv) digital transformation, data center construction and consumer electronics adoption in emerging markets are generating incremental demand for semiconductor memory products; and (v) supportive government policies in the Chinese Mainland are promoting the development and adoption of data-secure, low-power and energy-efficient memory products. In particular, the 14th Five-Year Plan for the Development of the Digital Economy calls for data classification and tiered protection, full-lifecycle data security management and the adoption of secure and reliable information products, while the Action Plan for High-quality Development of Computing Infrastructure promotes high-efficiency and low-carbon computing, networking and storage equipment, as well as secure and trusted hardware and software.

Growth Opportunities for Independent Memory Product Enterprises

The global semiconductor memory product industry has tremendous market space, with independent memory product enterprises accounting for approximately 20% of the overall market share and well-positioned to capitalize on significant growth opportunities. By promptly identifying the diverse and customized needs present in downstream niche markets, independent memory product companies can swiftly respond and engage in differentiated competition with IDMs, thereby achieving rapid business growth.

- ***Expansion from Memory Product Manufacturing to System-level Storage Solutions***: In addition to wafer quality, controller chip design, firmware algorithms, packaging and testing, thermal design and system-level optimization are becoming increasingly important determinants of memory product performance and reliability. This is particularly relevant in the AI era, where downstream customers increasingly need to overcome system-level bottlenecks such as limited DRAM capacity, high memory cost, latency, power consumption and compact device form factors. Against this backdrop, independent memory product enterprises with advanced technology capabilities, including self-developed controller chips, proprietary firmware and in-house packaging and testing capabilities, are better positioned to capture opportunities arising from edge AI and other memory-intensive applications. By combining controller chips, firmware, caching algorithms, data compression, hot and cold data scheduling and system-level tuning, memory product enterprises can help customers improve effective memory capacity, optimize data access efficiency and reduce system-level cost.

- ***Growing Demand for Diverse, Customized and Specialty Memory Solutions***: IDMs focus their core competencies on innovative wafer design and process improvements. Their resources are increasingly concentrated on enterprise-grade markets and key accounts in areas such as servers and AI infrastructure, while support for consumer-grade applications, especially edge AI, is gradually being deprioritized. This has created significant unmet needs in these fast-growing market segments, creating massive opportunities for independent memory product enterprises to grow. At the same time, as IDMs continue to prioritize higher-density products such as TLC, QLC and PLC and gradually phase out mature, lower-capacity solutions such as SLC Flash, independent memory product enterprises can capture opportunities in applications that prioritize reliability, durability and application-specific performance over storage density.

- ***Diverse Market Needs for Consumer Memory Brands***: In addition to enterprise customers, individual consumers represent a significant group of end users in the memory market. Consumer needs evolve over time; they are increasing focused not only on product performance, but also on brand attributes, service quality and overall brand image. Traditional IDM service models often fall short of meeting the diverse needs of the retail market. Independent memory product enterprises, by closely studying consumer preferences, continue to refine and optimize their product lines while emphasizing service quality to build trust and brand reputation. Therefore, independent memory product enterprises are often able to demonstrate a keen understanding of and great agility in building their own distinctive brands, resulting in innovative brands in the retail market that are highly responsive to consumer preferences and demands.

GLOBAL SEMICONDUCTOR MEMORY PRODUCT MARKET COMPETITIVE LANDSCAPE

Market Share Ranking

The global semiconductor memory product market size is US$275.4 billion in 2025, with independent memory product enterprises accounting for around 20% of the market share. Globally, we are ranked as the ninth largest memory product enterprise and the second largest independent memory product enterprise. In China, we are the third largest memory product enterprise and the largest independent memory product enterprise.

Competitive Landscape of the Global Semiconductor Memory Product Market, 2025

Ranking	Company	Revenue in 2025 (US$ in billion)	Market Share	Country/Region	Type
1	Company A	73.2	26.6%	South Korea	IDM
2	Company B	68.3	24.8%	South Korea	IDM
3	Company C	42.3	15.4%	U.S.	IDM
4	Company D	13.0	4.7%	U.S.	Independent
5	Company E	11.2	4.1%	Japan	IDM
6	Company F	8.9	3.2%	U.S.	IDM
7	Company G	8.4	3.1%	PRC	IDM
8	Company H	5.6	2.0%	PRC	IDM
9	**Our Company**	**3.2**	**1.2%**	**PRC**	**Independent**
10 . . .	Company I	2.1	0.8%	Taiwan, China	IDM

Source: Annual reports of listed companies, CIC

Notes:

(1) 1 USD = 7.129 RMB = 31.167 TWD

(2) Company A was established in 1969 and headquartered in South Korea. It primarily manufactures memory semiconductors, including DRAM, NAND Flash and SSD products, and also provides system semiconductor and consumer electronics products. It is listed on the Korea Exchange.

(3) Company B was established in 1983 and headquartered in South Korea. It primarily provides DRAM, NAND Flash, SSD and other memory semiconductor products. It is listed on the Korea Exchange.

(4) Company C was established in 1978 and headquartered in the United States. It specializes in memory and storage products, including DRAM, NAND Flash, SSDs and memory solutions. It is listed on the Nasdaq Stock Market.

(5) Company D was established in 1987 and headquartered in the United States. Its main product categories include memory modules, SSDs, USB drives and memory cards. It is an unlisted company.

(6) Company E was established in 2018 and headquartered in Japan. It primarily develops, manufactures and sells NAND Flash memory and solid-state drives (SSDs) for consumer, enterprise and industrial applications. It is listed on the Tokyo Stock Exchange.

(7) Company F was established in 1988 and headquartered in the United States. It primarily develops and sells NAND Flash-based storage products, including SSDs, memory cards, USB flash drives and embedded storage products. It is listed on the Nasdaq Stock Market.

(8) Company G was established in 2017 and headquartered in China. It focuses on the research, development, manufacturing and sale of DRAM products. It is an unlisted company.

(9) Company H was established in 2016 and headquartered in China. It focuses on the research, development, manufacturing and sale of NAND Flash products. It is an unlisted company.

(10) Company I was established in 1995 and headquartered in Taiwan, China. It primarily engages in the research, development, manufacturing and sale of DRAM products. It is listed on the Taiwan Stock Exchange.

In terms of product types, we have demonstrated strong market competitiveness across multiple categories. We are the sixth-largest embedded storage manufacturer, the fourth-largest mobile storage manufacturer, and the eighth-largest SSD manufacturer globally. The table below sets forth our rankings and market share across various end product categories:

Competitive Landscape of the Global Semiconductor Embedded Storage Market, 2025

Ranking	Company	Revenue in 2025 (US$ in billion)	Market Share	Country/Region	Type
1	Company A	47.4	53.8%	South Korea	IDM
2	Company C	13.8	15.7%	U.S.	IDM
3	Company B	10.0	11.4%	South Korea	IDM
4	Company E	2.4	2.7%	Japan	IDM
5	Company F	2.1	2.4%	U.S.	IDM
6	**Our Company**	**1.4**	**1.6%**	**PRC**	**Independent**
7	Company D	1.2	1.4%	U.S.	Independent
8	Company J	1.0	1.1%	PRC	Independent
9	Company K	0.8	0.9%	PRC	Independent
10 . . .	Company L	0.8	0.9%	PRC	Independent

Source: Annual reports of listed companies, CIC

Notes:

(1) Company J was established in 2010 and headquartered in China. Its main product categories include SSDs, memory modules, embedded storage products, memory cards and USB flash drives. It is a listed company on the Shanghai Stock Exchange.
(2) Company K was established in 2016 and headquartered in China. Its main product categories include embedded storage products, SSDs, DRAM memory modules and storage controller chips. It primarily engages in the research, development, design, production and sale of memory and storage products. It is an unlisted company.
(3) Company L was established in 2018 and headquartered in China. It primarily engages in the research, development and sale of memory products, including SSDs, memory modules and embedded storage products. It is an unlisted company.

Competitive Landscape of the Global Semiconductor Mobile Storage Market, 2025

Ranking	Company	Revenue in 2025 (US$ in billion)	Market Share	Country/Region	Type
1	Company F	1.8	31.5%	U.S.	IDM
2	Company D	1.0	18.4%	U.S.	Independent
3	Company A	0.8	14.7%	South Korea	IDM
4	**Our Company**	**0.7**	**12.3%**	**PRC**	**Independent**
5	Company M	0.2	3.7%	PRC	Independent

Source: Annual reports of listed companies, CIC

Notes:

(1) Company M was established in 2008 and headquartered in Shenzhen, China. Its main product categories include SSDs, embedded storage products, memory modules and mobile storage products. It is listed on the Shenzhen Stock Exchange.

Competitive Landscape of the Global SSD Market, 2025

Ranking	Company	Revenue in 2025 (US$ in billion)	Market Share	Country/Region	Type
1	Company B	10.2	21.6%	South Korea	IDM
2	Company A	9.5	20.1%	South Korea	IDM
3	Company C	7.3	15.4%	U.S.	IDM
4	Company E	6.5	13.8%	Japan	IDM
5	Company F	4.6	9.7%	U.S.	IDM
6	Company D	3.8	7.9%	U.S.	Independent
7	Company N	1.0	2.1%	Taiwan, China	Independent
8	**Our Company**	**0.8**	**1.7%**	**PRC**	**Independent**
9	Company M	0.6	1.4%	PRC	Independent
10	Company O	0.5	1.0%	Taiwan, China	Independent

Source: Annual reports of listed companies, CIC

Notes:

(1) Company N was established in 2000 and headquartered in Taiwan, China. It primarily provides NAND Flash controller ICs and storage solutions, including SSD controller products and embedded storage solutions. It is listed on the Taiwan Stock Exchange.
(2) Company O was established in 2001 and headquartered in Taiwan, China. Its main product categories include memory modules, SSDs, memory cards and USB flash drives. It is listed on the Taiwan Stock Exchange.

Competitive Barriers of Independent Memory Product Enterprises

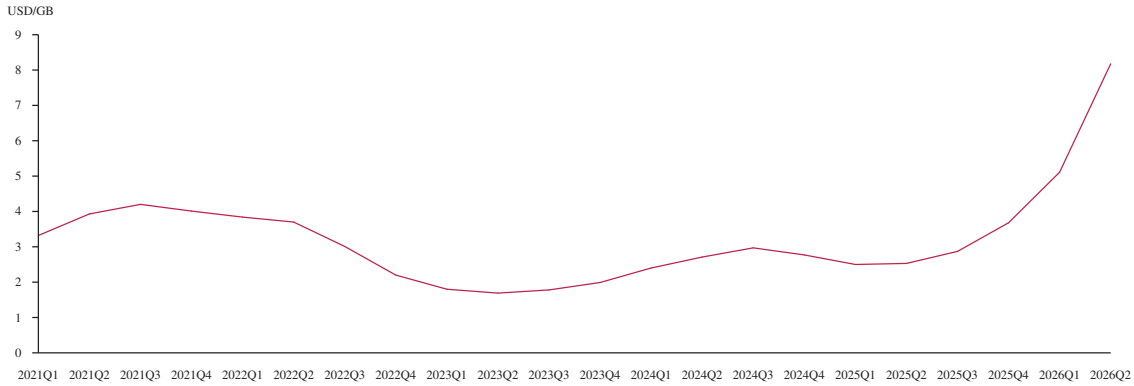
The competitive barriers of independent memory product enterprises mainly include: (i) technological expertise and R&D capabilities, controller design, firmware, packaging and testing, and system-level optimization, which are increasingly critical for AI-driven requirements on capacity, bandwidth, latency and power efficiency; (ii) supply chain partnerships, as key inputs such as wafers, controllers and packaging/testing services remain relatively concentrated; (iii) product development capabilities, as diverse downstream applications require tailored memory solutions; (iv) branding and service capabilities, which affect both retail consumer recognition and enterprise customer trust; and (v) capital resources, given the continuous investment required for R&D, capacity expansion, equipment and inventory management.

GLOBAL SEMICONDUCTOR MEMORY WAFER PRICE TREND ANALYSIS

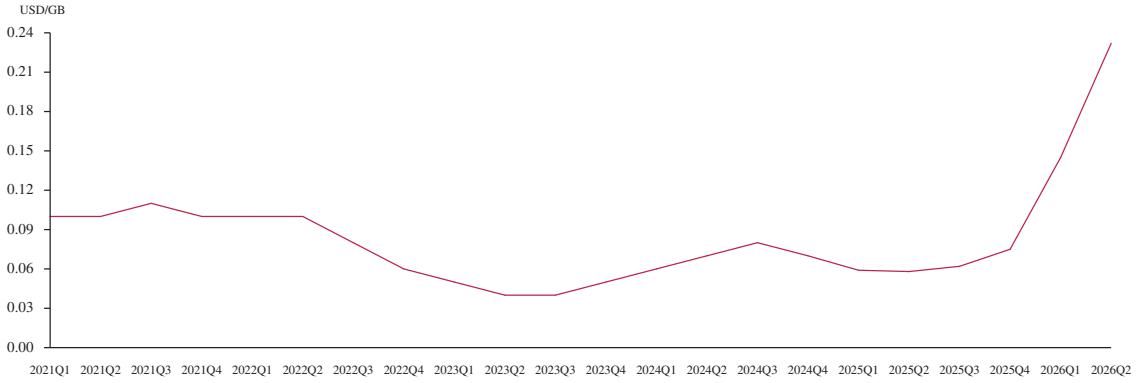
Memory wafers are the main cost of semiconductor memory products, and their price primarily affects the price of semiconductor memory products and the profitability of memory product enterprises. The price of memory wafers exhibits cyclicality. There is often a mismatch between wafer supply, characterized by relatively long capital expenditure planning time and low supply elasticity, and market demand, which is dispersed and fragmented. This disparity makes it difficult for wafer suppliers to quickly adjust production to align with the current market demand. Moreover, due to the continuous technological iteration, wafer suppliers would need to constantly add or cut production lines, which requires a relatively long time to ramp up or wind down the production. These two factors together have led to the periodic inventory fluctuations of memory wafers.

In the past three years, the price of memory wafers fluctuated significantly. In 2023, NAND Flash and DRAM wafer prices decreased by approximately 45% and 40%, respectively, mainly due to oversupply amid temporarily weak downstream demand. In 2024, NAND Flash and DRAM wafer prices rebounded by approximately 57% and 51%, respectively, driven by manufacturers' proactive supply adjustments and recovering demand, particularly from the enterprise-grade sector. In 2025, the market remained weak in the first half due to continued inventory destocking in smartphones, computers and other downstream markets, but improved thereafter as demand recovered and supply management continued. By the third quarter of 2025, accelerated AI data center construction, surging enterprise-grade storage demand and HDD supply shortages further tightened market supply, driving a significant increase in memory product and wafer prices. The prices are expected to remain high in the near future. The selling price per GB of DIMM products is generally higher than that of embedded storage, SSD and mobile storage products, mainly because the former is based on DRAM wafers while the rest are mostly based on NAND wafers. DRAM wafer, as a type of volatile memory, adopts a different transistor-level design from NAND, ensuring its faster access speed but at the same time facing tighter manufacturing requirements. As a result, the price of bare DRAM wafers is approximately 50 to 80 times that of bare NAND wafers. Furthermore, beyond the inherent cost of DRAM wafers, DIMMs constitute high-value subsystems rather than mere "soldered packages," integrating critical components like SPD and PMIC. In addition, DIMM products, particularly enterprise-grade products, are subject to more stringent requirements in terms of access speed, latency, stability, data integrity and reliability, which further contribute to their higher unit costs and selling prices. The charts below illustrate the industry average prices of DRAM wafers and NAND wafers during 2021 to the second quarter of 2026:

Historical price of DRAM wafers, 2021-2026Q2



Historical price of NAND wafers, 2021-2026Q2



Source: Omdia, Yole, CIC

Source of Information

CIC was commissioned to conduct research and analysis of, and produce a report on the global semiconductor memory product industry at a fee of RMB1,030,000. The commissioned report has been prepared by CIC independently without the influence from the Company or other interested parties. CIC undertook both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, including the National Bureau of Statistics of China, Chinese Government releases, annual reports published by relevant industry participants, industry associations, CIC's own internal database, etc.

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 likely to continue to drive 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. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. We have also referred to certain information in the "Summary", "Risk Factors", "Business" and "Financial Information" sections to provide a more comprehensive presentation of the industry in which we operate. Our Directors confirm that, having exercised reasonable care, there have been no adverse changes in market information, taken as a whole since the date of the CIC Report, that would materially limit, contradict, or adversely affect these data.

This section sets out a summary of certain aspects of the laws and regulations of the jurisdictions which are relevant to the business and operations of our Group. The principal objective of this summary is to provide you with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to you. You should note that the following summary is based on laws and regulations in force as at the date of this document, which may be subject to change.

LAWS AND REGULATIONS IN THE PRC

Primary Regulatory Authority

We are a branded semiconductor memory product enterprise, offering a comprehensive range of NAND Flash and DRAM memory products, including embedded storage, mobile storage, SSDs and DIMM, and belongs to the semiconductor industry. The industry's governing body is the Ministry of Industry and Information Technology of the PRC (hereinafter referred to as the "**MIIT**"). The main responsibilities of the MIIT include formulating guiding industrial policies, drafting pertinent legislative and regulatory proposals and establishing rules, among others, to guide the development of the industry.

LAWS AND REGULATIONS ON CORPORATION

Company Law of the PRC

On December 29, 1993, the Standing Committee of the National People's Congress (the "**SCNPC**") issued the PRC Company Law (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was recently amended by the SCNPC on December 29, 2023 and came into force on July 1, 2024. All companies established in the PRC are subject to the PRC Company Law. The PRC Company Law regulates the establishment, operation, corporate structure, and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares.

Transfer of Shares

Shares may be transferred in accordance with relevant laws and regulations. Registered shares shall be transferred by means of endorsement or other means prescribed by laws or administrative regulations; after the transfer, the company shall record the name and domicile of the transferee in the register of shareholders of the company. Within 20 days before the general meeting of shareholders or within five days before the record date of dividend distribution determined by the company, the above-mentioned register of shareholders shall not be changed. The transfer of bearer shares shall take effect when the shareholder delivers the shares to the transferee.

Restrictions on Shareholding and Transfer of Shares

Generally, the target investors of H share offering by domestic companies shall be overseas investors. Where domestic investors subscribe H shares issued by domestic companies, domestic investors shall be compliant with relevant provisions of the cross-border investment, such as qualified domestic institutional investors (QDII), or overseas investment filing (ODI), etc.

Under the PRC Company Law, the shares issued before the public offering shall not be transferred within one year from the date of the stocks of the company are listed and traded on the stock exchange. The directors, supervisors and senior management personnel of the company shall report to the company the shares held by them and their changes, and the shares transferred each year during their term of office shall not exceed 25% of the total shares of the company held by them during their tenure. The above-mentioned personnel shall not transfer their shares of the company within half a year after their resignation. The Articles of Association may make other restrictive provisions on the transfer of shares held by the directors, supervisors, and management personnel of the company.

Variation of Class Rights

The PRC Company Law has no special provision relating to variation of class rights. However, the PRC Company Law states that The State Council may formulate separate regulations on companies issuing other types of shares which are not provided in the PRC Company Law.

REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The Securities Law, which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures and five supporting guidelines (collectively, "**Overseas Listing Regulations**"). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Provision on Confidentiality. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Measures for the Administration of Overseas Investments and Measures for the Administration of Enterprises' Overseas Investments

The Measures for the Administration of Overseas Investments (《境外投資管理辦法》) were issued by the MOFCOM on September 6, 2014, and implemented on October 6, 2014. The Measures for the Administration of Enterprises' Overseas Investments (《企業境外投資管理辦法》) were issued by the NDRC on December 26, 2017, and implemented on March 1, 2018.

According to these Measures, overseas investment refers to investment activities by domestic enterprises, directly or through their controlled overseas enterprises, by injecting assets, equity, providing financing, guarantees, etc., to acquire ownership, control rights, management rights and other relevant rights abroad. The scope of approval management includes sensitive projects undertaken directly or through their controlled overseas enterprises of the investing entities. The MOFCOM and the commerce departments at provincial levels are responsible for the administration and supervision of overseas investments. Depending on the different circumstances of enterprises' overseas investments, they either implement filing or approval management. Enterprises' overseas investments involving sensitive countries and regions or sensitive industries, are subject to approval management by the NDRC. Other overseas investments by enterprises are subject to filing management.

The MOFCOM and the commerce departments at provincial levels manage enterprises' overseas investments through the "Overseas Investment Management System" and issue the Certificate of Overseas Investment by Enterprises to enterprises that have obtained filing or approval.

PRC LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent Law of the PRC and Detailed Rules for the Implementation of the Patent Law of the PRC

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

Trademark Law of the PRC and Regulations for the Implementation of the Trademark Law of the PRC

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

Regulations on the Protection of Layout-Designs of Integrated Circuits

The Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》) were issued by the State Council on April 2, 2001, and implemented on October 1, 2001. According to these regulations, natural persons, legal persons or other organizations in China who create layout-designs have exclusive rights to their designs. Foreign persons whose layout-designs are first commercially exploited within the territory of China are also entitled to exclusive rights to their designs. The protection term for the exclusive right of a layout-design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

Internet Domain Name Management Measures

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

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), or the Copyright Law, promulgated by the SCNPC on 7 September 1990 and implemented on 1 June 1991, and last revised on 11 November 2020 and came into effect on 1 June 2021, Chinese citizens, legal persons or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

The Regulation on Computers Software Protection

Pursuant to the Measures for 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 20 February 2002 and the Regulation on Computers Software Protection (《計算機軟件保護條例》) amended by the State Council on 30 January 2013 and came into effect on 1 March 2013, the National Copyright

Administration is mainly responsible for the registration and management of software copyright in Chinese Mainland and recognizes the China Copyright Protection Centre as the software registration organization. The China Copyright Protection Centre shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

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

Labor Law of the PRC

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

Labor Contract Law of the PRC and Implementation Regulation of the Labor Contract Law of the PRC

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

The PRC Social Insurance Law and the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums

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

Housing Provident Fund

The Regulations on Management of Housing Provident Fund

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

PRC LAWS AND REGULATIONS ON FOREIGN EXCHANGE

Foreign Exchange Administration Regulations of the PRC

The Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) were issued by the State Council on January 29, 1996, implemented on April 1, 1996, and most recently revised and implemented on August 5, 2008. According to these regulations, Renminbi can generally be freely exchanged for current account transactions, such as foreign exchange transactions related to trade and services and dividend payments. However, free exchange for capital account transactions, including capital transfers, direct investments, securities investments, derivatives or loans, are not permitted unless prior approval is obtained from the foreign exchange administration authorities.

Regulations on Foreign Exchange Settlement, Sales and Payment and Notice on Reforming the Foreign Exchange Capital Settlement Management for Foreign-Invested Enterprises

The Regulations on Foreign Exchange Settlement, Sales, and Payment (《結匯、售匯及付匯管理規定》) were issued by the PBOC on June 20, 1996, and implemented on July 1, 1996. The Notice on Reforming the Foreign Exchange Capital Settlement Management for Foreign-Invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) was issued by the SAFE on March 30, 2015. The Notice on Abolishing and Voiding 5 Foreign Exchange Management Normative Documents and 7 Clauses of Foreign Exchange Management Normative Documents (《國家外匯管理局關於廢止和失效5件外匯管理規範性文件及7件外匯管理規範性文件條款的通知》) issued and implemented on December 30, 2019, repealed the provision in Article 6 stating "Foreign exchange funds in the special deposit accounts for inward remittances from abroad and inward transfers within the country shall not be settled and used" has been abolished. The Notice on Abolishing and Voiding 15 Foreign Exchange Management Normative Documents and Adjusting 14 Clauses of Foreign Exchange Management Normative Documents (《國家外匯管理局關於廢止和失效15件外匯管理規範性文件及調整14件外匯管理規範性文件條款的通知》) issued and implemented on March 23, 2023, deleted the content under item (1) of Article 7: "For banks that seriously and maliciously violate regulations, their foreign exchange transactions under capital accounts may be suspended according to relevant procedures. For foreign-invested enterprises and others that seriously and maliciously violate regulations, their eligibility for voluntary foreign exchange settlement may be revoked. Furthermore, until they submit a written explanation and make corresponding rectifications, other foreign exchange transactions under capital accounts shall not be processed for them."

According to these regulations, domestic institutions must open foreign exchange accounts with banks authorized to conduct foreign exchange business in their registration area and handle foreign exchange settlement, purchase and payment according to these regulations. Domestic institutions opening foreign exchange accounts in different locations or abroad must apply to SAFE. Foreign-invested enterprises can open foreign exchange settlement accounts with banks authorized to conduct foreign exchange business in their registration area for foreign exchange income under current accounts with approval.

LAWS AND REGULATIONS ON TAXATION

EIT Law, Implementing Regulations of the Enterprise Income Tax Law of the PRC and Measures for the Administration of Recognition of High and New Technology Enterprises

EIT Law was promulgated by the SCNPC on March 16, 2007, implemented on January 1, 2008, and most recently revised and implemented on December 29, 2018. The Implementing Regulations 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》) were issued by the State Council on December 6, 2007, implemented on January 1, 2008, and most recently revised and implemented on January 20, 2025. The Measures for the Administration of Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》) were issued by the Ministry of Science and Technology, Ministry of Finance, and Administration of Taxation on January 29, 2016, and implemented on January 1, 2016. According to these laws and regulations, both resident and non-resident enterprises are subject to a uniform EIT rate of 25%. Enterprises certified as High and New Technology Enterprises are subject to a tax rate of 15%, while qualified small and low-profit enterprises are subject to a 20% rate. However, non-resident enterprises without establishments or places of business in China, or those whose income have no actual connection with their establishments or places of business in China, shall pay EIT at the rate of 20% on their income sourced from within China.

The Fifth Protocol of the Arrangement between Chinese 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

The Arrangement between Chinese 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 (《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》) was issued and implemented by the SAT and the Government of the Hong Kong Special Administrative Region on August 21, 2006, and the Fifth Protocol of the Arrangement between Chinese 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 (《第五議定書》) was officially signed in Beijing on July 19, 2019, and came into effect on December 6, 2019. According to these regulations, if a Hong Kong resident enterprise directly holds at least 25% of the capital of a Chinese resident enterprise, the tax rate on dividends paid by the Chinese resident enterprise to the Hong Kong resident enterprise shall be 5% of the total dividends; in other cases, the rate shall be 10% of the total dividends.

Provisional Regulations of the PRC on Value-Added Tax, Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax, Circular on Adjusting Value-Added Tax Rates and Announcement on Policies Related to Deepening Value-Added Tax Reform

The Provisional Regulations of the PRC on Value Added Tax has been replaced by Value-added Tax Law of the People's Republic of China (中華人民共和國增值税法), which was promulgated on December 25, 2024 and was implemented on January 1, 2026. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值税暫行條例實施細則》) were issued by the Ministry of Finance on December 25, 1993, and most recently revised on October 28, 2011, and came into force on November 1, 2011. The Circular on Adjusting Value-Added Tax Rates (《關於調整增值税税率的通知》) was issued and implemented by the Ministry of Finance and the SAT on April 4, 2018, and implemented on May 1, 2018. The Announcement on Policies Related to Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) was issued by the Ministry of Finance, the SAT, and the General Administration of Customs on March 20, 2019, and implemented on April 1, 2019. According to these regulations, rules, circulars and announcements, all enterprises and individuals engaging in the sale of goods or providing processing, repair and replacement services, sales services, intangible assets, real estate and import of goods in China are subject to VAT; from April 1, 2019, the generally applicable VAT rates are 13%, 9%, 6% and 0%, with a VAT rate of 3% applicable to small-scale taxpayers.

PRC LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

The Code of the People's Republic of China on the Ecological Environment (《中華人民共和國生態環境法典》) ("**Ecological Environment Code**") was promulgated by the NPC on March 12, 2026, implemented on the August 15, 2026. The Ecological Environment Code systematically integrates and supersedes previously fragmented environmental laws and regulations, establishing a unified legal framework for ecological and environmental governance. According to the Ecological Environment Code, the state implements classified management of environmental impact assessments for construction projects based on potential environmental impacts. Construction entities are responsible for the content and conclusions of the environmental impact assessment documents of their projects. Construction entities cannot commence construction for projects without lawful review and approval by the relevant authorities. Furthermore, the Ecological Environment Code reinforces the pollutant discharge permit system, requiring enterprises to strictly comply with national and local environmental standards, adopt effective pollution prevention and control measures, and bear comprehensive legal liability for any ecological damage or environmental violations caused by their operations.

LAWS AND REGULATIONS ON PRODUCTION SAFETY

The Production Safety Law of the PRC

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), or the Production Safety Law, promulgated by the SCNPC on 29 June 2002 and implemented on November 1, 2002, and last revised on June 10, 2021, entities engaged in production and business activities in Chinese Mainland shall comply with the Production Safety Law and other laws and regulations related to production safety. Entities shall strengthen the management, establish and improve responsibility systems and polices, improve conditions, promote the development of production safety standards, and improve the production level to ensure their production safety. The primary persons in charge of the production and operation entities are fully responsible for the production safety of their entities. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

PRC LAWS AND REGULATIONS ON PRODUCT QUALITY

The Product Quality Law of the PRC

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

PRC LAWS AND REGULATIONS ON REAL ESTATE

Civil Code of the PRC

The Civil Code of the PRC (《中華人民共和國民法典》) was promulgated by the NPC on May 28, 2020, and implemented on January 1, 2021. According to the Civil Code, the establishment, modification, assignment and extinguishment of real estate property rights are effective upon registration in accordance with the law; unless the law stipulates otherwise, such establishment, modification, assignment and extinguishment shall be ineffective without registration. Real estate registration shall be handled by the registration authority at the location of the property.

Land Administration Law of the PRC

The Land Administration Law of the PRC (《中華人民共和國土地管理法》) was first issued by the SCNPC on June 25, 1986, most recently revised and issued on August 26, 2019, and implemented on January 1, 2020. Pursuant to the Land Administration Law, construction entities that have obtained state-owned land use rights through paid leasing must pay the land use right leasing fees and other fees and expenses in accordance with the standards and methods prescribed by the State Council before they can use the land. Construction entities using state-owned land must use the land in accordance with the provisions of the contract for paid use of leased land use right or according to the provisions of the documents of approval concerning the allocation of land use right. If it is necessary to change the purpose of the land use, approval must be obtained from the competent natural resources department of the relevant people's government and from the people's government that originally approved the land use. For urban planned areas, changing land use requires prior consent from the relevant urban planning administrative department before seeking approval.

Interim Regulations on Real Estate Registration

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) were first issued by the State Council on November 24, 2014 and implemented on March 1, 2015, and most recently revised on March 10, 2024 and implemented on May 1, 2024. According to these regulations, real estate shall be registered based on real estate unit. Each real estate unit has a unique code. Real estate registration authorities shall establish a unified real estate register in accordance with the provisions of the competent department of natural resources of the State Council. The real estate register shall record the following: (i) natural conditions of the real estate such as location, boundaries, spatial limits, acreage and usage; (ii) property conditions of the real estate rights such as ownership, type, content, source, term, changes in rights; (iii) matters related to restrictions and warnings on real estate rights; and (iv) other relevant matters.

Interim Regulations on the Granting and Assignment of Urban State-Owned Land Use Rights of the PRC

The Interim Regulations on the Granting and Assignment of Urban State-Owned Land Use Rights of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) were first issued by the State Council on May 19, 1990, and most recently revised and implemented on November 29, 2020. According to these regulations, the assignment of land use rights refers to the act of the state, in its capacity as the landowner, assigns the land use right for a certain period to land users, who in turn pay fees for the assignment thereof to the state. An assignment contract must be signed for assigning the land use rights. Land users shall develop, utilize and manage the land in accordance with the provisions of the contract for the assignment of land use right and the requirements of urban planning. If the land is not developed and used within the period and conditions as stipulated in the contract, the land administration departments under the people's governments at the municipal and county levels shall rectify the purpose of the situation and may impose penalties, including warnings, fines or the uncompensated reclamation of land use rights, depending on the circumstances. If a land user needs to change the land use as stipulated in the contract for the assignment of land use right, it shall obtain the consent of the grantor and the approval of the land administration department and urban planning department, sign a new contract for the assignment of land use right, adjust the amount of the assignment fee, and complete the registration.

Measures for the Administration of Commodity Housing Leasing

The Measures for the Administration of Commodity Housing Leasing (《商品房屋租賃管理辦法》) were issued on December 1, 2010 and implemented on February 1, 2011. According to these measures, parties to a housing lease shall enter into a lease contract in accordance with the law. The content of the housing lease contract shall be agreed upon by both parties.

Regulations on the Approval and Filing Management of Enterprise Investment Projects and Measures for the Approval and Filing Management of Enterprise Investment Projects

The Regulations on the Approval and Filing Management of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》) were promulgated on November 30, 2016, and implemented from February 1, 2017. The Measures for the Approval and Filing Management of Enterprise Investment Projects (《企業投資項目核准和備案管理辦法》) were issued on March 8, 2017, and implemented on April 8, 2017 and amended by the Decision of the National Development and Reform Commission on Revision of Regulations and Administrative Normative Documents on Investment Management (《國家發展改革委關於修訂投資管理有關規章和行政規範性文件的決定》) issued on March 23, 2023 and implemented on May 1, 2023. According to these regulations and measures, projects related to national security, significant national productivity layouts, strategic resource development and major public interests are subject to approval management. The determination of specific projects and approval authority is governed by the investment project catalog approved by the government. This catalog is proposed by the investment authority under the State Council in conjunction with relevant departments of the State Council, implemented following the State Council's approval, and adjusted periodically. Except for special provisions, other projects are subject to filing management, typically following the principle of territoriality, with local governments stipulating the filing authorities and their powers.

Project approval and filing are primarily conducted through the national online project monitoring platform ("**Online Platform**"), which is jointly used by approval authorities, filing authorities and other relevant departments.

Should there be significant changes to a project after filing or if the project is given up, the project entity shall promptly notify the filing authority through the Online Platform and update relevant information. Projects under filing management shall also complete other procedures stipulated by laws and regulations before commencing work.

Construction Law of the PRC

The Construction Law of the PRC (《中華人民共和國建築法》) was first promulgated by the SCNPC on November 1, 1997, and most recently revised and implemented on April 23, 2019. According to the Construction Law, before the commencement of construction work, the construction entity shall apply for a construction permit from the construction administrative department of the people's government at or above the county level where the project is located in accordance with relevant rules of the state, except for small-scale projects below the limit determined by the construction administrative department of the State Council. Construction projects approved for commencement according to the authority and procedures prescribed by the State Council are exempted from obtaining a construction permit. Construction entities should commence construction within three months from the date of receiving the construction permit. If the construction entity is unable to start construction as scheduled due to unforeseen circumstances, an application for an extension should be made to the issuing authority. The deadlines shall not be extended for more than two times and each extension shall not exceed three months. If construction does not commence without applying for an extension or exceeds the extension limit, the construction permit shall become void.

Administrative Measures for Construction Permits of Building Engineering

The Administrative Measures for Construction Permits of Building Engineering (《建築工程施工許可管理辦法》) were first issued by the former Ministry of Construction of the PRC in 1999, and were most recently revised and implemented by the Ministry of Housing and Urban-Rural Development of the PRC on March 30, 2021. According to these measures, construction entities engaging in the construction and renovation of various types of buildings and their ancillary facilities, as well as the installation of corresponding lines, pipelines, and equipment and the construction of urban municipal infrastructure projects within the territory of the PRC, shall apply for a construction permit from the competent housing and urban-rural construction department of the local people's government at or above the county level where the project is located before commencing work.

Building projects with an investment of less than RMB300,000 or a construction area of less than 300 sq.m. may be exempt from applying for a construction permit. The department in charge of housing and urban-rural development under the people's government of provinces autonomous regions and municipalities directly under the central government may adjust the threshold according to local conditions and report to the Ministry of Housing and Urban-Rural Development of the State Council for record.

Construction projects approved for commencement in accordance with the authority and procedures prescribed by the State Council are exempt from obtaining a construction permit.

PRC LAWS AND REGULATIONS ON THE IMPORT AND EXPORT OF GOODS

Foreign Trade Law of the PRC and the Measures for the Filing and Registration of Foreign Trade Operators

The Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) was promulgated by the SCNPC on May 12, 1994, implemented on July 1, 1994, and most recently revised and implemented on 1 March, 2026, and the Measures for the Filing and Registration of Foreign Trade Operators (《對外貿易經營者備案登記辦法》) were issued by the MOFCOM on June 25, 2004, implemented on July 1, 2004, and most recently issued and implemented on May 10, 2021. As per these laws, regulations and measures, the state permits the free import and export of goods and technology, except as otherwise stipulated by laws and administrative regulations.

Regulations on the Administration of the Filing of Customs Declaration Entities of the PRC

The Regulations on the Administration of the Filing of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) were promulgated by the General Administration of Customs on November 19, 2021, and implemented on January 1, 2022. According to these regulations, consignees and consignors of import and export goods and customs declaration enterprises shall obtain the qualifications of market entities if they apply for filing.

The Regulations on the Administration of the Import and Export of Goods of the PRC

In accordance with the Regulations on the Administration of the Import and Export of Goods of the PRC (《中華人民共和國貨物進出口管理條例》) issued by the State Council on December 10, 2001, implemented on January 1, 2002, and most recently revised on March 10, 2024 and implemented on May 1, 2024, goods that are prohibited from being imported are not allowed to be imported, and goods that are prohibited from export are not allowed to be exported. A system of quota administration shall be implemented for goods subject to import and export restrictions where the state has stipulated that these goods shall be subject to quantity restrictions. A system of license administration shall be implemented for all other goods subject to import and export restrictions. The import or export of goods that are free for import or export shall not be restricted.

The Import and Export Commodity Inspection Law of the PRC and the Implementation Regulations of the Import and Export Commodity Inspection Law of the PRC

According to The Import and Export Commodity Inspection Law of the PRC (《中華人民共和國進出口商品檢驗法》) promulgated by the SCNPC on February 21, 1989, and most recently revised and implemented on April 29, 2021, and the Implementation Regulations of the Import and Export Commodity Inspection Law of the PRC (《中華人民共和國進出口商品檢驗法實施條例》) issued by the former State Bureau of Import and Export Commodity Inspection on October 23, 1992 and most recently amended on March 29, 2022 and implemented on May 1, 2022 by the State Council, consignees or consignors of import and export commodities may handle inspection procedures themselves or entrust an agent inspection application enterprise to do so. When consignees or consignors of import and export commodities handle inspection procedures, they must file with the entry-exit inspection and quarantine authorities in accordance with the law.

LAWS AND REGULATIONS IN HONG KONG

Below is a summary of the laws and regulations in Hong Kong which are material to the Hong Kong subsidiaries of our Group:

Business Registration

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every entity which carries on a business in Hong Kong to apply for business registration.

Sale of Goods

The Sales of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) ("**SOGO**") regulates the sales of goods by our Group in Hong Kong. Under SOGO:

(a) there is an implied condition that the goods shall correspond with the description where there is a contract for the sale of goods by description;

(b) there is an implied condition that the goods supplied under the contract are of merchantable quality where a seller sells goods in the course of a business, except that there is no such condition (i) as regards defects specifically drawn to the buyer's attention before the contract is made; or (ii) if the buyer examines the goods before the contract is made, as regards defects which that examination ought to reveal; or (iii) if the contract is a contract by sample, as regards defects which would have been apparent on a reasonable examination of the sample; and

(c) where there is a contract for sale by sample, there are implied conditions that (i) the bulk shall correspond with the sample in quality, (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and (iii) the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

On the other hand, any right, duty or liability which arises under a contract of sale of goods by implication of law may be negatived or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract, subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong).

Intellectual Property Rights — Trademarks

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) ("**TMO**") provides for the registration of trademarks, the use of registered trademarks and connected matters. Hong Kong provides territorial protection for trademarks. Therefore, trademarks registered in other countries or regions are not automatically entitled to protection in Hong Kong. In order to enjoy protection by the laws of Hong Kong, trademarks must be registered with the Trade Marks Registry of the Intellectual Property Department.

Subject to exceptions, any use of a trademark by third parties without the consent of the registered owner is an infringement of the trademark. If the infringement of a trademark takes place, the registered owner/licensee is entitled to initiate infringement proceedings and to seek remedies under the TMO.

Trademarks which are not registered under the TMO may still be protected by the common law action of passing off, which requires proof of the owner's reputation in the unregistered trademark and that use of the trademark by third parties will cause the owner damage.

Intellectual Property Rights — Patents

The Patents Ordinance (Chapter 514 of the Laws of Hong Kong) provides for the registration of patents for the protection of inventions, being products, substances, or processes which are new and inventive. Hong Kong provides territorial protection for patents. Therefore, patents registered in other countries or regions are not automatically entitled to protection in Hong Kong. In order to enjoy protection by the laws of Hong Kong, patents must be registered with the Patents Registry of the Intellectual Property Department. Once registered, the patent owner or inventor of the invention has the right to exclude others from using the invention in Hong Kong for the period of protection granted by the patent.

Employee's Compensation

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) ("**ECO**") provides for the payment of compensation to employees who are injured in the course of their employment. The ordinance establishes a no-fault and non-contributory employee compensation system for work injuries, and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases under the ordinance.

In particular, under the ECO, all employers are required to take out insurance policies to cover their liabilities under both the ECO and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). An employer who contravenes such a requirement commits an offence for a fine and imprisonment.

Mandatory Provident Fund

The Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) ("**MPFSO**") provides for, inter alia, the establishment of a system of privately managed, employment-related mandatory provident fund ("**MPF**") schemes to accrue MPF benefits for members of the workforce when they retire.

Generally, under the MPFSO: (a) employers should enroll their regular employees in an MPF scheme within the first 60 days of employment; and (b) subject to the minimum and maximum income thresholds, employers and employees are each required to make a contribution of 5% of the employees' relevant income (including any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance expressed in monetary terms) to the MPF scheme. An employer who contravenes such requirements commits an offence for a fine and imprisonment.

Taxation

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("**IRO**") imposes taxes on property, earnings and profits in Hong Kong. The IRO provides, inter alia, that persons (which in addition to individuals include corporations, partnerships, trustees and bodies of persons) carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

Import and Export

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong), provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing.

Pursuant to the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong), every person who imports/exports any article other than an exempted article shall lodge with the Commissioner of Customs and Excise an accurate and complete import/export declaration relating to such article. Every declaration required to be lodged shall be lodged within 14 days after the importation/exportation of the article to which it relates.

Hong Kong is a free port and does not levy any Customs tariff on imports and exports.

Anti-Money Laundering and Counter Terrorist Financing

Among other things, the Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) ("**OSCO**") empowers officers of the Hong Kong Police Force and the Hong Kong Customs & Excise Department to investigate organised crime and triad activities, and confers jurisdiction on the Hong Kong courts to confiscate the proceeds of organised and serious crimes, to issue restraint orders and charging orders in relation to the property of defendants of specified offences under the OSCO. The OSCO extends the money laundering offence to cover the proceeds from all indictable offences.

Among other things, the United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong) ("**UNATMO**") stipulates that it is a criminal offence to: (1) provide or collect property (by any means, directly or indirectly) with the intention or knowledge that the property will be used to commit, in whole or in part, one or more terrorist acts; or (2) make any property or financial (or related) services available, by any means, directly or indirectly, to or for the benefit of a person knowing that, or being reckless as to whether, such person is a terrorist or terrorist associate, or collect property or solicit financial (or related) services, by any means, directly or indirectly, for the benefit of a person knowing that, or being reckless as to whether, the person is a terrorist or terrorist associate. The UNATMO also requires a person to disclose his knowledge or suspicion of terrorist property to an authorised officer, and failure to make such disclosure constitutes an offence under the UNATMO.

Competition

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) prohibits conduct that prevents, restricts or distorts competition in Hong Kong, prohibits mergers that substantially lessen competition in Hong Kong and provides for incidental and connected matters. Upon breach, the Competition Tribunal may impose pecuniary penalties, director disqualifications, and prohibition, damage and other orders.

LAWS AND REGULATIONS IN BRAZIL

Below sets out a summary of certain aspects of laws and regulations of Brazil, which are relevant to the Group's Brazilian subsidiaries.

Laws and Regulations in relation to International Trade Matters

Our cross-border operations include the importation and exportation of goods to and from Brazil. As a result, our business requires compliance with tariffs and other import and export controls laws and regulations in Brazil.

Importation of Goods into Brazil

Importation of goods into the customs territory of Brazil is governed mainly by Decree-Law No. 37/1966, and the Agreement on Implementation of Article VII of the General Agreement on Tariffs And Trade 1994 — "**GATT 1994**" (Customs Valuation Agreement — "**AVA**"), incorporated into the Brazilian legislation by Decree 1,355/94, and subsequently regulated by Decree 6,759/09 and by IN 2,090/22. To perform foreign trade transactions, either directly or through a trading company, any company domiciled in Brazil must be duly registered in the Integrated Foreign Trade System ("**SISCOMEX**") by obtaining the required enrollment through the Registry and Tracking of the Activities of Customs Intermediaries system ("**RADAR**").

Tariffs

The Brazilian law imposes a variety of tariffs on imported goods, including additional licensing, which may be (a) dismissed, (b) automatic or (c) non-automatic. The import of goods is generally subject to the following taxes: (i) Import Duty ("**II**"), a federal tax applied to the customs value of goods, encompassing their cost, insurance, and freight, with rates following the Common External Tariff ("**TEC**"), ranging from zero percent (0%) to thirty-five percent (35%) according to the applicable Mercosur Common Nomenclature classification code ("**NCM**"); (ii) PIS and COFINS, federal social contributions calculated on the customs value of the goods at a general rate of eleven and seventy-five hundredths' percent (11.75%); (iii) Tax on Industrialized Products ("**IPI**"), a federal tax imposed on the customs value of the goods plus the Import Duty, which varies between 0% and 35% depending on the NCM classification; and (iv) Tax on Circulation of Goods and Services ("**ICMS**"), a state-tax levied on the customs value, which tax basis amount includes the II, PIS/COFINS and IPI on imports, as well as grossed-up ICMS and customs clearance costs. ICMS rates typically range between seventeen percent (17%) and nineteen percent (19%), varying by the Brazilian state in which the importer operates. With certain exceptions, the export of goods from Brazil is exempted from indirect taxes, such as PIS/COFINS, IPI and ICMS, and despite there being an *Export Duty* under Brazilian tax legislation, its rate is reduced to zero for most products. Nevertheless, the current tariff structures applicable to Brazilian exports may be subject to change based on shifts in U.S. trade policy.

Import Structures

In Brazil, imports can be carried out through three procedures: (1) directly; or through a trading company, under one of two systems: (2) by account and order or (3) by request. In the case of direct imports, the buyer acts as the importer, assuming full tax responsibility on its own behalf, and utilizing its own resources for the transaction. The buyer also registers the Import Declaration (formerly known as "**DI**", currently being replaced by the "**DUIMP**") and executes foreign exchange agreements directly. Taxes are paid using the buyer's resources, and the buyer accrues the resulting tax credits, including IPI, PIS, COFINS, and ICMS. The foreign exchange transaction entered into for purposes of paying the imported goods is also generally subject to Tax on Financial Transactions ("**IOF/FX**"), at the rate applicable to foreign exchange transactions in force at the time of the remittance, currently generally levied at a rate of 3.5%.

For imports by account and order, the trading company performs customs clearance on behalf and at the expense of the buyer, which bears the tax burden and accrues the resulting import tax credits; both the buyer and the trading company may, however, be jointly liable for any underpaid import taxes. The trading company's remuneration for services rendered is subject to the Tax on Services ("**ISS**"). To the extent a foreign exchange transaction is carried out in connection with the payment of the imported goods or the reimbursement of amounts advanced abroad, IOF/FX may also apply.

In imports by request, both the buyer and the trading company are jointly liable for any underpaid import taxes. The trading company executes the foreign exchange agreement and registers the DI, and its gains are taxed as the sale of goods (IPI, PIS, COFINS, and ICMS). The buyer subsequently purchases the goods in a domestic transaction, accruing tax credits from this transaction. In this structure, IOF/FX generally applies at the level of the trading company in connection with the foreign exchange transaction used to pay the foreign supplier.

Laws and Regulations in relation to Labor and Employment Matters

The employment of individuals in Brazil is mainly governed by Decree-Law No. 5,452/1943, as amended. Although a written agreement is not required for employment under Brazilian law, since subordination is the essential requirement to characterize an employment relationship, the employment relationship must be recorded in the employee's 'Work and Social Security Card' (CTPS), which, since 2019, is issued predominantly in digital format and linked to the employee's

individual taxpayer registry. Changes to the corporate legal aspects, shareholding or ownership structure of a company do not affect the existing employment contracts or the acquired rights of its employees. In cases of share transfers or material business transactions (e.g., sale of facilities, mergers or acquisitions), the acquiring party may assume the role of employer, inheriting all obligations and liabilities associated with the preexisting employment contracts.

Employees in Brazil are collectively represented by unions. Although union membership is optional, employees still benefit from collective agreements (*collective bargaining agreements* — "**CBA**") entered into by the competent union and employers regardless of such union membership. If a CBA is in force, individual employment agreements cannot contain terms less favorable than those stipulated in a collective agreement, the provisions of which are incorporated into covered employees' contracts by force of law.

Employment contracts may be terminated by the employee at will or by the employer with or without cause. In cases of termination for cause, the severance package should comprise the unpaid compensation (e.g., corresponding to the days already worked during the month when termination occurred), accrued vacation, and the additional one-third bonus in respect of the accrued vacation, in addition to other specific severance benefits eventually granted by employers. If the employer terminates the contract without cause, the employee is entitled to: (i) outstanding salary for days worked; (ii) thirty days' (30) prior notice, increased by three (3) days per year of service rendered to the same employer, up to a maximum of sixty (60) additional days (i.e., up to ninety (90) days in total); (iii) pro-rata thirteenth salary based on the final month's earnings; (iv) vacation pay or double vacation, if applicable; (v) one-third vacation bonus; and (vi) release of the 'Severance Indemnity Fund' (*Fundo de Garantia do Tempo de Serviço* — "**FGTS**") deposits, including a forty percent (40%) fine on the total FGTS balance accrued during the employment period. An employee who quits the job is entitled to the same payments as in a termination without cause by employer, except for the 30-day prior notice and the release of FGTS deposits with the forty percent (40%) fine. As a rule, employers must settle all severance payments within ten days of termination.

Laws and Regulations in relation to Intellectual Property Matters

Brazilian Law No. 9,279/1996, or the Brazilian Intellectual Property Law, as amended from time to time, sets guidelines for the protection of industrial property rights, which are granted by the Brazilian Patent and Trademark Office ("**BPTO**"). Brazilian law is aligned with the principles set forth in the Paris Convention of 1883 and in the Agreement on Trade-Related Aspects of Intellectual Property Rights, which entered into force in 1995 as part of the agreements administered by the World Trade Organization.

Patents granted by BPTO aim at protecting inventions and utility models. A patent of invention must refer to patentable subject matter, and fulfil the requirements of novelty, inventive step or non-obviousness, and industrial utility. A utility model can be granted for an object of practical use, or part of it, if it is susceptible to industrial application, has a new form or arrangement, involves an inventive act, and results in a functionality improvement in its use or manufacture. A patent is issued after approval and can be administratively annulled within six months or judicially annulled at any time. *Trademarks* are also protected in Brazil upon their registration before BPTO and, once granted, a trademark registration provides its owner protection for ten (10) years, renewable for identical successive periods. *Software* is also deemed copyrightable protected by a specific law. The specific statute, Law No. 9,609/1998 does not deem mandatory the registration of *software* (thus it is not a business common practice to proceed with such registration).

Brazilian law also addresses other intellectual property rights, such as: (i) *industrial design*, which is governed by the Brazilian Intellectual Property Law and whose applications may be filed directly with BPTO, similarly to patents, and may claim priority under the Paris Convention on a foreign application filed in the six-month period prior to the filing of the Brazilian application; (ii) *copyrights*, which are governed by specific law No. 9,610/1998, as amended from time to time (such

law grants the owner moral and economic rights, including the association of their name and, therefore, the possibility of economically exploiting their work); and (iii) *Trade Names*, which are also protected by filing the company's acts of incorporation before the commercial registry (although, as a rule, protection is limited to the Brazilian State where the company is located, it is possible to extend the protection throughout Brazil if the company proceeds with registration in other States).

Laws and Regulations in relation to Data Protection and Privacy Matters

On August 14, 2018, the Brazilian government enacted Law No. 13,709/2018 ("**LGPD**", as amended from time to time) to regulate the processing of personal data in Brazil. The LGPD has a wide scope of applicability and extends to individuals and public and private entities, regardless of the country where they are headquartered or where the data is hosted, as long as (i) the data processing occurs in Brazil, (ii) the data processing[1] activity is intended to offer or provide goods or services to or process data from individuals located in Brazil or (iii) data subjects are located in Brazil at the time their personal data is collected. Non-compliance with the LGPD may be subject to administrative penalties, including the breaching party's obligation to disclose incidents, temporary blocking, a fine of up to two percent (2.0%) of our revenue in Brazil, up to the aggregate amount of fifty million reais (BRL50,000,000.00) per violation.

The administrative sanctions set forth in the LGPD do not prevent the imposition of administrative sanctions set forth by other laws that address issues related to data privacy and protection, such as the Brazilian 'Code of Consumer Defense' (*Código de Defesa do Consumidor*) and the Brazilian 'Civil Rights Framework for the Internet' (*Marco Civil da Internet*), and thus we can also be subject to civil liabilities for violation of these laws.

Laws and Regulations in relation to Tax Matters

Brazilian Tax System and Consumption Tax Reform

The Brazilian tax framework is divided into federal, state, and municipal tax obligations. At the federal level, companies are subject to various taxes on profits and gross revenues from their activities. These include the Corporate Income Tax ("**CIT**" or "**IRPJ**") and the Social Contribution on Net Profits ("**CSLL**"), both of which are assessed on the company's taxable income, determined under the applicable tax regime. Additionally, there are the Social Contributions for the Financing of Social Security (PIS and COFINS), which are assessed on the company's gross revenues, and also the aforementioned IPI and II over industrialized and imported goods. At the State and municipal levels, the applicable indirect taxes vary depending on the nature of the taxable activities, mainly divided into taxes over goods and services. The ICMS is a state tax levied on the economic circulation of goods, interstate and intermunicipal transport services, and communication services, whose tax rates vary according to the specific state and product, and the tax base is generally the price charged on the sale, subject to specific rules applicable to interstate transactions and imports. On the municipal side, the ISS is imposed on the full amount of the service price at rates ranging from 2% to 5%, depending on the nature of the service and the municipality where the provider is located. Brazilian tax law also provides for other federal, state and municipal taxes which may also apply to companies depending on the nature of their assets and specific circumstances (e.g. urban and rural property taxes, inheritance and donation taxes, taxes on financial transactions, credit, foreign exchange, insurance, and securities transactions, including cross-border remittances and capital flows, taxes over automobiles, planes and boats etc.).

1 Under Brazilian law, "*Processing activities*" include the collection, use, processing and storage of personal data, affecting all economic sectors, including the relationship between customers and suppliers of goods and services, employees and employers, and other relationships in which personal data is processed, whether in a digital or physical environment.

Brazil is currently undergoing a comprehensive consumption tax reform. The reform provides for the gradual replacement of PIS, COFINS, and IPI (at the federal level), ICMS (at the state level), and ISS (at the municipal level) by a dual value-added tax system comprising the Federal Contribution on Goods and Services ("**CBS**") and the Tax on Goods and Services ("**IBS**") at the state and municipal levels, as well as a Selective Tax ("**IS**") on goods and services considered harmful to health or the environment. These new taxes are designed to simplify Brazil's tax system. Key features of the CBS and IBS include: (i) being levied on transactions involving both tangible and intangible goods, including rights and services, resulting in a broad tax base; (ii) being assessed on a value-added basis, allowing taxpayers to claim financial credits on all expenses; and (iii) applying a uniform tax rate, which will be defined in forthcoming regulations (expected to fall around 28%). The transition period is scheduled to run from 2026 through 2032, during which the current and new tax regimes will coexist progressively, with the new regime expected to be fully implemented as of January 1, 2033. The reform remains subject to further regulatory developments and implementing rules, and its full financial impact on the Group's Brazilian subsidiaries cannot be accurately assessed at this time.

Laws and Regulations in relation to Foreign Capital Matters

All foreign investments in Brazilian companies shall be duly registered before the Central Bank of Brazil ("**BCB**") in order to comply with the regulations regarding foreign capital. Such registration is a prerequisite for the following purposes: (i) the remittance of profits or payments abroad; (ii) the calculation of reinvested profits that increase the value of the initial foreign investment; and (iii) the repatriation of the invested foreign capital, inclusive of any capital gains.

Laws and Regulations in relation to Anti-Corruption Matters

Our subsidiaries in Brazil are subject to various legal and regulatory frameworks on anti-corruption, anti-bribery, AML, and sanctions laws, mainly including Law No. 12,846/2013, applicable to facts occurring on or after January 29, 2014 ("**Brazilian Anti-corruption Act**"), which provides for (i) strict liability for legal entities that engage in harmful acts against the Brazilian or foreign public administration, including acts of third parties that are carried out in the interest or for the benefit of the company and (ii) several administrative and judicial sanctions. Under the Brazilian Anti-corruption Act, the existence of a compliance program shall be taken into consideration in the application of sanctions. Decree No. 11,129/2022 provides that an effective compliance program may result in a reduction of up to five percentage points in the applicable fine (e.g., if the fine is 20%, it may be reduced to 15%). In addition to the Brazilian Anti-corruption Act, other statutes may apply depending on the circumstances, including (i) the Brazilian Improbity Act (Law No. 8,429/1992); and (ii) the Brazilian Competition Act (Law No. 12,529/2011).

LAW AND REGULATIONS IN THE UNITED STATES

Below sets out a summary of certain aspects of laws and regulations of the U.S., which are relevant to the business and operations of our Group.

Laws and Regulations in relation to International Trade

Our cross-border operations include the importation of goods into the U.S. and the exportation of goods from China, the U.S. and other countries and/or regions. As a result, our business requires compliance with tariffs, import controls and export controls laws and regulations, as well as U.S. economic and other sanctions programs.

Importation of Goods into the U.S.

Importation of goods into the customs territory of the U.S. is governed principally by the Tariff Act of 1930, as amended, the Customs Modernization Act, and the regulations enforced by U.S. Customs and Border Protection ("**CBP**"). Under these laws and regulations, U.S. importers

bear the primary legal responsibility for initially valuing, classifying, and determining the rate of duty applicable to imported merchandise. The importer is required to exercise "reasonable care" in entering merchandise into the U.S. This includes when providing to CBP information and documentation necessary for it to assess duties on imported merchandise, collect accurate import statistics, and determine whether an import complies with applicable laws.

Civil penalties may be assessed against any person who uses false or misleading statements to enter goods into the U.S. CBP classifies violations by degree of culpability—negligence, gross negligence, or fraud—with higher penalties for more egregious offenses. Negligence is assigned where the importer fails to exercise reasonable care to ensure accurate statements or perform required acts. Gross negligence is assigned where the violation was done with actual knowledge of or wanton disregard for relevant facts. Fraud is assigned where the act was committed knowingly and intentionally, as established by clear and convincing evidence. The statutory maximum civil monetary penalties vary based on the applicable culpability standard.

Tariffs

The U.S. imposes a variety of tariffs on imported goods. While the U.S. Constitution grants Congress the authority to impose tariffs, several statutes have shifted that authority to the President under certain circumstances. Within the U.S., agencies involved in international trade regulation include the CBP, the U.S. International Trade Commission ("**ITC**"), and the Office of the U.S. Trade Representative ("**USTR**"). CBP is responsible for collecting tariffs on goods imported to the U.S. during the customs clearance process. The ITC is a quasi-judicial agency that administers U.S. laws governing trade remedies and provides analysis, information, and other support concerning tariffs and other international trade matters for the President, U.S. Congress, and the USTR. The ITC also investigates alleged violations of U.S. trade law, including unfair trade practices under Section 337 of the Tariff Act of 1930, illegal foreign financial subsidies, and violations, and Section 201 of the Trade Act of 1974 (imports of goods into the U.S. at an increased quantity that is a substantial cause of serious injury to a U.S. domestic industry). The USTR is a cabinet-level position within the office of the President of the U.S., and serves as the President's principal advisor, negotiator, and spokesperson regarding matters of international trade.

The USTR is authorized to take certain action under Section 301 of the Trade Act of 1974 ("**Section 301**"), including without limitation the imposition of tariffs or other restrictions on imports, if it determines after investigation that a foreign government has engaged in unfair trade practices. In 2018, following a USTR investigation and report, the U.S. imposed tariffs on certain imported goods of Chinese Mainland-origin. Section 301 tariffs are assessed and collected in addition to any other duties that may apply (including, without limitation, anti-dumping duties).

In early 2025, President Trump separately invoked the IEEPA to impose additional tariff measures, including tariffs on imports from a wide range of products imported from most countries or regions, such as Chinese Mainland. On February 20, 2026, the U.S. Supreme Court issued its decision in Learning Resources, Inc. v. Trump, holding that IEEPA does not authorize the President to impose tariffs.

Following the Supreme Court's ruling, President Trump imposed a 10% global tariff under Section 122 of the Trade Act of 1974 ("**Section 122**"), effective February 24, 2026. Section 122 permits the imposition of tariffs for up to 150 days absent further congressional authorization. The Section 122 tariffs expired on July 24, 2026 at the end of the 150-day statutory period, as Congress did not extend them. As of July 24, 2026, CBP ceased to collect the Section 122 Tariffs. Furthermore, in accordance with CBP's non-stacking instructions, Section 122 Tariffs may not be levied cumulatively on any imported articles that are concurrently subject to additional duties under Section 232 of the Trade Expansion Act of 1962.

On July 24, 2026, following the expiration of Section 122 tariffs, the administration imposed new tariffs of 10% to 12.5% under Section 301 of the Trade Act of 1974 targeting 60 economies, based on findings that each economy failed to impose or effectively enforce prohibitions on the importation of goods produced with forced labor.

Given the attitude of the current administration and ongoing discussions between the United States and its trade partners, including Chinese Mainland, there remains uncertainty about future changes to the scope, levels, and administration of U.S. tariffs.

U.S. Sanctions and Export Control Laws

The U.S. government imposes export controls for national security, foreign policy, and other various policy reasons. One of the primary U.S. export control regimes is governed by the Export Administration Regulations, 15 C.F.R. Parts 730-774, or EAR, which are administered and enforced by the U.S. Department of Commerce's Bureau of Industry and Security, or BIS. BIS is responsible for regulating the export, re-export, or transfer (in-country) of a diverse range of goods, software, and technology (collectively, "**items**") including most commercial items, "dual-use" items (i.e., those items having both commercial and military or proliferation applications), and less-sensitive military items. BIS also maintains the Entity List and the Military End-User (MEU) List, which identify parties for whom additional license requirements and restrictions apply.

The United States also enforces economic sanctions, which cover a broad array of activities with nexus to the United States or involving U.S. persons anywhere globally (including in some cases foreign entities owned or controlled by U.S. persons). U.S. sanctions are primarily administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC. These sanctions measures restrict or prohibit U.S. person transactions with certain embargoed countries and regions (currently, Cuba, Iran, North Korea, and the Crimea, Donetsk, and Luhansk regions of Ukraine) as well as restricted and prohibited parties, in particular persons designated on the OFAC-administered Specially Designated Nationals and Blocked Persons List ("**SDN List**").

In recent years, the United States has expanded sanctions and export controls restrictions on China through the EAR. For instance, in October 2022, BIS issued an interim final rule, the BIS October 2022 IFR, requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is "knowledge" that the item is destined for end use in the development or production of ICs at a fab in China that fabricates ICs meeting certain criteria. On December 2, 2024, BIS issued an interim final rule, the BIS December 2024 IFR, and a final rule, the BIS December 2024 FR, which expanded controls in the EAR on advanced computing and semiconductor manufacturing items.

For certain commercially available advanced computing chips, BIS now applies a case-by-case license review policy for exports from the United States to end users in China or Macau when strict supply-assurance, due-diligence, and independent U.S. testing conditions are certified; re-exports, exports from abroad, and in-country transfers of the same items to or within China or Macau remain subject to a presumption of denial. Separately, BIS's "Affiliates Rule," which would extend Entity List and Military End-User List restrictions to non-listed foreign affiliates that are majority-owned by listed parties, is stayed until November 9, 2026, with re-imposition scheduled for November 10, 2026, absent further action.

Moreover, in August 2022, the United States enacted the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the "**CHIPS Act**"). The CHIPS Act aims to strengthen U.S. domestic semiconductor manufacturing, design and research, fortify the economy and national security, and to help the United States compete economically against China.

U.S. Outbound Investment Laws and Regulations

On October 28, 2024, the U.S. Department of the Treasury, or Treasury, issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023, or the Final Rule, which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "Covered Foreign Persons." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions," and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule and the COINS Act (as defined below) may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us.

The Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"), which became law on December 18, 2025, codifies the outbound investment program and expands it by adding technology areas such as high-performance computing/supercomputing and hypersonic systems. Treasury is directed by the COINS Act to issue implementing regulations within 450 days while the Final Rule remains operative.

UN, EU, the UK and Australia Sanctions

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force.

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

European Union

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

United Kingdom and United Kingdom overseas territories

The United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

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

Laws and Regulations in relation to Labor and Employment

The employment of individuals in the U.S. is governed by federal, state and sometimes local laws. Federal, state and local laws may impose overlapping or differing requirements. Most employees in the U.S. are hired "at-will," meaning that their employment can be terminated at any time, with or without notice, cause, or government mandated severance pay, subject to applicable statutory, contractual and common-law limitations. In addition, employers are required to maintain workplaces that are free of harassment based on protected characteristics such as sex, race, etc.

Laws and Regulations in relation to Tax

Federal Government

The U.S. federal government can levy a variety of taxes on U.S. businesses, non-U.S. businesses engaging in certain activities in the U.S., and business owners and their employees. Our business activities in the U.S. require us to pay U.S. federal income tax, taxes on the sale of certain assets, income tax on dividends, distributions, and interest, sales and other transfer taxes, employee payroll taxes, withholding obligations, and other taxes.

State and Local Governments

The 50 U.S. states and the District of Columbia also tax and regulate business activity within their jurisdictions. Businesses may be subject to state income tax, payroll tax, sales tax, property tax, franchise tax, and withholding obligations. Local governments such as counties and cities may impose similar taxes.

Laws and Regulations in relation to Registration and Regulation

Corporations in the U.S. are registered and organized under the laws of one of the 50 U.S. states or the District of Columbia. Once formed, a corporation that conducts business in states other than its state of incorporation may need to qualify or register as a foreign corporation in those states.

Individual state laws apply to business transactions occurring in each state, unless such laws conflict with, or are superseded by, U.S. federal law, which takes precedence over state and local law. For this reason, U.S. businesses frequently must comply with separate federal, state and local regulations.

Intellectual Property Law

The U.S. has both federal and state laws governing intellectual property rights.

Intellectual Property Rights Governed by both Federal and State Laws

Trademarks and Service Marks

A "mark" is the use of one or more words, symbols, or logos to identify and distinguish the mark owner's goods and/or services. A trademark is a mark used for goods; a service mark is a mark used in connection with providing services. To obtain federal registration, a mark generally must be distinctive and must not create a likelihood of confusion with a prior mark; generic terms are not protectable, while descriptive marks may be protectable in certain circumstances. Federal trademark law is governed by the Lanham Act (15 U.S.C. § 1051 et seq.), with the United States Patent and Trademark Office (USPTO) examining applications. Federal registration generally provides nationwide rights, subject to applicable limitations and prior rights.

States generally provide common law rights in trademarks and service marks upon their first use in commerce, without requiring registration. Such rights are generally limited to the geographic area in which the mark is used.

Trade Secrets

A trade secret is information that (i) has independent economic value from being generally unknown and (ii) is subject to reasonable efforts to maintain its secrecy. Trade secrets are governed by both federal law under the Defend Trade Secrets Act (18 U.S.C. § 1836 et seq.) ("**DTSA**") and state law under versions of the Uniform Trade Secret Act ("**UTSA**").

Proposition 65

Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986 ("**Prop 65**"), is a California law that requires that California consumers receive warnings regarding the presence of more than 800 chemicals known to cause cancer and/or reproductive toxicity. The law is highly technical, constantly evolving, and actively enforced by the government and private enforcement action. Under Prop 65, any person in the course of doing business must provide a "clear and reasonable warning" before exposing individuals to listed carcinogens and reproductive toxins in their products. Prop 65 provides detailed requirements for the form, content, and placement of the required warning.

Businesses that manufacture, import, distribute, or sell consumer products that result in exposures to listed chemicals in California may be required to provide Prop 65 warnings, subject to applicable exemptions and safe-harbor provisions. Recent amendments allow companies to provide notice to the next business in the supply chain or to the retail seller's authorized agent.

U.S. International Anti-Bribery Laws; the Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act ("**FCPA**") prohibits U.S. companies and individuals from offering or providing anything of value to non-U.S. government officials, political parties, or candidates to obtain or retain business or secure an improper business advantage. Individuals and companies may also be penalized for ordering, authorizing, or assisting FCPA violations. The U.S. government asserts jurisdiction over foreign entities and individuals who take acts in furtherance of an FCPA violation while in U.S. territory.

TRANSFER PRICING LAWS AND REGULATIONS

The following is a summary of certain aspects of the transfer pricing laws and regulations applicable to the members of our Group that were parties to the Covered Transactions. For details of our transfer pricing arrangements and the Covered Transactions, see "Business — Transfer Pricing Arrangement" in this prospectus.

China

Transfer Pricing

Transfer pricing in the PRC is primarily governed by the Corporate Income Tax Law of the People's Republic of China (Amended in 2018), the Law of the People's Republic of China on the Administration of Tax Collection (Revision 2015) and their respective implementation regulations.

Arm's Length Principle and Adjustment Rights

Pursuant to Article 41 of the Corporate Income Tax Law of the People's Republic of China (Amended in 2018) and Article 36 of the Law of the People's Republic of China on the Administration of Tax Collection, business transactions between an enterprise and its related parties must conform to the arm's length principle. Where an enterprise reduces its taxable income or income as a result of non-compliance with the arm's length principle in its business dealings with related parties, the tax authorities have the right to make adjustments using reasonable methods.

Advance Pricing Arrangements

According to Article 42 of the Corporate Income Tax Law of the People's Republic of China (Amended in 2018) and Article 53 of the Implementation Regulations for the Law of the People's Republic of China on Administration of Tax Collection, an enterprise may submit the pricing principles and methods for its related party transactions to the tax authorities for negotiation and conclude an advance pricing arrangement upon mutual agreement. Furthermore, the competent tax authority may pre-agree on transfer pricing matters with the taxpayer and supervise its implementation.

Declaration and Documentation Obligations

Pursuant to Articles 43 and 44 of the Corporate Income Tax Law of the People's Republic of China (Amended in 2018), when filing corporate income tax, an enterprise must submit an annual report on related party transactions. During a tax authority's investigation into related party transactions, the enterprise and its related parties are required to provide relevant materials in accordance with regulations. If an enterprise fails to provide such materials, or provides false or incomplete materials that fail to truthfully reflect the related party transactions, the tax authorities have the right to determine its taxable income in accordance with the law.

Definition of Related Relationships

Article 51 of the Implementation Regulations for the Law of the People's Republic of China on Administration of Tax Collection sets forth the criteria for defining related enterprises. It also stipulates that taxpayers must provide local tax authorities with information regarding prices and fee standards for their related party transactions.

General Anti-Avoidance Rule

Article 47 of the Corporate Income Tax Law of the People's Republic of China (Amended in 2018) establishes a general anti-avoidance provision. It stipulates that where an enterprise implements arrangements lacking a reasonable commercial purpose that reduce its taxable income or income, the tax authorities have the right to make adjustments using reasonable methods. This provision serves as a catch-all anti-avoidance mechanism supporting the transfer pricing rules in the PRC.

Brazil

Law No. 14,596, enacted on June 14, 2023, and regulated by Normative Instruction No. 2,161, issued by the Brazilian Federal Revenue Service (*Receita Federal do Brasil*) on September 28, 2023, introduced a new Brazilian transfer pricing regime substantially aligned with the OECD Transfer Pricing Guidelines. The new rules became mandatory as of January 1, 2024, although taxpayers were permitted to elect their application for fiscal year 2023. The new framework replaced Brazil's former formula-based transfer pricing system with a regime based on the arm's length principle, under which the terms and conditions of controlled transactions must be consistent with those that would have been agreed between independent parties under comparable circumstances. The rules apply for purposes of determining the Corporate Income Tax ("**IRPJ**") and the Social Contribution on Net Profits ("**CSL**").

The transfer pricing rules apply to cross-border controlled transactions involving related parties, including transactions involving tangible goods, services, intangibles, financial transactions, cost contribution arrangements, and business restructurings. Taxpayers are generally required to select the most appropriate transfer pricing method based on the facts and circumstances of each transaction, considering the economically relevant characteristics and the comparability factors prescribed by law. The methods available include the comparable uncontrolled price, resale price method, the cost plus method, transactional net margin method, the profit split method and, where appropriate, other methods capable of reliably determining an arm's length outcome.

Brazilian taxpayers engaging in controlled transactions are also subject, where applicable, to transfer pricing documentation requirements and may be required to make transfer pricing adjustments where the conditions of controlled transactions differ from those that would have been agreed between independent parties. Failure to comply with the applicable transfer pricing rules may result in adjustments to the tax bases of IRPJ and CSL, as well as the assessment of interest and penalties under Brazilian tax legislation.

Hong Kong

Section 20A of the IRO gives the Inland Revenue Department of Hong Kong ("**IRD**") a wide range of powers to collect tax due from non-residents. The IRD may also make transfer pricing adjustments by disallowing expenses incurred by Hong Kong residents under sections 16(1), 17(1)(b) and 17(1)(c) of the IRO and may also make additional assessments under section 60 of the IRO. The IRD may also challenge the entire arrangement under general anti-avoidance provisions according to sections 61 and 61A of the IRO.

The Inland Revenue (Amendment) (No. 6) Ordinance 2018 (the "**Amendment Ordinance**") codifies the transfer pricing principles in relation to how the pricing for the supply of goods and services between associated parties should be determined and implemented, including, amongst others, the arm's length principle for provision between associated persons, the separate enterprises principle for attributing income or loss of non-Hong Kong resident person, and the three-tier transfer pricing documentation relating to the master file, local file and country-by-country reporting. Departmental Interpretation and Practice Notes Nos. 45, 46, 48, 58, 59 and 60 issued by the IRD set out its interpretations and practices in relation to transfer pricing and related issues.

Pursuant to the Amendment Ordinance, a person who would have a Hong Kong tax advantage if taxed on the basis of a non-arm's length provision ("**advantaged person**") will have income adjusted upwards or loss adjusted downwards. Section 50AAF of the IRO stipulates that the advantaged person's income or loss is to be computed as if the arm's length provision had been made or imposed instead of the actual provision. If the advantaged person fails to prove, to the satisfaction of an assessor appointed under the IRO, that the amount of the person's income or loss as stated in the person's tax return is the arm's length amount, the assessor must estimate an amount as the arm's length amount and, taking into account the estimated amount (a) make an assessment or additional assessment on the person; or (b) issue a computation of loss, or revise a computation of loss resulting in a smaller amount of computed loss, in respect of that person. Section 82A of the IRO stipulates that a person is liable to be assessed for penalties to additional tax of the amount of tax undercharged resulting from transfer pricing adjustments, unless it is proved that reasonable efforts have been made to determine the arm's length price for the transaction(s).

Pursuant to section 58C of the IRO, Hong Kong entities engaged in transactions with associated enterprises will be required to prepare master and local files for accounting periods beginning on or after 1 April 2018, except where they meet either one of the following exemptions in respect of business size or relevant transaction volume:

Exemption based on size of business. Entities meeting any two of the following conditions are not required to prepare the master file and local files: (i) total revenue for the accounting period not exceeding HK$400 million; (ii) total value of assets at the end of the accounting period not exceeding HK$300 million; and (iii) the average number of employees during the accounting period not exceeding 100.

Exemption based on related party transactions. The local file of a Hong Kong entity is not required to cover the type(s) of controlled transactions of which the total amount of that type of controlled transaction undertaken by the entity for the accounting period does not exceed the specified amount, as follows:

Type of controlled transaction	Threshold
Transfers of properties (whether movable or immovable but excluding financial assets and intangibles)	HK$220 million
Transaction in respect of financial assets	HK$110 million
Transfer of intangibles	HK$110 million
Other transaction	HK$44 million

United States

Under applicable U.S. federal income tax laws, transactions between related parties, including cross-border transactions between a U.S. person and its non-U.S. affiliates, are generally expected to be conducted on an arm's length basis, consistent with the manner in which unrelated parties would deal with each other. Section 482 of the U.S. Internal Revenue Code and the regulations promulgated thereunder set out the general framework under which the U.S. Internal Revenue Service may allocate income, deductions, credits, or allowances among related persons where it determines such allocation to be appropriate. Non-compliance with applicable transfer pricing requirements could potentially result in adjustments to taxable income, increase in tax, and other related tax consequences.

Taiwan, China

Article 43-1 of the Income Tax Law and the Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non Arm's-Length Transfer Pricing (the "**Taiwan TP Guidelines**") set out the regulatory framework in Taiwan, China. In line with Action 13 of the OECD Base Erosion and Profit Shifting ("**BEPS**") project, Taiwan, China has adopted a three-tiered transfer pricing documentation requirement, which includes a master file, a country-by-country report, and a local file or transfer pricing report. Except for immaterial amounts from related-party transactions, extensive contemporaneous documentation is required. Under the Taiwan TP Guidelines, on filing the annual income tax return, a profit-seeking enterprise must have the transfer-pricing report and relevant documents prepared.

According to the safe harbor rules, a taxpayer is not required to prepare a transfer-pricing report if the total annual revenue of the profit-seeking enterprise does not exceed TWD300 million, or the total volume of annual controlled transactions is less than TWD200 million. Furthermore, a Taiwan, China profit-seeking enterprise that is an affiliate of a multinational enterprise group can be exempt from submission of the master file and country-by-country report if the sum of the net operating revenue and non-operating revenue in the current year is less than TWD3 billion, or the aggregate amount of cross-border controlled transactions in the current year is less than TWD1.5 billion. In the event of a tax audit, a profit-seeking enterprise must provide the tax authorities with all required documents within one month after the receipt of a notice of examination. The TP Guidelines provide that the tax authorities may impose a maximum penalty of 200% of the tax shortfall resulting from improper transfer prices, and a profit-seeking enterprise that fails to file or submit the required information and documents shall be subject to a fine prescribed under Article 46 of the Tax Collection Act.

OVERVIEW

Our Company (previously known as "Shenzhen Longsys Electronics Company Limited (深圳市江波龍電子有限公司)") was founded in April 1999 by Mr. Cai, one of our Controlling Shareholders, under the PRC Company Law. Our Company was converted to a joint stock company with limited liability and was renamed as Shenzhen Longsys Electronics Co., Ltd. (深圳市江波龍電子股份有限公司) in September 2018. Since August 5, 2022, our A Shares have been listed on the Shenzhen Stock Exchange with the stock code of 301308.

We are a branded independent semiconductor memory product enterprise. We procure memory wafers and controller chips from IDMs and controller chip suppliers and do not engage in wafer fabrication. Based on our capabilities including controller and memory chip design, firmware development, back-end manufacturing (including system-level packaging, testing and assembly), we design, develop, back-end manufacture and sell a comprehensive portfolio of memory products for consumer, enterprise and industrial applications. According to CIC, we are the ninth largest memory product enterprise worldwide, the second largest independent semiconductor memory product enterprise worldwide among more than 100 market players and the largest independent memory product enterprise in China among more than 30 market players, in terms of revenue from memory products in 2025.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

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

Year	Event
1999	Our Company was established in Shenzhen, China and engaged in MASK ROM services
2002	Took the lead in releasing the cost-effective and high compatibility USB control chip based on AG-AND in Chinese Mainland
2008	Took the lead in releasing the USB Flash module UDP, changing the production models of the USB product
2011	Created the B2B brand "FORESEE" and released eMMC and SSD storage products
2012	Took the lead in releasing the TSOP 48 packaged SD protocol product, which was recognized as "National Key New Product" by the Ministry of Science and Technology
2014	Officially launched the English name "Longsys" and started global development
2016	Took the lead in releasing the integrated SSD module product SATA disk in package (SDP)
2017	Acquired Lexar, an international high-end customer storage brand
	Won the "Chinese Patent Excellence Award"
2018	Completed conversion into joint stock limited company
	Took the lead in releasing the 1TB UFS, 1TB micro SD card and 1TB PCIe SSD, leading the memory product industry to enter the TB-level capacity era
	Won the "Chinese Patent Excellence Award"

Year	Event
2019	The first phase of Zhongshan Storage Industrial Park (中山存儲產業園) was completed and commenced operation
2020	Entered the DIMM market
	Took the lead in releasing automotive memory products in Chinese Mainland
2021	Establishment of our Shanghai headquarter, our R&D center
2022	Our Company was listed on the Shenzhen Stock Exchange (stock code: 301308)
	Took the lead in releasing automotive UFS and 512Mb SPI NAND Flash in Chinese Mainland
2023	Acquired 70% equity interest in Longforce Suzhou (formerly known as "Powertech Suzhou"), for the layout of packaging and testing capabilities
	Acquired 81% interest in Zilia Eletrônicos (formerly known as "SMART Brazil") focusing on the Latin America market
2024	Took the lead in releasing QLC eMMC in Chinese Mainland
	We became the only storage brand enterprise awarded as the Fortune China Top 50 Tech Companies (中國科技50強)
2025	Successfully commercialized self-designed controller chips for UFS, USB and automotive memory products
	Successfully launched mSSD products
2026	Acquired the remaining 19% interest in Zilia Eletrônicos
	Successfully commercialized self-designed controller chips for UFS4.1 products
	Successfully developed memory solutions for edge AI devices, including SPU controller chips, iSA and HLC technology

MAJOR SUBSIDIARIES

The following table sets forth the particulars of our major subsidiaries as of the Latest Practicable Date:

Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Equity interest attributable to the Group	Principal activities
Zhongshan Longsys Electronics Co., Limited* (中山市江波龍電子有限公司)	October 12, 2015	PRC	100%	R&D, testing and sales of storage products
Lexar Electronics (Shenzhen) Co., Ltd.* (雷克沙電子(深圳)有限公司)	November 24, 2015	PRC	100%	Sales of storage products

Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Equity interest attributable to the Group	Principal activities
MESTOR Electronics (HK) Co., Limited (Formerly known as: Damai Electronics (HK) Limited)	May 10, 2016	Hong Kong	100%	Sales and procurement of storage products
Longsys Electronics (HK) Co., Limited (江波龍電子(香港)有限公司)	April 19, 2013	Hong Kong	100%	Sales and procurement of storage products
Lexar Co., Limited (雷克沙有限公司)	September 14, 2017	Hong Kong	100%	Sales of storage products
Shanghai Longsys Digital Technology Co., Limited* (上海江波龍數字技術有限公司)	July 3, 2020	PRC	100%	R&D and sales of storage products
MESTOR Electronics (Zhuhai) Co., Limited* (邁仕渡電子(珠海)有限公司)	August 1, 2023	PRC	100%	Sales of storage products
Shanghai Longsys Storage Technology Co., Limited* (上海江波龍存儲技術有限公司)	May 29, 2020	PRC	100%	Procurement of raw materials
Wisemem Microelectronics (Shanghai) Co., Ltd.* (慧憶微電子(上海)有限公司)	August 11, 2023	PRC	69.93%*(note)*	R&D of chip
Zilia Eletrônicos	October 19, 2009	Brazil	100%	Back-end manufacturing and sales of universal storage products
Zilia Semicondutores	February 5, 2004	Brazil	100%	Back-end manufacturing and sales of universal storage products
Xizang Yuanshi Venture Capital Management Co., Ltd.* (西藏遠識創業投資管理有限公司)	March 17, 2017	PRC	100%	Investment holding
Lexar International	October 4, 2017	United States	100%	Sales of storage products
Lexar Europe B.V.	February 13, 2020	Netherlands	100%	Business promotion and provision of after-sales services
Longforce Suzhou	August 31, 1995	PRC	70%*(note)*	Packaging and testing of storage products

Note: Please refer to the paragraph headed "Our Shareholding and Corporate Structure — Shareholding and Corporate Structure immediately before the Global Offering" below for details of the holders of the remaining equity interests.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(1) Early Development of Our Company

On April 27, 1999, our Company (previously known as "Shenzhen Longsys Electronics Company Limited (深圳市江波龍電子有限公司)") was incorporated in the PRC as a limited liability company, with an initial registered capital of RMB500,000, of which 90% and 10% were held as to Mr. Cai Jinjiang (蔡錦江), the brother of Mr. Cai, and Mr. Chen Guangyu (陳廣瑜), an Independent Third Party and a friend of Mr. Cai who had the permanent resident status in Shenzhen, respectively. Both of Mr. Cai Jinjiang and Mr. Chen Guangyu were holding their equity interest in our Company on behalf of Mr. Cai (the "**Share Entrustment Arrangement**") since at the initial stage of our Company, Mr. Cai was primarily responsible for the market development of our Company and thus was frequently travelling on business, and taking into account the complexity of then business registration procedures in the PRC (which, among others, required at least two shareholders for incorporation of a limited liability company, of which at least one shareholder shall have the permanent resident status in Shenzhen (深圳市常住戶口)).

To terminate the Share Entrustment Arrangement, Mr. Cai Jinjiang and Mr. Chen Guangyu entered into an equity interest transfer agreement on March 20, 2001 with Mr. Cai and Ms. Cai, pursuant to which Mr. Cai Jinjiang and Mr. Chen Guangyu transferred the entire equity interest in our Company to Mr. Cai and, at the direction of Mr. Cai, to Ms. Cai at nil consideration. Upon completion of such equity interest transfer agreement, our Company was owned as to 70% and 30% by Mr. Cai and Ms. Cai, respectively, and the Share Entrustment Arrangement was terminated.

(2) Major Shareholding Changes until 2018

In August 2002, the registered capital of our Company was increased to RMB1,000,000, which was fully paid up by Mr. Cai and Ms. Cai pro-rata to their respective equity interest.

In September 2004, the registered capital of our Company was further increased to RMB5,000,000, which was fully paid up by Mr. Cai and Ms. Cai pro-rata to their respective equity interest.

In September 2007, for employee incentive purpose, (a) Mr. Cai transferred 2% equity interest in our Company to Mr. Zhang Xu (張旭); and (b) Ms. Cai transferred 5%, 7% and 7% equity interest in our Company to Mr. Zhang Xu, Mr. Yang Xiaobin (楊曉斌) and Mr. Li Zhixiong (李志雄), respectively, each of which at nil consideration. After completion of the aforesaid equity transfers, our Company was owned as to 68%, 11%, 7%, 7% and 7% by Mr. Cai, Ms. Cai, Mr. Li Zhixiong, Mr. Yang Xiaobin and Mr. Zhang Xu, respectively. Each of Mr. Li Zhixiong, Mr. Yang Xiaobin and Mr. Zhang Xu was the then employee of the Company.

In June 2009, the registered capital of our Company was further increased to RMB15,000,000, which was fully paid up by Mr. Cai, Ms. Cai, Mr. Li Zhixiong, Mr. Yang Xiaobin and Mr. Zhang Xu pro-rata to their respective equity interest.

In March 2011, the registered capital of our Company was further increased to RMB50,000,000, which was fully paid up by Mr. Cai, Ms. Cai, Mr. Li Zhixiong, Mr. Yang Xiaobin and Mr. Zhang Xu pro-rata to their respective equity interest.

In November 2012, for employee incentive purpose, (a) Mr. Cai transferred 1% equity interest in our Company to Mr. Li Zhixiong; and (b) each of Mr. Cai, Ms. Cai, Mr. Yang Xiaobin and Mr. Zhang Xu transferred 5%, 6%, 5% and 5% equity interest in our Company, respectively, to Shenzhen Shuangchuan Investment Development Co., Ltd.* (深圳市雙船投資發展有限公司) ("**Shuangchuan Investment**"), the then employee incentive platform, each of which at nil consideration. Upon completion of the aforesaid equity transfers, the equity holding of our Company was as follows:

Equity holders	Registered capital	Approximate percentage of equity holding
		(%)
Mr. Cai	RMB31,000,000	62.00
Shuangchuan Investment	RMB10,500,000	21.00
Mr. Li Zhixiong	RMB4,000,000	8.00

Equity holders	Registered capital	Approximate percentage of equity holding
		(%)
Ms. Cai	RMB2,500,000	5.00
Mr. Yang Xiaobin	RMB1,000,000	2.00
Mr. Zhang Xu	RMB1,000,000	2.00
Total	**RMB50,000,000**	**100.00**

In December 2017, for employee incentive purpose, (a) Mr. Cai transferred 0.8%, 1.6%, 0.36%, 1.6%, 1%, and 1.1% equity interest in our Company to Mr. Huang Haihua (黃海華), Mr. Deng Enhua (鄧恩華), Mr. Wang Weimin (王偉民), Mr. Wang Jingyang (王景陽), Mr. Zhu Yu (朱宇) and Mr. Bai Hongtao (白宏濤), respectively, each of which at RMB1.00 as consideration. Each of Mr. Huang Haihua (黃海華), Mr. Deng Enhua (鄧恩華), Mr. Wang Weimin (王偉民), Mr. Wang Jingyang (王景陽), Mr. Zhu Yu (朱宇) and Mr. Bai Hongtao (白宏濤) was the then employee of the Company. In addition, Shuangchuan Investment transferred 6.34%, 6.34%, 5.94%, 2.38% equity interest in our Company to LongXi No. 1, LongXi No. 2, LongXi No. 3 and Longjian Management, respectively, each of which at RMB1.00 as consideration. Upon completion of the aforesaid equity transfers, the equity holding of our Company was as follows:

Equity holders	Registered capital	Approximate percentage of equity holding
		(%)
Mr. Cai	RMB27,770,000	55.54
Mr. Li Zhixiong	RMB4,000,000	8.00
LongXi No. 1	RMB3,170,000	6.34
LongXi No. 2	RMB3,170,000	6.34
LongXi No. 3	RMB2,970,000	5.94
Ms. Cai	RMB2,500,000	5.00
Longjian Management	RMB1,190,000	2.38
Mr. Yang Xiaobin	RMB1,000,000	2.00
Mr. Zhang Xu	RMB1,000,000	2.00
Mr. Deng Enhua	RMB800,000	1.60
Mr. Wang Jingyang	RMB800,000	1.60
Mr. Bai Hongtao	RMB550,000	1.10
Mr. Zhu Yu	RMB500,000	1.00
Mr. Huang Haihua	RMB400,000	0.80
Mr. Wang Weimin	RMB180,000	0.36
Total	**RMB50,000,000**	**100.00**

(3) Capital Increase in 2018 and Conversion into Joint Stock Limited Company

On June 12, 2018, the then equity holders of our Company resolved to increase the registered capital of our Company by RMB5,382,140, which were subscribed by Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership)* (江蘇聿泉元禾璞華股權投資合夥企業(有限合夥)) (formerly known as "Suzhou Jiequan Zhixin Equity Investment Partnership (Limited Partnership)* (蘇州聿泉致芯股權投資合夥企業(有限合夥)"), Shanghai Juyuan Juxin Integrated Circuit Industry Equity Investment Fund Center (Limited Partnership)* (上海聚源聚芯集成電路產業股權投資基金中心(有限合夥)), Shenzhen Nanshan Hongtai Equity Investment Fund Partnership (Limited Partnership)* (深圳南山鴻泰股權投資基金合夥企業(有限合夥)) and Shenzhen Jicheng Investment Center (Limited Partnership)* (深圳市集誠投資中心(有限合夥)) as to RMB2,857,142, RMB1,428,571, RMB714,285 and RMB382,142, respectively, at the consideration of approximately RMB140 per registered capital, which was determined through arm's length negotiation and was completed on July 16, 2018.

In September 2018, all procedures required to convert our Company from a limited liability company to a joint stock limited company were completed. Upon completion of the conversion, our Company was renamed as Shenzhen Longsys Electronics Co., Ltd. (深圳市江波龍電子股份有限公司) and our registered capital was converted into RMB55,382,140. Upon completion of the above capital increase and the conversion, the shareholding of our Company was as follows:

Name of Shareholder	Number of Shares	Approximate percentage of shareholding
		(%)
Mr. Cai	27,770,000	50.14
Mr. Li Zhixiong (李志雄)	4,000,000	7.22
LongXi No. 1	3,170,000	5.72
LongXi No. 2	3,170,000	5.72
LongXi No. 3	2,970,000	5.36
Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership)* (江蘇聿泉元禾璞華股權投資合夥企業(有限合夥))	2,857,142	5.16
Ms. Cai	2,500,000	4.51
Shanghai Juyuan Juxin Integrated Circuit Industry Equity Investment Fund Center (Limited Partnership)* (上海聚源聚芯集成電路產業股權投資基金中心(有限合夥))	1,428,571	2.58
Longjian Management	1,190,000	2.15
Mr. Zhang Xu (張旭)	1,000,000	1.81
Mr. Yang Xiaobin (楊曉斌)	1,000,000	1.81
Mr. Wang Jingyang (王景陽)	800,000	1.44
Mr. Deng Enhua (鄧恩華)	800,000	1.44
Shenzhen Nanshan Hongtai Equity Investment Fund Partnership (Limited Partnership)* (深圳南山鴻泰股權投資基金合夥企業(有限合夥))	714,285	1.29
Mr. Bai Hongtao (白宏濤)	550,000	0.99
Mr. Zhu Yu (朱宇)	500,000	0.90
Mr. Huang Haihua (黃海華)	400,000	0.72
Shenzhen Jicheng Investment Center (Limited Partnership)* (深圳市集誠投資中心(有限合夥))	382,142	0.69
Mr. Wang Weimin (王偉民)	180,000	0.33
Total	**55,382,140**	**100.00**

(4) Capital Increases and Equity Transfer in 2019 and 2020

On July 25, 2019, the then Shareholders of our Company resolved to increase the number of Shares in our Company from 55,382,140 Shares to 61,810,709 Shares with registered capital of our Company increased from RMB55,382,140 to RMB61,810,709. The increased 6,428,569 Shares were subscribed by National Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司), Suzhou Shangkai Venture Capital Partnership (Limited Partnership)* (蘇州上凱創業投資合夥企業(有限合夥)), Shenzhen Lihe New Generation Information Technology Venture Capital Partnership (Limited Partnership)* (深圳力合新一代信息技術創業投資合夥企業(有限合夥)), Shenzhen Zhanxiang Information Technology Co., Ltd.* (深圳市展想信息技術有限公司) and Taikeyuan (Shenzhen) Capital Management Co., Ltd.* (泰科源(深圳)資本管理有限公司) as to 4,285,714 Shares, 1,428,571 Shares, 357,142 Shares, 214,285 Shares and 142,857 Shares, respectively, at the consideration of approximately RMB140 per Share, which was determined through arm's length negotiation (the "**2019 November Capital Increase**"). The 2019 November Capital Increase was completed on November 14, 2019.

On December 26, 2019, the then Shareholders of our Company resolved to increase our registered capital from RMB61,810,709 to RMB370,864,254 through conversion of capital reserve into share capital (the "**2019 December Capital Increase**"). The 2019 December Capital Increase was completed on December 27, 2019.

On January 20, 2020, for employee incentive purpose, each of Mr. Cai, Mr. Li Zhixiong (李志雄), Ms. Cai, Mr. Yang Xiaobin (楊曉斌), Mr. Zhang Xu (張旭), Mr. Wang Jingyang (王景陽) and Mr. Zhu Yu (朱宇) entered into a share transfer agreement with LongXi No. 5, pursuant to which each of Mr. Cai, Mr. Li Zhixiong (李志雄), Ms. Cai, Mr. Yang Xiaobin (楊曉斌), Mr. Zhang Xu (張

旭), Mr. Wang Jingyang (王景陽) and Mr. Zhu Yu (朱宇) agreed to transfer, in aggregate, 6,300,000 Shares to LongXi No. 5, being one of our Employee Incentive Platform, at the consideration of RMB1.66 per Share (the "**2020 Equity Transfer**"). The 2020 Equity Transfer was completed on April 14, 2020.

Upon completion of the 2019 November Capital Increase, the 2019 December Capital Increase and the 2020 Equity Transfer, the shareholding of our Company was as follows:

Name of Shareholder	Number of Shares	Approximate percentage of shareholding
		(%)
Mr. Cai	162,000,000	43.68
National Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司)	25,714,284	6.93
Mr. Li Zhixiong (李志雄)	23,100,000	6.23
LongXi No. 1	19,020,000	5.13
LongXi No. 2	19,020,000	5.13
LongXi No. 3	17,820,000	4.80
Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership)* (江蘇聿泉元禾璞華股權投資合夥企業(有限合夥))	17,142,852	4.62
Ms. Cai	14,700,000	3.96
Shanghai Juyuan Juxin Integrated Circuit Industry Equity Investment Fund Center (Limited Partnership)* (上海聚源聚芯集成電路產業股權投資基金中心(有限合夥))	8,571,426	2.31
Suzhou Shangkai Venture Capital Partnership (Limited Partnership)* (蘇州上凱創業投資合夥企業(有限合夥))	8,571,426	2.31
Longjian Management	7,140,000	1.93
LongXi No. 5	6,300,000	1.70
Mr. Yang Xiaobin (楊曉斌)	5,850,000	1.58
Mr. Zhang Xu (張旭)	5,850,000	1.58
Mr. Deng Enhua (鄧恩華)	4,800,000	1.29
Mr. Wang Jingyang (王景陽)	4,680,000	1.26
Shenzhen Nanshan Hongtai Equity Investment Fund Partnership (Limited Partnership)* (深圳南山鴻泰股權投資基金合夥企業(有限合夥))	4,285,710	1.16
Mr. Bai Hongtao (白宏濤)	3,300,000	0.89
Mr. Zhu Yu (朱宇)	2,940,000	0.79
Mr. Huang Haihua (黃海華)	2,400,000	0.65
Shenzhen Jicheng Investment Center (Limited Partnership)* (深圳市集誠投資中心(有限合夥))	2,292,852	0.62
Shenzhen Lihe New Generation Information Technology Venture Capital Partnership (Limited Partnership)* (深圳力合新一代信息技術創業投資合夥企業(有限合夥))	2,142,852	0.58
Shenzhen Zhanxiang Information Technology Co., Ltd.* (深圳市展想信息技術有限公司)	1,285,710	0.35
Mr. Wang Weimin (王偉民)	1,080,000	0.29
Taikeyuan (Shenzhen) Capital Management Co., Ltd.* (泰科源(深圳)資本管理有限公司)	857,142	0.23
Total	**370,864,254**	**100.00**

(5) Listing on the Shenzhen Stock Exchange

On August 5, 2022, our A Shares have been listed on the Shenzhen Stock Exchange with the stock code of 301308, pursuant to which an aggregate of 42,000,000 A Shares were issued, accounting for approximately 10.17% of our Company's then share capital immediately following the listing.

The shareholding of our Company immediately after the A Shares offering was as follows:

Name of Shareholder	Number of Shares	Approximate percentage of shareholding
		(%)
Mr. Cai	162,000,000	39.24
National Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司)	25,714,284	6.23
Mr. Li Zhixiong (李志雄)	23,100,000	5.60
LongXi No. 1	19,020,000	4.61
LongXi No. 2	19,020,000	4.61
LongXi No. 3	17,820,000	4.32
Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership)* (江蘇聿泉元禾璞華股權投資合夥企業(有限合夥))	17,142,852	4.15
Ms. Cai	14,700,000	3.56
Shanghai Juyuan Juxin Integrated Circuit Industry Equity Investment Fund Center (Limited Partnership)* (上海聚源聚芯集成電路產業股權投資基金中心(有限合夥))	8,571,426	2.08
Suzhou Shangkai Venture Capital Partnership (Limited Partnership)* (蘇州上凱創業投資合夥企業(有限合夥))	8,571,426	2.08
Longjian Management	7,140,000	1.73
LongXi No. 5	6,300,000	1.53
Mr. Yang Xiaobin (楊曉斌)	5,850,000	1.42
Mr. Zhang Xu (張旭)	5,850,000	1.42
Mr. Deng Enhua (鄧恩華)	4,800,000	1.16
Mr. Wang Jingyang (王景陽)	4,680,000	1.13
Shenzhen Nanshan Hongtai Equity Investment Fund Partnership (Limited Partnership)* (深圳南山鴻泰股權投資基金合夥企業(有限合夥))	4,285,710	1.04
Mr. Bai Hongtao (白宏濤)	3,300,000	0.80
Mr. Zhu Yu (朱宇)	2,940,000	0.71
Mr. Huang Haihua (黃海華)	2,400,000	0.58
Shenzhen Jicheng Investment Center (Limited Partnership)* (深圳市集誠投資中心(有限合夥))	2,292,852	0.56
Shenzhen Lihe New Generation Information Technology Venture Capital Partnership (Limited Partnership)* (深圳力合新一代信息技術創業投資合夥企業(有限合夥))	2,142,852	0.52
Shenzhen Zhanxiang Information Technology Co., Ltd.* (深圳市展想信息技術有限公司)	1,285,710	0.31
Mr. Wang Weimin (王偉民)	1,080,000	0.26
Taikeyuan (Shenzhen) Capital Management Co., Ltd.* (泰科源(深圳)資本管理有限公司)	857,142	0.21
Other A Share Shareholders	42,000,000	10.17
Total	**412,864,254**	**100.00**

Other than (a) Mr. Cai and Ms. Cai, each being a Controlling Shareholder; and (b) Mr. Li Zhixiong and Mr. Wang Jingyang, each being an executive Director, the remaining Shareholders set out in the table above are, to the best knowledge of our Directors, Independent Third Parties.

(6) Issuance of A Shares to specific targets

On December 22, 2025, the Shareholders of our Company resolved the proposed issuance of A Shares to specific targets (the "**2025 A Shares Issuance**"), pursuant to which (a) the number of specific targets shall be no more than 35 eligible investors, including securities investment fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors and other legal persons, natural persons or qualified investors that meet the requirements stipulated by the CSRC, and each of whom is expected to be an Independent Third Party; (b) the number of A Shares to be issued pursuant to the 2025 A Shares Issuance shall be no more than 125,743,580 A Shares, representing approximately 30% of the total issued share capital of our Company immediately before completion

of the 2025 A Shares Issuance; and (c) the proceeds from the 2025 A Shares Issuance shall be no more than RMB3,700,000,000, of which (i) approximately 23.78% will be utilized for research, development and industrialization of high-end memory products to meet AI-related storage needs, such as enterprise grade SSDs and RDIMM; (ii) approximately 32.97% will be utilized for research and development on high-performance storage controller chips focusing on PCIe SSD, UFS, eMMC and SD card applications; (iii) approximately 13.52% will be utilized for high-end packaging and testing construction projects in Suzhou; and (iv) approximately 29.73% will be utilized for replenishment of working capital. There is no overlapping of the proposed use of proceeds from the 2025 A Shares Issuance and from the Global Offering.

The approval of the 2025 A Shares Issuance from the Shenzhen Stock Exchange and the CSRC has been obtained on May 20, 2026, and June 10, 2026, respectively. On August 17, 2026, (a) the 2025 A Shares Issuance was completed; (b) 6,607,142 A Shares were issued to 21 eligible investors at RMB560 per A Share; and (c) gross proceeds of approximately RMB3,700 million were raised. Upon completion of the 2025 A Shares Issuance, the total issued share capital of the Company was increased from 423,061,007 Shares to 429,668,149 Shares. The final investors of the 2025 A Shares Issuance are as follows:

No.	Name of final investors	Background	Number of A Shares subscribed for	Approximate percentage of shareholding in the total issued share capital of our Company immediately after completion of the 2025 A Shares Issuance
1.	Zhao Qixiang 趙啟祥	An individual investor and an Independent Third Party	562,500	0.13%
2.	Jin Changjiang 金長江	An individual investor and an Independent Third Party	714,285	0.17%
3.	He Wei 賀偉	An individual investor and an Independent Third Party	535,714	0.12%
4.	Wang Weimin 王偉民[(1)(2)]	An individual investor and an Independent Third Party	267,857	0.06%
5.	Zhong Ge 鍾革	An individual investor and an Independent Third Party	267,857	0.06%
6.	Yang Xiaobin 楊曉斌[(1)(2)]	An individual investor and an Independent Third Party	178,571	0.04%
7.	Huang Haihua 黃海華[(1)]	An individual investor and an Independent Third Party	178,571	0.04%
8.	Zhang Xu 張旭[(1)(2)]	An individual investor and an Independent Third Party	178,571	0.04%
9.	Xu Limin 許利民	An individual investor and an Independent Third Party	36,971	0.01%
10.	E Fund Management Co., Ltd. 易方達基金管理有限公司[(1)]	A comprehensive asset management company established in 2001 in the PRC which provides integrated solutions to domestic and international investors and an Independent Third Party	947,321	0.22%

No.	Name of final investors	Background	Number of A Shares subscribed for	Approximate percentage of shareholding in the total issued share capital of our Company immediately after completion of the 2025 A Shares Issuance
11.	Caitong Fund Management Co., Ltd. 財通基金管理有限公司[(1)]	A firm established in June 2011 in the PRC which specializes in private placements and maintains a diversified product suite covering equity, hybrid, fixed income, and money market funds, as well as fund of funds and an Independent Third Party	442,321	0.10%
12.	Nord Fund Management Co., Ltd. 諾德基金管理有限公司	A professional asset management firm in the PRC which primarily engages in fundraising, fund distribution, and asset management and an Independent Third Party	395,357	0.09%
13.	China Southern Asset Management Co., Ltd. 南方基金管理股份有限公司[(1)]	One of PRC's first regulated mutual fund management companies established in March 1998 which offers a comprehensive suite of products and services, and an Independent Third Party	358,392	0.08%
14.	Oriental Alpha Fund Management Co., Ltd. 東方阿爾法基金管理有限公司[(1)]	A firm established in July 2017 in the PRC which focuses on active equity management and operates a full-service public fund business encompassing investment management, risk control, marketing, and operational support, and an Independent Third Party	267,857	0.06%
15.	China Asset Management Co., Ltd. 華夏基金管理有限公司[(1)]	One of PRC's earliest public fund managers established in April 1998 which operates as a diversified asset management platform centered on mutual funds and institutional business, and an Independent Third Party	203,571	0.05%

No.	Name of final investors	Background	Number of A Shares subscribed for	Approximate percentage of shareholding in the total issued share capital of our Company immediately after completion of the 2025 A Shares Issuance
16.	Guotai Asset Management Co., Ltd. 國泰基金管理有限公司[(1)]	One of PRC's inaugural regulated fund managers established in March 1998 which provides a full spectrum of products tailored to diverse risk appetites, and an Independent Third Party	178,571	0.04%
17.	Morgan Stanley & Co. International plc 摩根士丹利國際股份有限公司	A firm established in 1975 in the PRC which provides comprehensive client services and innovative investment solutions across global public and private markets, and an Independent Third Party	178,571	0.04%
18.	Guotai Haitong Securities Co., Ltd. 國泰海通證券股份有限公司[(1)]	A leading comprehensive financial services provider in the PRC which operates across securities brokerage, investment banking, asset management, and public funds, and an Independent Third Party	178,571	0.04%
19.	SigmaStar Technology Ltd. 星宸科技股份有限公司	A global leading fabless design house and supplier of vision artificial intelligence system-on-chips in the PRC listed on the Shenzhen Stock Exchange (stock code: 301536) and an Independent Third Party	178,571	0.04%
20.	Sungrow Power Supply (Sanya) Co., Ltd. 陽光電源(三亞)有限公司	An investment platform of Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300274) and principally engaged in the research and development, manufacture, sale, and service of new energy power supply equipment, and an Independent Third Party	178,571	0.04%

No.	Name of final investors	Background	Number of A Shares subscribed for	Approximate percentage of shareholding in the total issued share capital of our Company immediately after completion of the 2025 A Shares Issuance
21.	Fujian Yinfeng Venture Capital Co., Ltd. 福建銀豐創業投資有限責任公司	A PRC venture capital established in 2008 which has been focusing on growth capital investment, and an Independent Third Party	178,571	0.04%
		Total:	**6,607,142**	**1.54%**

Notes:

(1) Each of (a) Wang Weimin (王偉民); (b) Yang Xiaobin (楊曉斌); (c) Huang Haihua (黃海華); (d) Zhang Xu (張旭); (e) E Fund Management Co., Ltd. (易方達基金管理有限公司); (f) Caitong Fund Management Co., Ltd. (財通基金管理有限公司); (g) China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司); (h) Oriental Alpha Fund Management Co., Ltd. (東方阿爾法基金管理有限公司); (i) China Asset Management Co., Ltd. (華夏基金管理有限公司); (j) Guotai Asset Management Co., Ltd. (國泰基金管理有限公司); and (k) Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) is an existing shareholder of the Company immediately prior to the completion of the 2025 A Shares Issuance.

(2) Each of (a) Wang Weimin (王偉民); (b) Yang Xiaobin (楊曉斌), who ceased to be the deputy general manager of the Company since June 2024; and (c) Zhang Xu (張旭), who ceased to the deputy general manager of the Company since February 2021, is an existing employee of the Group immediately prior to the completion of the 2025 A Shares Issuance.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Acquisition of Longforce Suzhou

In order to further enhance our back-end manufacturing capabilities, on June 27, 2023, our Company entered into an equity interest transfer agreement with PTI Technology (Singapore) Pte. Ltd. ("**PTI SG**"), Powertech Technology (Singapore) Pte. Ltd. and Powertech Technology Inc. (力成科技股份有限公司), each being an Independent Third Party at the time of the acquisition, pursuant to which we agreed to purchase 70% of the equity interest in Longforce Suzhou at a cash consideration of US$131,600,000, which was determined with reference to the valuation report prepared by an independent valuer. The financial results of Longforce Suzhou have been consolidated to the consolidated financial statements of the Group since October 1, 2023, upon which, Longforce Suzhou became a non-wholly-owned subsidiary of our Company, with the remaining 30% equity interest held by PTI SG. PTI SG is ultimately owned by Powertech Technology Inc., a company listed on the Taipei Stock Exchange (stock code: 6239.TW). As of the Latest Practicable Date, to the best knowledge of our Company, there is no single shareholder that held 30% or more shareholding in Powertech Technology Inc.

The acquisition has been properly and legally completed and settled, and all relevant approvals required from the relevant authorities have been obtained. Given that (a) the relevant equity interest transfer agreement in relation to the acquisition of Longforce Suzhou was entered into during the Track Record Period; and (b) the acquisition of Longforce Suzhou does not constitute a major transaction under the Listing Rules (based on the applicable percentage ratios as stipulated under Rule 4.05A of the Listing Rules), pre-acquisition financial information in relation to Longforce Suzhou is not required to be disclosed in this Prospectus under Rule 4.05A of the Listing Rules.

Acquisitions of Zilia Eletrônicos

In order to further expand our overseas back-end manufacturing capabilities, on June 13, 2023, our Company, Lexar Europe B.V. (our wholly-owned subsidiary) and Shanghai Intelligent Memory Semiconductor Co., Ltd.* (上海慧憶半導體有限公司) entered into a stock purchase agreement with SMART Modular Technologies (LX) S.à.r.l. ("**SMART LX**") (as the vendor) and SMART Global Holdings, Inc. (currently known as "**PENGUIN SOLUTIONS, INC.**") (as the guarantor), each being an Independent Third Party at the time of the acquisition, pursuant to which we agreed to purchase 81% of the issued share capital of Zilia Eletrônicos (together with its wholly-owned subsidiary, Zilia Semicondutores) at a cash consideration of US$194,918,804, which was determined on arm's length negotiation with reference to among others, certain valuations of

Zilia Eletrônicos. The financial results of Zilia Eletrônicos has been consolidated to the consolidated financial statements of the Group since December 1, 2023, upon which, Zilia Eletrônicos became a non-wholly-owned subsidiary of our Company, with the remaining 19% shareholding held by SMART LX. SMART LX is ultimately owned by PENGUIN SOLUTIONS, INC., a company listed on NASDAQ stock market (PENG). The acquisition has been properly and legally completed, and all relevant approvals required from the relevant authorities have been obtained.

On December 29, 2025, our Company, Shanghai Intelligent Memory Semiconductor Co., Ltd.* (上海慧憶半導體有限公司) and Lexar Europe B.V. (our wholly-owned subsidiary) entered into a stock purchase agreement with SMART LX to further purchase the remaining 19% of the issued share capital of Zilia Eletrônicos held by SMART LX at a cash consideration of US$46,080,000, which was determined on arm's length negotiation with reference to, among others, certain valuations of Zilia Eletrônicos. The acquisition has been properly and legally completed on March 31, 2026, all relevant approvals required from the relevant authorities have been obtained, and Zilia Eletrônicos has become a wholly-owned subsidiary of our Company since completion. Given that (a) the relevant stock purchase agreements in relation to the acquisition of Zilia Eletrônicos were entered into during the Track Record Period; and (b) the acquisition of Zilia Eletrônicos does not constitute a major transaction under the Listing Rules (based on the applicable percentage ratios as stipulated under Rule 4.05A of the Listing Rules), pre-acquisition financial information in relation to Zilia Eletrônicos is not required to be disclosed in this Prospectus under Rule 4.05A of the Listing Rules.

Save as disclosed above, during the Track Record Period and as of the Latest Practicable Date, our Group did not have any other material acquisitions, disposals or mergers.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE LISTING ON THE STOCK EXCHANGE

Since August 2022, our A Shares have been listed on the Shenzhen Stock Exchange. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable listing rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the Stock Exchange's and the investors' attention in relation to our listing on the Shenzhen Stock Exchange. Based on the due diligence work conducted by our PRC Legal Advisor, our PRC Legal Advisor is of the view that, since our listing on the Shenzhen Stock Exchange and up to the Latest Practicable Date, we had complied with the relevant laws and regulations on A share listings applicable to us in all material respect. Based on the independent due diligence conducted by the Joint Sponsors, the view of Directors and the view of the PRC Legal Advisor, the Joint Sponsors are of the view that (i) the Group has complied with the applicable listing rules of the Shenzhen Stock Exchange, and other applicable securities laws and regulations of the PRC in all material respects during the Track Record Period and up to the Latest Practicable Date and (ii) there was no material matter that should be brought to the attention of the investors and the Stock Exchange in relation to the Group's listing on the Shenzhen Stock Exchange.

Our Company seeks to be listed on the Hong Kong Stock Exchange in order to provide further capital for the development and expansion of our business, provide an additional fundraising platform for our Company should the need arise, further strengthen our business profile and market position in the industry, and better attract international investors and talents. Please refer to the section headed "Business — Our Growth Strategies" and "Future Plans and Use of Proceeds" in this prospectus for more details.

CONCERT PARTY ARRANGEMENT

For the purpose of our listing on the Shenzhen Stock Exchange and to ensure stability of the ownership of the Company, Mr. Cai and Ms. Cai entered into the Concert Party Agreement on August 9, 2021, pursuant to which Mr. Cai and Ms. Cai agreed that they shall act in concert with respect to all matters which are subject to approval in general meetings or Board meetings of the Company, for the period since the date of the Concert Party Agreement and upon the termination of the Concert Party Agreement. In particular, among others, (i) Mr. Cai and Ms. Cai have agreed that in the event consensus cannot be reached among the parties, Ms. Cai shall follow the instruction of Mr. Cai; and (ii) upon the execution of the Concert Party Agreement, all Shares directly or indirectly held by the parties shall nonetheless be bound by the terms of the agreement, and the parties shall exercise their voting rights in accordance with the Concert Party Agreement. The Concert Party Agreement had an initial 36-month validity period from the date of listing of our A Shares on the Shenzhen Stock Exchange, and shall be automatically renewed on an annual basis until the Concert Party Agreement has been terminated by Mr. Cai and Ms. Cai unanimously in writing.

In light of the above, Mr. Cai and Ms. Cai will be a group of Controlling Shareholders upon Listing. For details, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus.

Ms. Cai has joined the Group since October 1999 and has served a number of positions in the Group including but not limited to deputy general manager, supervisor, director and senior vice president. She also served as a Director of the Company from November 2012 to September 2018. She currently serves as a director and/or a chief executive of a number of our subsidiaries. Given Ms. Cai's roles and responsibilities in the Group were similar to the other two Directors (namely Mr. Li Zhixiong (李志雄先生) and Mr. Wang Jingyang (王景陽先生)), and also taking into consideration of the requirements of the securities regulatory authorities and stock exchanges in the PRC on corporate governance of listed companies (including but not limited to the functions of the Board and the number of Directors (including external Director(s)) in the Board), Ms. Cai has not been appointed as a Director since September 2018 (i.e. upon completion of conversion by the Company into a joint stock limited company).

RESTRICTED SHARE INCENTIVE SCHEMES

Certain employees of our Company and our subsidiaries are eligible to subscribe in interests of our Shares through the Restricted Share Incentive Schemes. For details, please refer to the section headed "Statutory and General Information — 4. Restricted Share Incentive Schemes" in Appendix VI to this document.

EMPLOYEE INCENTIVE PLATFORMS

Our Company Level

In recognition of the contributions of our employees and to incentivize them to further promote our development, Longjian Management, LongXi No. 1, LongXi No. 2, LongXi No. 3 and LongXi No. 5 were established as our Employee Incentive Platforms.

Mr. Cai was the general partner and execution partner of each of Longjian Management, LongXi No. 1, LongXi No. 2, LongXi No. 3 and LongXi No. 5 until his cessation in November 2025 in order to better focus on the Company's daily operations and business development while at the same time safeguarding the normal operation of the management of our Employee Incentive Platforms. Upon Mr. Cai's cessation, (a) Xiao Xiaoxia (肖小霞), (b) Zhang Jihong (張繼紅), (c) Chen Qiong (陳瓊), (d) Ningbo LongXi No. 4 Consulting Partnership (Limited Partnership)* (寧波龍熹四號自有資金投資合夥企業(有限合夥)) ("**LongXi No. 4**", the general and execution partner of which is Zhang Dagang (張大剛)) and (e) Yuan Yaojie (袁堯杰) becomes the general partner and execution partner of LongXi No. 1, LongXi No. 2, LongXi No. 3, Longjian Management and LongXi No. 5, respectively. Save for Zhang Jihong (張繼紅) who is a supervisor of a subsidiary of the Company (and therefore a connected person of the Company), none of the general partners and the execution partners of each of Longjian Management, LongXi No. 1, LongXi No. 3, LongXi No. 4 and LongXi No. 5 is a connected person of the Company.

As of the Latest Practicable Date, all of the awards under the Employee Incentive Platforms have been granted and vested, and, as a result, the grantees held the partnership interest of the Employee Incentive Platforms as limited partners.

As of the Latest Practicable Date, there are 38, 42, 40, 34 and 1 limited partner(s) in LongXi No. 1, LongXi No. 2, LongXi No. 3, LongXi No. 5 and Longjian Management, respectively. The limited partner and the general partner of Longjian Management are Mr. Cai and LongXi No. 4, respectively. None of the limited or general partners of the Employee Incentive Platforms (regarding Longjian Management, Mr. Cai and the limited partners of LongXi No. 4) holds 30% or more interest in the respective Employee Incentive Platform. Save for the followings, there are no connected persons who are limited or general partners of the Employee Incentive Platforms:

	Name	Connected relationship	Employee Incentive Platforms	Partnership interest (approximately)
1.	Mr. Cai	Executive Director	LongXi No. 1	0.32%
			LongXi No. 2	0.32%
			LongXi No. 3	0.34%
			LongXi No. 5	16.00%
			Longjian Management	0.99%
2.	Ms. Liu Fengyun (劉楓雲)	Supervisor of a subsidiary	LongXi No. 1	9.46%

	Name	Connected relationship	Employee Incentive Platforms	Partnership interest (approximately)
3.	Ms. Zhang Jihong (張繼紅)	Supervisor of a subsidiary	LongXi No. 2	1.84%
4.	Mr. Gao Wei (高威)	Director of a subsidiary	LongXi No. 2	9.20%
5.	Ms. Su Dan (蘇丹)	Director of a subsidiary	LongXi No. 2	3.45%
6.	Mr. Xu Gangling (許剛翎)	Supervisor of certain subsidiaries	LongXi No. 5	5.66%
7.	Mr. Li Zhongzheng (李中政)	Director of a subsidiary	LongXi No. 1	4.34%

Each of the general partner and execution partner of Longjian Management, LongXi No. 1, LongXi No. 2, LongXi No. 3 and LongXi No. 5 is responsible for the management, and controls the voting rights attached to the A Shares held by the respective Employee Incentive Platforms at his/her discretion, whereas the limited partners of the Employee Incentive Platforms are not entitled to any voting rights in our Company through the relevant Employee Incentive Platforms.

The Subsidiary Level

Wisemem Employee Incentive Scheme

Wisemem Microelectronics (Shanghai) Co., Ltd (慧憶微電子(上海)有限公司) ("**Wisemem Shanghai**"), one of our major subsidiaries, has adopted an employee incentive scheme in December 2024 to incentivize its core employees in order to create better value for the Company and its shareholders (the "**Wisemem Employee Incentive Scheme**"). The Wisemem Employee Incentive Scheme is not subject to the requirements under Chapter 17 of the Listing Rules since Wisemem Shanghai is not a "principal subsidiary" pursuant to Rule 17.14 of the Listing Rules.

Pursuant to the Wisemem Employee Incentive Scheme, the registered capital of Wisemem Shanghai was increased from RMB100,000,000 to RMB143,000,000 in May 6, 2025, of which:

(a) RMB21,500,000 and RMB12,920,000 were subscribed by Shanghai Huixinda Consulting Management Partnership (Limited Partnership)* (上海慧芯達諮詢管理合夥企業(有限合夥)) ("**Shanghai Huixinda**") and Shanghai Huixintong Consulting Management Partnership (Limited Partnership)* (上海慧芯通諮詢管理合夥企業(有限合夥)) ("**Shanghai Huixintong**"), respectively, the execution partner of each of Shanghai Huixinda and Shanghai Huixintong is Shanghai Longsys Storage Technology Co., Ltd. (上海江波龍存儲技術有限公司, one of our wholly-owned subsidiaries;

(b) RMB4,290,000 was subscribed by Mr. Gao Xichun (高喜春先生), a senior management of the Company and a director of a subsidiary of the Company (and therefore a connected person of the Company); and

(c) RMB2,860,000 and RMB1,430,000 were subscribed by Mr. Ming Liang (明亮先生) and Mr. Chen Jianye (陳建業先生), each a core employee and senior management of Wisemem Shanghai and not a connected person of the Company,

each at RMB1.00 as consideration.

As at the Latest Practicable Date, Wisemem Shanghai is held as to approximately 69.93%, 15.035%, 9.035%, 3.00%, 2.00% and 1.00% by Shanghai Longsys Storage Technology Co., Ltd. (上海江波龍存儲技術有限公司), Shanghai Huixinda, Shanghai Huixintong, Mr. Gao Xichun (高喜春先生), Mr. Ming Liang (明亮先生) and Mr. Chen Jianye (陳建業先生), respectively.

As of the Latest Practicable Date, (a) there are 38 limited partners in Shanghai Huixinda, and save for Mr. Gao Xichun (高喜春先生), a director of our subsidiary, who holds approximately 53.04% in Shanghai Huixinda which are reserved and will be further distributed to eligible employees of Wisemem Shanghai as when and where appropriate, none of the remaining limited

partners of Shanghai Huixinda (i) holds 30% or more interest in Shanghai Huixinda; and (ii) is a connected person of the Company; and (b) there are 33 limited partners in Shanghai Huixintong, and none of the limited partners of Shanghai Huixintong (i) holds 30% or more interest in Shanghai Huixintong; and (ii) is a connected person of the Company.

Longmem Employee Incentive Scheme

Shanghai Longmem Microelectronics Technology Co., Limited* (上海元銘芯微電子技術有限公司) ("**Shanghai Longmem**"), one of our subsidiaries, has adopted an employee incentive scheme in April 2026 to incentivize its core employees in order to create better value for the Company and its shareholders (the "**Longmem Employee Incentive Scheme**"). The Longmem Employee Incentive Scheme is not subject to the requirements under Chapter 17 of the Listing Rules since Shanghai Longmem is not a "principal subsidiary" pursuant to Rule 17.14 of the Listing Rules.

Pursuant to the Longmem Employee Incentive Scheme, the registered capital of Shanghai Longmem was increased from RMB200,000,000 to RMB286,000,000 in April 2026, of which:

(a) RMB43,600,000 and RMB28,100,000 were subscribed by Ningbo Mingxin Weiyuan Self-Funded Investment Partnership (Limited Partnership)* (寧波銘芯微元自有資金投資合夥企業(有限合夥)) ("**Mingxin Weiyuan**") and Ningbo Mingxin Weilong Self-Funded Investment Partnership (Limited Partnership)* (寧波銘芯微龍自有資金投資合夥企業(有限合夥)) ("**Mingxin Weilong**"), respectively, the execution partner of each of Mingxin Weiyuan and Mingxin Weilong is Shanghai Longsys Storage Technology Co., Ltd. (上海江波龍存儲技術有限公司, one of our wholly-owned subsidiaries; and

(b) RMB14,300,000 was subscribed by Mr. Ma Qingrong (馬慶容先生), a senior management of the Company,

each at RMB0.525 as consideration. As at the Latest Practicable Date, Shanghai Longmem is held as to approximately 69.93%, 15.24%, 9.83% and 5.00% by Shanghai Longsys Storage Technology Co., Ltd. (上海江波龍存儲技術有限公司), Mingxin Weiyuan, Mingxin Weilong and Mr. Ma Qingrong (馬慶容先生), respectively.

As of the Latest Practicable Date, (a) there are 33 limited partners in Mingxin Weiyuan, and none of the limited partners of Mingxin Weiyuan (i) holds 30% or more interest in Mingxin Weiyuan; and (ii) is a connected person of the Company; and (b) Mr. Wang Jingyang (王景陽先生) is the only limited partner in Mingxin Weilong, and the limited partnership interest held by him in Mingxin Weilong are reserved and will be distributed to eligible employees of Shanghai Longmem as when and where appropriate.

SHAREHOLDING OF THE COMPANY

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme), the shareholding of the Company is set forth as below:

	As at the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme)					
Name of Shareholders	Number of A Shares	Approximately % of shareholding in our A Shares	Number of A Shares	Approximately % of shareholding in our A Shares	Approximately % of shareholding in the total share capital of our Company	Number of H Shares	Approximately % of shareholding in our H Shares	Approximately % of shareholding in the total issued share capital of our Company
Mr. Cai	162,071,900	37.72%	162,071,900	37.72%	35.56%	–	–	–
Ms. Cai	14,700,000	3.42%	14,700,000	3.42%	3.23%	–	–	–
Mr. Li Zhixiong	16,508,624	3.84%	16,508,624	3.84%	3.62%	–	–	–
Mr. Wang Jingyang	4,731,200	1.10%	4,731,200	1.10%	1.04%	–	–	–
Longjian Management	1,049,414	0.24%	1,049,414	0.24%	0.23%	–	–	–
LongXi No. 1	9,834,384	2.29%	9,834,384	2.29%	2.16%	–	–	–
LongXi No. 2	9,834,342	2.29%	9,834,342	2.29%	2.16%	–	–	–
LongXi No. 3	8,946,954	2.08%	8,946,954	2.08%	1.96%	–	–	–
LongXi No. 5	1,008,071	0.23%	1,008,071	0.23%	0.22%	–	–	–
Other A Shareholders[(note)]	200,983,260	46.78%	200,983,260	46.78%	44.10%	–	–	–

	As at the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme)					
Name of Shareholders	Number of A Shares	Approximately % of shareholding in our A Shares	Number of A Shares	Approximately % of shareholding in our A Shares	Approximately % of shareholding in the total share capital of our Company	Number of H Shares	Approximately % of shareholding in our H Shares	Approximately % of shareholding in the total issued share capital of our Company
H Shareholders	–	–	–	–	–	26,077,800	100%	5.72%
Total Shares	429,668,149	100%	429,668,149	100%	94.28%	26,077,800	100%	5.72%

Note: To the best knowledge of our Company, none of the Other A Shareholders hold more than 5% of our issued A Shares.

PUBLIC FLOAT

Rule 19A.13A(2) of the Listing Rules provides that, where a new applicant is a PRC issuer with 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, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

Our A Shares are listed on the Shenzhen Stock Exchange. Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised), the total market value of the H Shares to be held by the public is expected to be approximately HK$6,274 million, calculated based on the maximum Offer Price of HK$240.60 per H Share, which is higher than the prescribed expected market value of H Shares required to be held in public hands of not less than HK$3,000,000,000 under Rule 19A.13A(2)(b) of the Listing Rules, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

FREE FLOAT

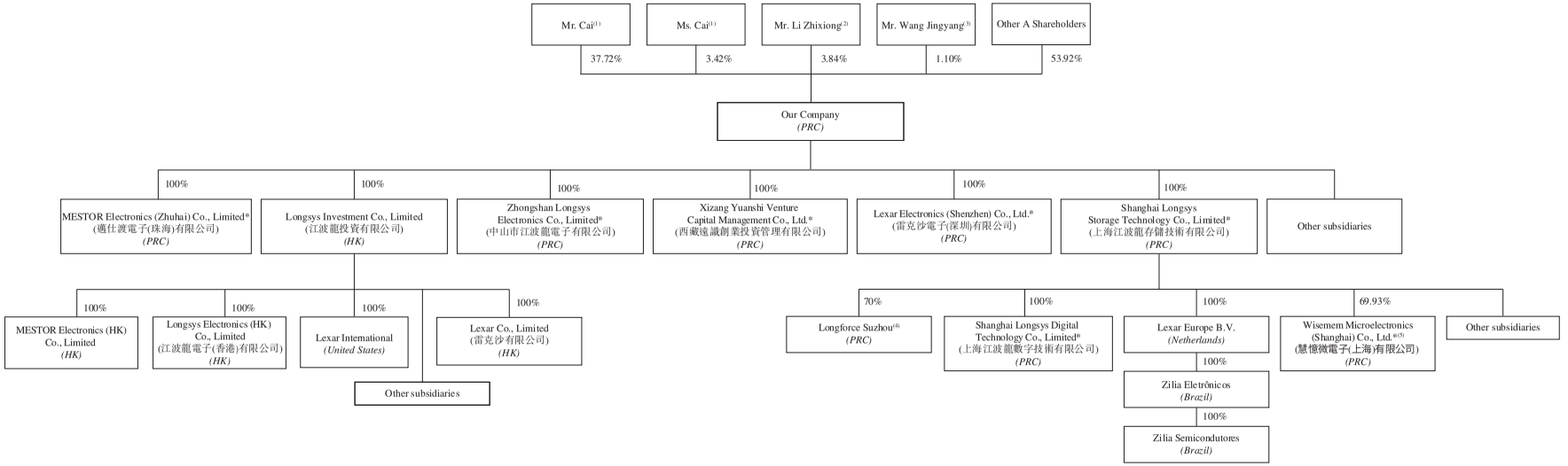
Rule 19A.13C(2) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Hong Kong Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% 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.

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised), and excluding the H Shares subscribed for by the Cornerstone Investors, the total market value of H Shares required to be held in public hands and not subject to any disposal restrictions is expected to be approximately HK$5,089 million, calculated based on the maximum Offer Price of HK$240.60 per H Share, which is higher than the prescribed expected market value of H Shares required to be held in public hands of not less than HK$600,000,000. Therefore, the Company is expected to satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the Global Offering

The following chart illustrates our simplified shareholding and corporate structure immediately prior to the Global Offering:



Notes:

(1) Pursuant to the Concert Party Agreement dated August 9, 2021, Mr. Cai and Ms. Cai agreed that they shall act in concert with respect to all matters which are subject to approval in general meetings or board meetings of the Company, for the period from the date of the Concert Party Agreement and upon the termination of the Concert Party Agreement. For further details, please refer to "— Concert Party Arrangement" above. As such, each of Mr. Cai and Ms. Cai are deemed to be interested in the Shares each other is interested in.

(2) Mr. Li Zhixiong is an executive Director, and held 16,508,624 A Shares as of the Latest Practicable Date.

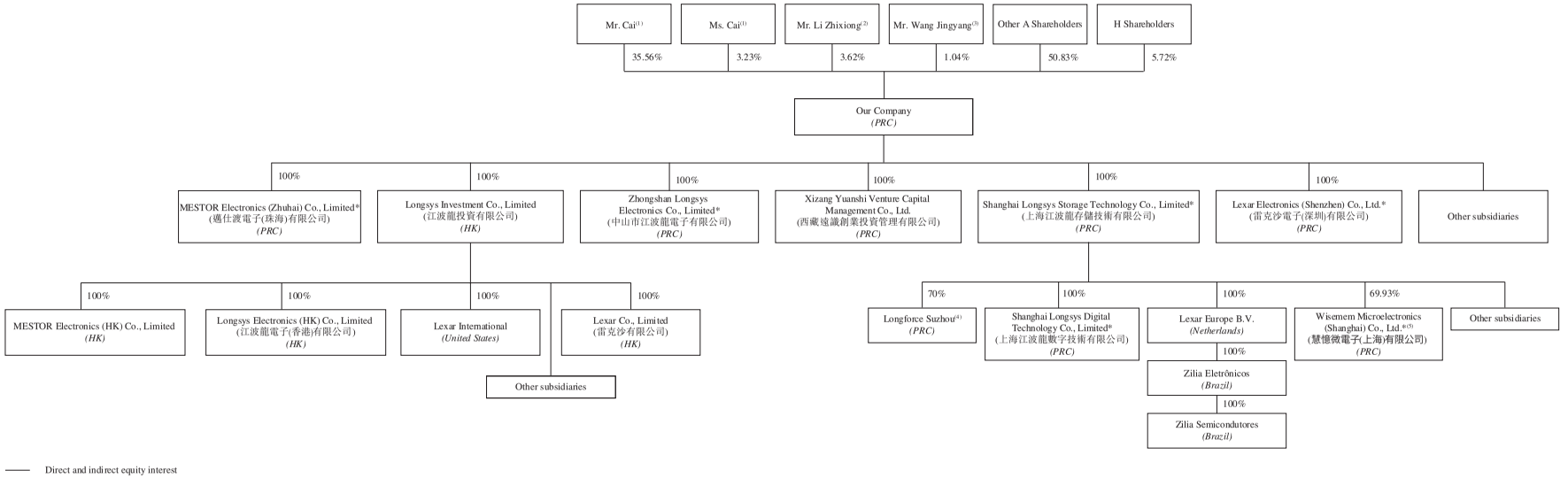
(3) Mr. Wang Jingyang is an executive Director, and held 4,731,200 A Shares as of the Latest Practicable Date.

(4) As of the Latest Practicable Date, the remaining 30% equity interest in Longforce Suzhou was held by PTI Technology (Singapore) Pte. Ltd, which was ultimately owned by Powertech Technology Inc., a company listed on the Taipei Stock Exchange (stock code: 6239.TW). As of the Latest Practicable Date, to the best knowledge of our Company, there is no single shareholder that held 30% or more shareholding in Powertech Technology Inc.

(5) As of the Latest Practicable Date, the remaining approximately 15.04%, 9.04%, 3.00%, 2.00% and 1.00% of Wisemem Shanghai were owned by (i) Shanghai Huixinda; (ii) Shanghai Huixintong; (iii) Mr. Gao Xichun (高喜春先生); (iv) Mr. Ming Liang (明亮先生); and (v) Mr. Chen Jianye (陳建業先生), respectively. For further details, please refer to the section paragraph headed "Employee Incentive Platforms — The Subsidiary Level — Wisemem Employee Incentive Scheme" above.

SHAREHOLDING AND CORPORATE STRUCTURE UPON COMPLETION OF THE GLOBAL OFFERING

The following chart illustrates our simplified shareholding and corporate structure immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme:



Notes (1) to (5): see "— Our Shareholding and Corporate Structure — Shareholding and Corporate Structure Immediately before the Global Offering."

COMPANY OVERVIEW

We are a branded independent semiconductor memory product enterprise. We procure memory wafers and controller chips from IDMs and controller chip suppliers and do not engage in wafer fabrication. Based on our capabilities including controller and memory chip design, firmware development, back-end manufacturing (including system-level packaging, testing and assembly), we design, develop, back-end manufacture and sell a comprehensive portfolio of memory products for consumer, enterprise and industrial applications. We have a market share of 1.2% in the global memory product market in 2025, representing a meaningful position for an independent memory enterprise given the large scale of the industry. According to CIC, we are the ninth largest memory product enterprise worldwide, the second largest independent semiconductor memory product enterprise worldwide among more than 100 market players and the largest independent memory product enterprise in China among more than 30 market players, in terms of revenue from memory products in 2025. We currently own and operate three primary brands — FORESEE, Zilia and Lexar — each focusing on different customer segments and enjoying strong recognition in its respective market. These achievements, together with the scale of our global presence and the strength of our brand and product portfolio, underscoring our pivotal role within the broader semiconductor memory industry.

Founded in 1999, we have been dedicated to the semiconductor memory industry for over two decades. Our founding team, led by our Chairman Mr. Cai, recognized the significant global market potential for semiconductor memory early on. Through persistent dedication and strategic development, we expanded from trading semiconductor memory products to developing our own memory products back-end manufacturing expertise, and further into core competencies such as controller and memory chip design, firmware development, packaging and testing capacities. These capabilities along the semiconductor memory value chain have allowed us to establish a portfolio of high-quality, high-performance products and have earned us widespread recognition from business partners and users alike.

Our steadfast focus on the semiconductor memory product industry and consistent innovation have resulted in strong brand recognition, establishing us as a key player in the memory market. Our brands: FORESEE (primarily serves the B2B market), Zilia (primarily serves the Latin American B2B market) and Lexar (primarily serves B2C market), collectively driving balanced growth in both enterprise and consumer markets.

- **FORESEE**, which we have developed organically for more than a decade, enjoys a strong reputation and significant first-mover advantages, particularly in edge devices such as mobile phone and computers, as well as the automotive sector.

- **Zilia** was introduced in 2023 after we acquired SMART Brazil, a Brazilian semiconductor memory company of SMART Global.

- **Lexar** is a global premium brand we acquired in 2017. To date, Lexar-branded products have been sold in over 60 countries and regions and have received numerous international awards. Lexar primarily targets and serves the B2C memory market such as photography, videography and gaming.

Our Market Opportunities

The semiconductor memory product market, already significant in size, is poised for sustained long-term growth. The proliferation of AI application in smartphones, computers, data centers, servers, smart vehicles and robotics has driven significant data growth. The semiconductor memory product market has experienced explosive growth since the third quarter of 2025. According to CIC, the global semiconductor memory products market is expected to grow from US$275.4 billion in 2025 to US$875.6 billion in 2030, representing a CAGR of 26.0%. High-performance memory, mostly applied in rapidly growing downstream scenarios such as servers, is expected to experience even greater growth. The penetration of AI functionalities in edge devices such as smartphones,

computers, tablets and smart wearables is expected to continue to increase, driving higher performance and capacity requirements for memory solutions deployed at the device level. To capitalize on the significant market growth and potential, we have consistently invested in high-performance memory technology and launched a broad range of memory products for individual and enterprise customers worldwide.

Our Products and Applications

We design, back-end manufacture and sell a broad range of memory and storage products to meet diverse customer needs. Our portfolio comprises four major product lines:

- **Embedded storage** solutions that integrate memory directly into the main systems of electronic products such as smartphones, smart wearables, automotive electronics, tablets and other consumer electronics;

- **SSDs**, which are standalone storage devices known for fast data access speeds, high reliability and ease of replacement, serving servers, computers, data centers and other applications;

- **Mobile storage** products, including USB flash drives, memory cards and portable SSDs, which primarily support data transfer and backup for consumer storage devices, smart vehicles and other use cases; and

- **DIMMs**, which are circuit boards equipped with DRAM chips for temporary data processing and program execution in servers, computers, data centers and related applications.

We currently focus on the sales of consumer grade products. During the Track Record Period, revenue from consumer-grade products accounted for 94.7%, 92.9%, 89.8% and 88.4% of our revenue for the years of 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively, while revenue from non-consumer-grade products, which comprised of both enterprise grade and industrial grade products, accounted for 5.3%, 7.1%, 10.2% and 11.6% of our revenue for the same period. Our non-consumer-grade products achieved growth in both absolute amount and revenue contribution, demonstrating accelerating growth momentum. This reflects our diversified product portfolio and technological capabilities in addressing diverse market needs, as well as our differentiated competitive strategy relative to memory IDMs.

Our memory and storage products have applications in various segments, covering both consumer grade and non-consumer grade products. Our consumer grade products are primarily designed for use in mass-market consumer electronics, such as smartphones, tablets, computers and wearable devices. They focus on providing competitive performance, capacity, power efficiency and form factor at attractive cost and to meet the requirements of consumer electronics manufacturers. These products are generally used in relatively controlled operating environments. Our non-consumer grade products comprise enterprise-grade and industrial-grade products. Our enterprise-grade products are used in enterprise servers and data centers, where end customers include cloud service providers, internet companies and telecommunication operators that require high-performance, high-reliability and large-scale storage solutions. Our industrial-grade products are used in industrial automation equipment, industrial computers, smart vehicles and a wide range of other industrial and embedded applications, where operating environments are more demanding (such as over wider temperature ranges, for example from approximately –40°C to 85°C; outdoor and semi-outdoor usage, such as exposure to direct sunlight, rain splash and dust in outdoor monitoring devices; and vibration and shock in factory machinery, construction equipment and automotive applications).

Our consumer-grade products leverage the opportunities from the frequent iteration of consumer electronics and the expanding of AI functionalities in edge devices. The integration of large models into edge devices such as smartphones and computers continued to increase local data storage and processing requirements, driving growing demand for higher-capacity and higher-performance embedded memory products. The consumer grade products include both edge AI devices and traditional consumer grade products. The global market of memory products for these consumer-grade devices reached US$118.3 billion in 2025, and is expected to increase to US$224.4 billion in 2030, representing a CAGR of 13.7%, according to CIC.

Our enterprise-grade products are poised for explosive growth fueled by the surge in large AI models, increased cloud computing penetration and the rising demand for domestic information infrastructure. Our industrial-grade products meet stringent specifications for temperature tolerance, durability and high-performance requirements, such as rapid response times and power-loss protection, that are typical for industrial products. In particular, the automotive industry demands stable performance, high reliability and compliance with automotive-grade specifications, as well as consistent operation under wide temperature ranges, vibration and other demanding environmental conditions, requiring us to continuously develop and maintain superior technical expertise over the long term. In smart vehicles, our memory products are used in various on-board systems, including in-vehicle infotainment systems, intelligent driving systems, driving recorders, dash camera, in-vehicle USB drives and other memory modules. These products mainly function as data storage and management components, supporting the storage, reading and processing of operating data, sensor data, navigation and map data and multimedia content.

Our Capabilities

As a technology-driven semiconductor company, our sustained and focused innovation has helped us achieve and maintain our market position in the competitive landscape of the semiconductor memory product industry. Our years of dedicated efforts have yielded significant in-house capabilities across critical areas of memory product value chain:

Controller Chip Design: We have developed a suite of self-designed controller chips for our product portfolio. As of the Latest Practicable Date, we have independently designed eight controller chips, and six out of eight has been successfully commercialized with the remaining two in the process of commercialization, covering USB, SD card, eMMC, UFS products and SSD. With highly integrated designs, exceptional performance, flexible customization capabilities, and a robust ecosystem support, we are able to meet diverse customer needs with stable supplies. As of April 30, 2026, an aggregate amount of over 250 million units of our self-designed controller chips has been fabricated by our fabrication services providers.

In March 2026, we launched our self-developed SPU controller chip, positioned to power the intelligent storage for the AI era. Our SPU controller chip integrates both a memory control engine and an intelligent processing engine. The memory control engine handles data transfer, while the intelligent processing engine performs functions such as data compression, hot-cold data identification and workload adaptation. Working together, these two engines enable smart data processing and scheduling, allowing users to balance capacity, performance and cost without additional hardware. For example, a 64 TB SSD using an SPU controller can store 128 TB of effective data at the host level, meeting the increased data storage needs of AI applications without extra hardware investment.

As of the Latest Practicable Date, we have also back-end manufactured UFS 4.1 memory products supported by our self-designed controller chips, making us the first memory enterprise in Chinese Mainland to have achieved such milestone. UFS 4.1 is a high-performance flash storage standard that delivers significantly higher data transfer speeds and improved energy efficiency compared to prior generations, and this achievement demonstrates our technological capabilities and enhances our competitiveness in serving high-performance applications such as high-end smartphones.

Memory Chip Design: We have successfully developed the capabilities in memory chip design, focusing on SLC NAND Flash and other small-capacity memory chips, filling the gap left by major wafer IDMs as they scale back from small-capacity memory markets. Our memory chip R&D targets long-tail markets and is intended to position us for differentiated competition with wafer IDMs.

We have successfully taped out nine SLC NAND Flash memory chips, and are expanding into other small-capacity memory chip technologies. As of April 30, 2026, an aggregate amount of over 200 million units of our self-designed SLC NAND Flash memory chips has been fabricated by our fabrication services providers. We believe that memory chip design capabilities lay a solid foundation for our expansion into a broader range of memory product lines and our entry into higher-barrier markets in the future.

Firmware Development: We possess industry-leading firmware capabilities, which enable us to better meet customer performance requirements and provide strong after-sales support. Firmware, embedded within the controller chip, are crucial software programs that provide instructions and algorithms to manage core operations such as protocol processing, data management and hardware control. Our products typically utilize our self-developed firmware, and our unified firmware platform across product lines allows for rapid adaptation. HLC technology and iSA, our intelligent storage agent specifically designed for AI inference on edge devices, are our recent firmware-level innovations developed for the AI era. The physical limits and high costs of memory such as DRAM has increasingly become a key bottleneck for deploying large AI models on edge devices such as computers and smartphones. Our HLC technology allows SSD or UFS storage devices to take over part of the data caching functions traditionally handled by DRAM, thereby effectively reducing the DRAM capacity required in edge devices and helping ease the cost pressure of DRAM. Our intelligent storage agent, iSA, is specifically designed for AI inference on edge devices and to work in tandem with our SPU. When combined with iSA, our SPU is expected to increase the size of AI models that can be deployed on edge devices and improve memory utilization efficiency.

Packaging and Testing Capabilities: We have cultivated technical expertise in the packaging and testing of memory products. Our Suzhou facility possess SiP technology and MCP technology including stacked-die packaging, and are capable of packaging 16-layer stacked-die memory products. Our Zhongshan facility, with its dedicated data center memory product lines, integrates R&D and retesting, achieving a DPPM of below 50 across product lines. In Brazil, our Atibaia plant and Manaus plant are capable of the packaging, testing, SMT and assembly for a range of memory products.

Our packaging technologies provide strong support for the supply of our high-end products. For example, our micro-SSD ("**mSSD**") products using SiP technology closely meet the stringent requirements of computers for extreme performance and compact form factors. In addition, our ultra-thin ePoP5x and ePoP4x and ultra-small eMMC products adopt grinding and cutting processes that result in smaller product dimensions than many comparable products in the market, which helps further enhance the competitiveness of our products.

Our technological capabilities are built upon a strong R&D team of 1,262 personnel as of April 30, 2026. We have five R&D centers in Shanghai, Chengdu, Shenzhen and Zhongshan in China and Campinas in Brazil. As of April 30, 2026, we held 645 granted patents, including 229 invention patents, 182 software copyrights and 13 registered integrated circuit layout design.

We have moved beyond traditional, margin-based trading activities and have developed a business model that leverages our pivotal industry role, capabilities and market relationships. Unlike traditional IDMs that handle the entire semiconductor value chain in-house, we, as an independent player, adopt a business model under which we do not conduct wafer fabrication and selectively perform packaging, testing, SMT and assembly in-house while outsourcing the remainder to third-party partners. Compared with IDMs, which typically prioritize large-volume,

standardized product orders, our flexible model allows us to offer a broader range of products and provide customers with a higher level of application-specific customization and technical support. The chart below illustrates our core competencies and key aspects of our business operation:



Our Global Footprint

We have established a comprehensive global presence, with 77.1%, 71.1%, 66.8% and 69.9% of our revenue generated outside Chinese Mainland for each period during the Track Record Period. We operate through local subsidiaries and professional teams across Asia, Europe, North America, South America and the Middle East, enabling us to stay close to our customers and respond quickly to their needs. Leveraging these local resources and operations, we are able to effectively serve customers worldwide, including many Fortune 500 companies. Our clientele includes well-known names such as Dell, Lenovo, Mindray, OPPO, Samsung, Transsion and Xiaomi, reflecting both the breadth and diversity of our customer base across different regions, industries and product applications.

In addition, we adopt a multi-sourcing supply chain strategy and maintain diversified and collaborative relationships with multiple suppliers across the globe for key raw materials and services. Our supply chain, which covers both international and domestic suppliers, ensures reliable sourcing of wafers, controller chips and packaging and testing services from high-quality suppliers worldwide. We have established long-term and stable business relationship with major memory wafer suppliers, and have entered into memorandum of understanding or long-term supply agreements with multiple wafer manufacturers.

Our strategic acquisitions have further accelerated our overseas expansion and enhanced our global footprint. Our acquisition of Lexar, a premium international consumer memory brand founded in California, has significantly extended our access to global retail and distribution channels and strengthened our brand recognition worldwide. To date, we sell Lexar-branded products to customers in over 60 countries across six continents and have established a comprehensive global channel network that covers major e-commerce platforms, brick-and-mortar retail chains and distribution partners. Our acquisition of Zilia further strengthened our global presence and marked a significant milestone for Chinese semiconductor memory product enterprises expanding internationally. As Brazil's largest independent semiconductor memory product enterprise, Zilia has facilitated our entry into the Latin American market and serves as our strategic back-end manufacturing and service hub in the region.

Financial Highlights

We have maintained robust growth during the Track Record Period. Our total revenue increased from RMB10,125.1 million in 2023 to RMB17,463.7 million in 2024, and further increased to RMB22,766.2 million in 2025, and continued to increase from RMB6,141.0 million in the four months ended April 30, 2025 to RMB14,706.6 million in the same period of 2026. Since late 2023, with the upturn in the semiconductor memory product market, our profitability has shown a rapid increase from a gross margin of 4.7% for 2023 to 15.8% for 2024, and continued to increase to 18.0% for 2025, and increased from 9.1% for the four months ended April 30, 2025 to 57.5% for the same period of 2026. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our adjusted profit/(loss) (non-IFRS measure) was RMB(639.2) million, RMB737.4 million, RMB1,589.3 million, RMB(104.7) million and RMB6,448.1 million, respectively; and our adjusted EBITDA (non-IFRS measure) was RMB(677.7) million, RMB1,534.0 million, RMB2,493.2 million, RMB110.8 million and RMB8,012.4 million, respectively. For a reconciliation of these non-IFRS measures to their most directly comparable IFRS financial measures, see "Financial Information — Non-IFRS Measures."

OUR COMPETITIVE STRENGTHS

Branded Independent Memory Product Enterprise, Addressing a Massive Market

We are a branded independent semiconductor memory product enterprise. According to CIC, we are the second largest independent memory product enterprise worldwide and the largest independent memory product enterprise in China, demonstrating significant global scale and product strength. We are also one of the few Chinese companies with independent brands in both the B2B and B2C markets, with an established international presence.

The semiconductor memory product market is poised for substantial growth, driven by the increasing demand for memory chips fueled by AI and the trend toward greater domestic production in China. According to CIC, the global memory market reached US$275.4 billion in 2025 and is projected to reach US$875.6 billion in 2030, which represents a CAGR of 26.0%. While China accounts for approximately 30% of this market, its domestic production currently lags significantly with a localization rate below 30%, according to CIC. As a branded independent semiconductor memory product enterprise, we have a strong presence in both the B2B and B2C markets. We have launched our first self-designed UFS4.1 controller chip, WM7400, and SPU controller chip, WM8500. We promptly launched small form factor products, such as mSSD, ultra-thin ePoP5x and ePoP4x, and ultra-small eMMC products, to meet the stringent requirements of edge devices for extreme performance and compact form factors.

As an independent provider of memory products in China, we have received significant industry recognition. In recent years, we have been named to Fortune China's Top 50 Technology Companies and was recognized as one of the Top 500 Enterprises of China's Manufacturing Industry 2025. These awards reflect over two decades of dedication to the semiconductor memory product industry and underscore our technological strength, product innovation and brand recognition.

Product and Technology Capabilities for High-Growth Edge AI Application Scenarios

Building on our in-house operational capabilities, we have translated our R&D achievements into commercially deployed memory solutions across multiple high-growth application scenarios.

We have introduced our proprietary HLC technology, which helps alleviate the memory bottlenecks associated with deploying large AI models on edge devices. We have also launched our new generation SPU controller chip, WM8500, together with our intelligent storage agent, iSA. This combination is designed to expand the model size that can be deployed on edge devices and improve memory utilization efficiency, thereby enhancing the deployment efficiency of large AI models at the edge.

Leveraging our packaging and testing capabilities, we have launched a series of next-generation products tailored to edge AI needs. Our high-density products adopt SiP and compact packaging technologies to deliver higher integration within the same performance and capacity

specifications. We have launched mSSD products based on SiP technology, significantly reducing module size, simplifying production processes compared to traditional PCB-based SSDs, reducing energy consumption and carbon emissions, and offering clear overall cost advantages. These products can be flexibly deployed in computers, handheld game consoles and VR devices, aligning with the stringent requirements of edge AI devices for extreme performance and compact form factors. We have introduced ultra-thin ePoP5x and ePoP4x and ultra-small eMMC products designed for compact, power-constrained devices. Our ePoP4x product has been adopted in globally leading smart wearable devices. In the automotive sector, we supply directly to a major North American intelligent electric vehicle manufacturer and participate in the supply chains of a broad range of global automotive OEMs, supporting intelligent cockpit, advanced driver assistance and other in-vehicle applications. These commercialization successes demonstrate our ability to provide differentiated memory solutions that address customers' needs for smaller size, lower power consumption and stable performance in edge AI applications.

Strong Research and Engineering Expertise with Long-term Commitment

We believe that R&D and technological innovation are paramount for success in the semiconductor industry. Through over 25 years of development, we have achieved significant advancements in core technologies, demonstrating notable progress in key aspects of memory product development including chip design, firmware development and packaging and testing.

In chip design, as of April 30, 2026, an aggregate amount of over 250 million units of our self-designed controller chips has been fabricated by world-leading foundries. Our capabilities in self-developing controller chips, the most critical component of memory products aside from memory chips, complemented by our proprietary firmware algorithms, enables us to efficiently meet the product performance requirements of major clients and swiftly resolve issues in after-sales service, which in turn help us establish entry barriers for our business and enhance client retention. Furthermore, we have successfully developed the capability to design small-capacity memory chips, filling the gap left by major memory IDMs as they move away from mature process nodes in small-capacity memory markets such as SLC NAND Flash. Memory products incorporating our self-designed SLC NAND chips have secured design-in approvals from target customers primarily in the automotive and industrial sectors and are now in mass production. As of April 30, 2026, an aggregate amount of over 200 million units of our self-designed SLC NAND chips has been fabricated by our fabrication services providers. Our success in self-developed chip design demonstrates our upstream capabilities in memory wafer and controller chip design, providing us with a significant structural competitive advantage over other memory product enterprises.

We recognized early on, over 20 years ago, the critical role of firmware in customer success, and have since invested consistently in R&D to build deep expertise. We now develop firmware in-house for our entire product line, utilizing a unified platform across all product lines. Our proprietary algorithms and architecture enable rapid adaptation to new memory chips, protocols and controller chips. This results in highly reliable products and efficient troubleshooting, while also allowing us to better meet customers' highly customized needs.

We have established a network of packaging and testing facilities both in and outside China. Our Zhongshan Storage Industrial Park focuses on R&D and back-end manufacturing of enterprise-grade and automotive-grade memory products. Our Suzhou facility and Brazil plants possess SiP technology including stacked-die packaging. We are capable of packaging 16-layer stacked-die memory products and maintain packaging and SMT and assembly yield rates of greater than 99.9% during the Track Record Period.

These technological achievements are the result of consistent investment in R&D. For the year ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026, our R&D investment amounted to RMB593.7 million, RMB910.3 million, RMB1,047.8 million, RMB304.5 million and RMB374.6 million, respectively. We actively engage with industry associations; for example, we serve as a board member of the SD Association and an executive member of the CompactFlash Association, participating in standards development and promotion.

Established Relationship across the Memory Value Chain

The semiconductor memory value chain is complex and involves multiple stages and stakeholders. Our long-term success is attributable to strong, established relationships with key players throughout this value chain.

We maintain long-term, stable partnerships with major suppliers of memory wafers and controller chips. We have established long-term, direct supply agreements with major wafer suppliers. We have deepened our business relationship with Micron by acquiring its Lexar consumer brand, aligning our mutual goals for market expansion and innovation. We have earned "Best Partner" awards from Samsung Electronics and SK Hynix. For controller chips, we maintain long-standing supply relationships with leading international manufacturers, while our self-designed controller chips are fabricated by top global foundries to help ensure performance and consistency. We utilize IP and software solutions from leading global vendors to ensure compatibility, performance and development efficiency.

Our go-to-market strategy employs a dual approach — direct sales and distribution — to maximize sales efficiency. For major OEM and enterprise customers, we deploy dedicated project teams that engage in early-stage design discussions, provide on-site and remote technical support and coordinate joint validation, helping to ensure optimal product-market fit and reduced lead times for mass production. In addition, we utilize a curated network of high-quality distributors to reach a broader customer base. Beyond distribution, our distributors serve as essential service providers, offering field application engineer support to enhance our ability to serve clients worldwide.

A Comprehensive Product Matrix Composed of Multiple Brands

Our product portfolio, encompassing multiple brands — FORESEE, Lexar and Zilia — is unique among independent memory product enterprises. We offer a comprehensive range of NAND Flash and DRAM-based products serving both enterprise and consumer markets, with significant synergies between our various product lines.

FORESEE is our flagship brand in the enterprise market and is one of the few brands in China to offer both eSSDs and RDIMMs with sustained supply capabilities. Our RDIMMs are available in 32GB, 64GB and 96GB capacities; in particular, we were one of the first companies in China to launch the 96GB version. Combined with our eSSDs, these products have been validated and deployed by numerous clients in the internet, telecommunications and finance sectors. We have established a dedicated business unit for automotive-grade products. As an early entrant in the automotive-grade storage sector, we have launched the first automotive-grade UFS product in Chinese Mainland, and have developed a comprehensive automotive-grade storage product portfolio, including UFS, eMMC and SPI NAND Flash, with our AEC-Q100 and IATF 16949 qualified automotive-grade products used by over 20 automotive OEMs. We have also developed next-generation memory products, including LP CAMM 2, CAMM 2 and CXL 2.0 memory expansion modules, which are well-positioned to benefit from the growing adoption of AI.

Lexar is our premium international consumer brand. It is available through major online platforms, such as Amazon, JD.com and TMALL, and retailers, such as Costco, Walmart, Office Depot, Staples, B&H and MediaMarkt, with an established market presence in several countries. Lexar's reputation for quality is particularly noteworthy in photography, videography and high-end mobile applications, having been recognized through awards from industry authorities such as the iF Design Award, the CES Innovation Award, and the Red Dot Design Award. Lexar also focuses on product innovation, offering customized products such as 2TB micro SD cards, and places importance on marketing. For example, it collaborates with top-tier sports IPs, the Argentina national football team, the reigning World Cup champion, as one of its official global main sponsor with the sponsorship period covering the FIFA World Cup 2026 season, to further enhance Lexar's brand awareness and reputation in international markets.

In addition to FORESEE and Lexar, we launched the Zilia brand in 2023 following our acquisition of SMART Brazil. Zilia is focused on serving the international supply chain. Our expanding brand portfolio reflects our brand-driven growth strategy.

Visionary and Experienced Management Team and Engineering Culture

Our senior management team comprises experienced and visionary leaders with deep expertise in semiconductor R&D and sales, business analysis, and financial management. This team's stability and shared entrepreneurial spirit have been instrumental in guiding the company's growth.

Our founder, Mr. Cai, brings over 25 years of experience in the memory product industry. He recognized the market's potential early on, guiding our Company through the initial stages with a steady hand. As the company scaled, he remained dedicated to advancing technology, fostering a culture of innovation and driving numerous successful transformations. This long-term vision and commitment to technological innovation have created a strong competitive advantage, enabling us to thrive in a highly competitive market and expand our presence both domestically and internationally.

We consider our engineering culture a cornerstone of our success. As a technology-driven company, we prioritize self-developed core technologies in areas such as chip design, firmware development, and packaging and testing, and actively encourage innovation. We strategically acquire complementary technologies to strengthen our position across the entire value chain. Recognizing the inherent volatility of the memory product industry, we emphasize a long-term strategy to our business, focusing on product refinement and sustained R&D investment to navigate through market cycles and achieve consistent, long-term growth. Our growth strategy is multi-pronged, focusing on technological advancement, product innovation, production expansion, brand building and, where appropriate, strategic acquisitions.

OUR GROWTH STRATEGIES

Continue to Invest in Critical Technology and Capture Opportunities in Edge AI

Ongoing investment in R&D is fundamental to our product innovation and sustained competitive advantage. We are increasing R&D spending in key areas, with a focus on memory and controller chip design and high-end memory product development. Building on our self-developed controller chips, HLC technology, iSA and packaging and testing capabilities, we plan to expand our product offerings to address downstream edge AI applications, including computers, smartphones and smart wearable devices. We intend to continue refining and iterating our edge AI storage technologies and products, extending them to additional platforms and use cases, and further enhancing our competitiveness in global memory markets.

Promote Product Innovations to Increase Market Competitiveness

We are enhancing our existing product portfolio to improve quality and competitiveness. For NAND Flash products, we are accelerating the development and validation of high-specification eSSDs, such as PCIe Gen5, for enterprise applications, with a view to increasing commercial deployment in cloud computing and in sectors such as internet, telecommunications and finance, with a particular focus on downstream applications that require high reliability and long-term stability. Leveraging our capabilities in self-developed chips, self-developed firmware and in-house packaging and testing, we seek to build differentiated technical advantages in these applications. We are also continuously upgrading our automotive-grade products to serve domestic and international automakers. For DRAM products, we are increasing investment to expedite the back-end manufacturing of high-end consumer and enterprise-grade DDR5 products to meet the demands for high capacity, bandwidth and low power consumption in gaming, server and industrial automation applications.

Further Develop Our Back-end Manufacturing Capability and Build a Resilient Global Supply Chain

We are strategically expanding our packaging and testing capabilities through targeted investments in our facilities in Suzhou, Zhongshan and Brazil. These expansions will increase our back-end manufacturing capacity for memory products, enhancing our ability to meet the growing global demand for high-quality memory solutions. Furthermore, this expansion strengthens the resilience of our domestic and international supply chains, mitigating potential risks associated with

market volatility. By providing access to our facilities in both China and Brazil, we aim to strengthen the overall reliability of our supply chain for both ourselves and our strategic partners in order to achieve a consistent and high-quality supply of memory products to the global market.

Enhance Global Brand Awareness

Our brand-building strategy is focused on enhancing global recognition and fostering customer loyalty for our self-owned brands: Lexar, FORESEE and Zilia. For Lexar, our strategy centers on solidifying its position as a premium consumer brand in the global memory market. This involves reinforcing its market position in existing key regions where it already enjoys a strong reputation, while also strategically exploring expansion into new, high-growth markets with significant consumer spending potential.

Our strategy for FORESEE centers on building its market influence among enterprise customers. This involves securing key accounts with leading companies in target industries, developing high-profile, industry-benchmark projects that showcase the capabilities and reliability of our FORESEE products and further enhancing FORESEE's reputation as a trusted and reliable supplier of high-performance memory products for demanding industrial and enterprise applications.

Our strategy for Zilia focuses on deeply cultivating the Latin American market. We aim to leverage Zilia's existing brand presence, local market expertise and production capabilities to enhance our responsiveness to regional demand and solidify our position as an independent memory product enterprise in the Latin America region. In addition, we believe Zilia's local strengths will complement our global capabilities, creating a synergistic relationship where Zilia's regional focus and FORESEE's broader global reach complement each other.

Selectively Explore Acquisition and Investment Opportunities

We will pursue selective acquisition and investment opportunities, both domestically and internationally, to strategically enhance our existing capabilities. Our focus is not only on increasing scale through acquisitions but rather on identifying and integrating businesses that complement our strengths in areas such as chip design and firmware development. We will evaluate these acquisitions based on their potential to strengthen our technology expertise, expand our product portfolio or enhance our global reach, ultimately contributing to long-term growth and improved competitiveness. We will carefully assess acquisition opportunities for strategic fit and financial viability before we proceed.

OUR BUSINESS MODEL

We operate as an independent memory enterprise. Through strategic development, we have established operational capabilities and a comprehensive presence along the memory product value chain, including memory and controller chip design, firmware development, system-level packaging, testing, SMT and final product assembly. Unlike traditional IDMs, we do not operate wafer fabrication facilities. Instead, we adopt an open and flexible model under which we procure memory wafers and controller chips from IDMs and controller chip suppliers, respectively, and, for our self-designed chips, we procure wafer fabrication services from wafer foundries. After procuring memory wafers (mainly NAND Flash and DRAM) and controller chips, we are able to leverage our in-house capabilities to transform them into diversified memory products, conducting packaging, testing, SMT and final product assembly. Given the scale of our business, the diversity of our product portfolio and our broad customer base, we selectively perform packaging, testing, SMT and assembly in house at our facilities in China and Brazil while outsourcing the remainder to third-party OSAT service providers, which enhances the scalability and flexibility of our operations.

We offer our memory products mainly under self-owned brands, namely FORESEE, Zilia and Lexar, while we also sell unlabeled products to certain enterprise customers, which are subsequently marketed under the customers' brands. We sell our products through both direct sales and distributor channels, which provide us with flexibility to meet the needs of various markets while building strong customer relationships and ensuring efficient product distribution.

Key operational processes of our business under a typical business model include the following:

Product Design and Development. We conduct product design and development in house. Our business and engineering teams work together to translate market insights and customer needs into specific product requirements. Once a product concept is defined, our engineering team prepares detailed design specifications and a development plan. We then carry out hardware and software design, followed by verification, validation and testing, to ensure the product meets performance, reliability and quality requirements.

Memory Wafers. Memory wafers (such as NAND Flash and DRAM wafers) are the core raw materials for memory products, as they contain the memory cells that store data. For the substantial majority of our products, we procure memory wafers from IDMs. For a small portion of our self-designed small-capacity memory chips, we provide IC layouts to wafer foundries, which then perform the wafer fabrication for us.

Controller Chips. Controller chips act as the "brain" of a memory product, managing how data is read, written and stored, and coordinating the interaction between the memory cells and the device that uses the memory. Controller chips are therefore another key raw material for our products. During the Track Record Period, for a majority of our products, we procure mainstream controller chips from controller chip suppliers, and for our self-designed controller chips targeting high-end, customized markets, we provide IC layouts to wafer foundries, which fabricate wafers for us.

Firmware Development. Firmware (a type of software) and controller chips work together to enable the functionality of our memory products. Our in-house firmware engineers develop the embedded software in our memory products. This development process typically involves coding, simulation, debugging and validation, with continuous feedback and optimization based on test results and customer requirements.

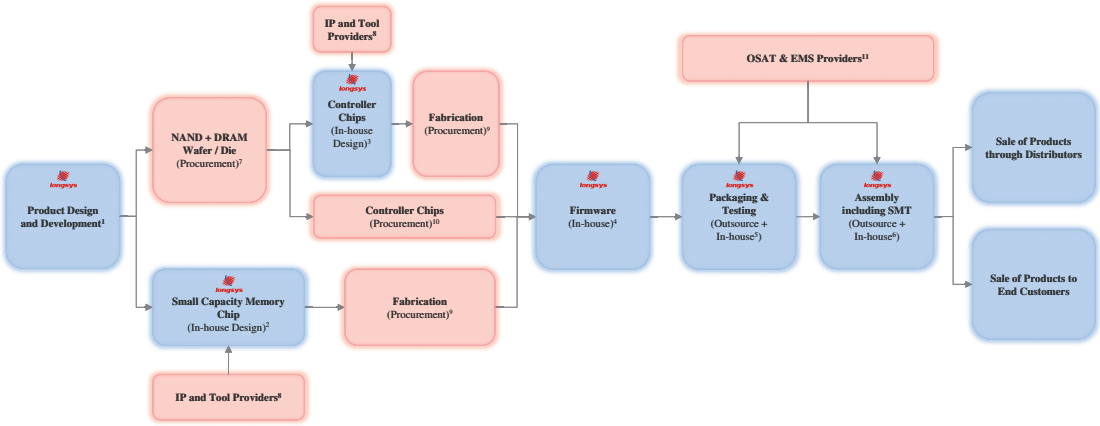
Packaging. Packaging converts processed wafers into packaged chips or modules that can be integrated into end products. This includes cutting wafers into individual dies, encapsulating them, connecting them to substrates and, in the case of SiP, integrating multiple chips (such as memory and controllers) into a single compact package. We perform a significant portion of packaging in house, particularly for SiP and other complex packaging needs, while also engaging third-party OSAT service providers for certain product lines to enhance flexibility and capacity.

Testing. Testing is conducted throughout the production process to ensure the quality and reliability of our memory products. This includes wafer-level testing, package-level testing and final product testing to verify electrical performance, data retention, endurance and other reliability indicators. We carry out key testing steps in house to maintain quality control, and also make use of third-party OSAT providers for certain testing services to support scale and efficiency.

SMT and Final Assembly. These processes involve mounting packaged chips or modules and other components onto PCB, integrating them into finished products, and performing final functional checks. We conduct SMT and final assembly at our facilities in China and Brazil for selected products, and also work with qualified back-end manufacturing partners for certain product lines to support volume production and timely delivery.

Sales to Downstream Customers. We sell finished memory products to downstream customers through a combination of direct sales and distribution channels. Our customers include OEMs, industrial and enterprise customers, and channel partners, enabling us to serve a broad range of application scenarios and geographic markets.

The following diagram illustrates our typical business model:



Notes:

- Locations of Longsys' primary business operations as of the LPD: 1. Chinese Mainland, Brazil. 2. Chinese Mainland. 3. Chinese Mainland. 4. Chinese Mainland. 5. Chinese Mainland, Brazil. 6. Chinese Mainland, Brazil.
- Locations of major suppliers as of the LPD (denoting where the headquarters of external suppliers are located, the direct transacting entity may be located in different places): 7. U.S., South Korea, Chinese Mainland. 8. U.S., Chinese Mainland. 9. South Korea, Taiwan China. 10. Chinese Mainland, Taiwan China. 11. Chinese Mainland, Taiwan China.

OUR PRODUCT OFFERINGS

Our product offerings can be categorized into four product lines: embedded storage, SSDs, mobile storage and DIMM.

Embedded Storage

Embedded storage is our main product line. Our portfolio of embedded storage products mainly includes three types: (i) UFS and eMMC; (ii) Ultra-Small-Form-Factor eMMC and ePoP; and (iii) LPDDR.

UFS and eMMC

UFS and eMMC are high-capacity NAND Flash embedded storage solutions widely used in smartphones, smart wearables and tablets, and are among the core product categories in the semiconductor storage sector.

UFS is a high-performance embedded storage solution widely used in smartphones, smart devices and automotive applications. Our UFS products are typically equipped with self-developed firmware, featuring write amplification control, low-power management, intelligent temperature management and host performance optimization functions. These features make our UFS products well suited for smartphones, tablets and emerging technologies such as AR/VR devices. Our automotive UFS products are primarily used in smart cockpits and ADAS, and are engineered to operate reliably under wide temperature ranges and harsh environments.

We continue to invest in UFS products based on our self-developed controllers. We have commercialized UFS 2.2, UFS 3.1 and UFS 4.1 products based on our self-designed controller chips. Our UFS 4.1 products support hybrid media architectures that balance TLC and QLC flash characteristics, and have been validated with multiple leading wafer suppliers and major smartphone OEMs. These efforts help us maintain a competitive position during the industry transition from eMMC to UFS, driven by increasing demand for higher data rates and larger capacities.

eMMC remains a foundational product in our embedded storage lineup, widely utilized in smartphones, tablets, automotive and industrial control equipment. As a mature and reliable storage solution, eMMC continues to play an important role in applications requiring stable performance and cost efficiency. In addition to consumer products, we have been back-end manufacturing industrial and automotive eMMC products, and we are among the major participants in the PRC eMMC market, according to CIC.

We have developed an eMMC controller chip, WM6000, which supports the eMMC 5.1 protocol, and in 2024 we became one of the few companies globally to commercialize QLC eMMC products, according to CIC. These products deliver read/write performance comparable to mainstream TLC eMMC while offering larger capacities and improved cost efficiency, enabling effective replacement of traditional TLC eMMC solutions. Our self-developed automotive-grade eMMC products, equipped with self-designed controllers, support capacities of up to 128GB, meet AEC-Q100 Grade 2/3 standards and operate across wide temperature ranges, making them suitable for intelligent automotive applications.

Ultra-Small-Form-Factor eMMC and ePoP

Ultra-small-form-factor eMMC and ePoP are compact solutions for space-constrained devices such as AI/AR smart glasses, smartwatches, fitness bands and earbuds. ePoP technology involves integrating eMMC and LPDDR and stacking them directly on top of the CPU surface, thereby reducing PCB area. These integrated packaging technologies save space on the device's circuit board, making them ideal storage solutions for small wearable devices and other miniaturized electronics.

We possess in-house design, packaging and testing capabilities for ePoP and ultra-small-form-factor eMMC and maintain stringent quality control to meet mass-production standards. We have launched ultra-thin ePoP4x and ultra-small-form-factor eMMC products that adopt innovative thinning and dicing processes and are packaged and tested in-house at our Suzhou Production Base. These ultra-small eMMC and ePoP products are designed to meet the dual requirements of miniaturization and high performance for AI wearable devices and have been adopted by leading international and domestic brands in applications such as smart glasses and smartwatches, supporting our efforts to capture incremental AI demand in the wearable segment.

At CES 2026 and MWC 2026, we introduced ePoP5x, targeting smart wearables and thin-and-light portable devices. ePoP5x, also packaged and tested in-house at our Suzhou Production Base, maintains the same 8 mm × 9.5 mm standard footprint as the previous-generation ePoP4x while further reducing package thickness to as low as approximately 0.52 mm. ePoP5x delivers DRAM data-transfer rates of up to 8,533 Mbps, enabling multitasking and high-speed data interaction in AI/AR smart glasses and smartwatches. As of the Latest Practicable Date, we have commercialized our ePoP5x products, commencing deliveries of small-batch orders to customers.

LPDDR

LPDDR is a low-power DRAM solution that meets the stringent power-efficiency requirements of modern consumer, industrial and automotive devices. Our LPDDR products are widely used in smartphones, tablets, set-top boxes, automotive navigation systems and other intelligent terminals. Our LPDDR products are supported by comprehensive testing and quality-assurance processes, including chip simulation, signal-integrity testing, failure analysis, high- and low-temperature testing, aging tests and drop-reliability tests, helping ensure consistent performance and reliability across different operating conditions. Our automotive-grade LPDDR4 products have passed AEC-Q100 qualification and support a wide operating temperature range from -40°C to +105°C, and have begun volume shipments to automotive customers. These developments enhance our ability to support next-generation smartphones, computers and automotive electronics. As of the Latest Practicable Date, we have back-end manufactured LPDDR5 and LPDDR5X products, and LPDDR6 products are under development.

SSDs

Our SSDs are high-capacity NAND Flash storage products that cater to a wide range of applications, including servers, computers, video cameras and network terminals. Offering both SATA and PCIe interfaces, our SSDs address the needs of both consumer and enterprise markets with a focus on performance, reliability and versatility.

In the enterprise segment, we have launched multiple PCIe and SATA eSSD products covering mainstream capacities and endurance grades. These products support advanced features, including power-management options, online firmware upgrades, multiple namespaces, variable sector sizes and enterprise-grade data-protection capabilities, and have successfully passed compatibility tests with servers based on major domestic CPU platforms.

For high-end applications of our OEM customers, we developed compact mSSD products using SiP technology, enabling chip-level SSD packaging with improved shock resistance and reliability. These mSSD products are designed to reduce mainstream form factors and incorporate optimized thermal-management solutions, making them particularly suitable for computers and other high-performance yet space-constrained devices, while we also offer an expansion case so that, during the transition period, they can still be used in traditional form-factor configurations. Compared to traditional PCB-based SSDs, mSSD offer clear overall cost advantages. In addition, the back-end manufacturing of mSSD products avoids traditional high energy-consuming process such as surface-mounting, significantly reducing energy consumption and carbon emissions and effectively controlling the carbon footprint per unit of product.

In addition, we have launched several SSDs under the Lexar brand, targeting high-end consumer markets such as photography, video production and gaming. Lexar has introduced high-end M.2 PCIe 5.0 SSD products, such as the NM1090 PRO and ARES PRO series, with sequential read speeds of up to approximately 14,000 MB/s, roughly twice the speed of many PCIe 4.0 SSD products.

Mobile Storage

Our mobile storage products include USB flash drives, memory cards and portable SSDs ("**PSSDs**"), designed for portability and performance across a wide range of applications such as security cameras, automotive systems, high-definition photography, gaming and smart devices. Our mobile storage products are sold directly or through distributors to end customers and also to international ODM and OEM customers.

In the USB product line, our products spanning entry-level USB 2.0 devices, mainstream USB 3.2 Gen 1 products and high-performance USB 3.2 Gen 1 and higher-speed solutions for users requiring rapid data transfer. In addition to conventional USB-A and USB-C interfaces, we provide Dual-Drive solutions equipped with both USB-A and USB-C connectors to enhance cross-device compatibility, as well as specialized products designed for automotive environments with stringent reliability requirements.

In memory cards, we offer multiple series of SD and microSD cards targeting both consumer and industrial applications. Under the Lexar brand, we provide premium memory cards for professional and consumer use, including high-speed products suitable for 4K and higher-resolution video recording and gaming.

In the PSSD category, we offer a broad portfolio under the Lexar brand, including professional-grade products for photographers and videographers, ruggedized products for outdoor use and PSSDs optimized for gaming applications. Some of our PSSD products incorporate security features such as hardware encryption and NFC-based access control, combining everyday storage functionality with enhanced data-privacy protection. Lexar has also launched the ES5 magnetic PSSD, which can be magnetically attached to the back of a smartphone to enable convenient one-handed operation.

DIMM

Our DIMM products cover DDR4 and DDR5 specifications and include consumer, industrial and enterprise-grade memory modules with capacities ranging from 4GB to 256GB. They are widely used in computers, education and financial information systems, self-service terminals in banks and hospitals, network terminals, large conference systems, security and surveillance systems, transportation and communications equipment, small workstations, industrial automation and gaming computers.

For enterprise applications, we offer DDR4 RDIMM and DDR5 RDIMM products designed to meet the reliability, scalability and performance requirements of servers and data centers. Our RDIMM products have achieved large-scale shipments to customers in sectors such as internet, telecommunications, finance and cloud services, helping enhance their data-management and storage capabilities. To address the rapid adoption of AI and the resulting increase in memory bandwidth and capacity requirements, we are developing advanced memory-module solutions, which adopt next-generation interfaces and architectures to deliver higher bandwidth, lower latency and improved power efficiency, such as SOCAMM, MRDIMM, LPCAMM2, CAMM2 and CXL 2.0-based expansion modules. For consumer applications, we provide high-performance DIMM products, including the Lexar ARES RGB DDR5 desktop memory series, targeted at gaming and high-performance computing users. For industrial applications, our DRAM modules are engineered to operate reliably under wide temperature ranges and challenging environments, addressing the requirements of industrial control, surveillance, networking and other use cases where stability and durability are critical.

See the section headed "Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Product" in this prospectus for more information relating to our revenue, sales volume in GB and average selling price per GB of each product line during the Track Record Period.

OUR BRANDS

FORESEE

We established FORESEE in 2011 as a memory brand focused on the B2B market. As a technology-driven, customer-centric and innovation-focused brand, FORESEE is committed to deepening the advancement of memory technology and broadening the range of memory products. In 2018, FORESEE made a global debut of the 1TB UFS product and 1TB PCIe SSD, followed by the launch of the first self-developed NAND Flash chip in 2022, and the introduction of the first self-developed PCIe Gen4 SSD in 2023. After more than a decade of dedication to the memory product industry, FORESEE has established a comprehensive product portfolio, including embedded storage, SSDs, mobile storage and DIMM, which are widely used in diversified applications. Our FORESEE products feature proprietary firmware, supporting large-scale production and customization. Renowned for delivering high-quality, high-performance, customized and innovative storage solutions, our FORESEE products are supplied to leading enterprises across various industries.

The excellence of FORESEE products is recognized by customers and industry institutions alike. For example, in 2024, FORESEE ORCA 4836 NVMe SSD was awarded 2024 "China IC Design Achievement Award – Memory of the Year" by AspenCore and FORESEE LP CAMM 2 was awarded "Innovation Application Award (強芯中國2024創新應用獎)" by China Integrated Circuit Design Innovation Alliance.

Lexar

Founded in 1996 in California, Lexar is an international consumer memory brand renowned for its long-standing reputation in photography, audio-visual and outdoor sports filming equipment, supported by a loyal customer base. Following our acquisition of the brand in 2017, we accelerated its global expansion and endeavored to establish a full-spectrum product offering under this brand. Leveraging the efficiency of China's supply chain, we have rapidly expanded our channel network and driven fast growth of the Lexar business. To date, we sell Lexar-branded products to customers in over 60 countries across six continents and have established a comprehensive global channel

network. Lexar has successfully entered numerous prominent offline retail channels around the world, including Costco, Fnac, Best Buy, MediaMarkt, Yodobashi and JB Hi-Fi, and is among the recognized brands in its category on major overseas e-commerce platforms such as Amazon, Shopee and Lazada.

With over two decades of dedication to the consumer memory sector, Lexar has built a comprehensive product portfolio, including mobile storage, SSDs and DIMM. Lexar products undergo extensive and rigorous testing to ensure performance, quality, compatibility and reliability. By closely adapting to industry trends and market insights, Lexar offers a portfolio of flagship mobile storage and memory card products with higher performance specifications and more advanced features. For example, the Lexar Professional Diamond series memory cards are designed for high-end film production and broadcast applications, built on the CFexpress 4.0 specification and PCIe Gen 4 architecture. The Lexar Professional Diamond CFexpress 4.0 Type B memory card achieves read speeds of up to 3,700 MB/s and write speeds of up to 3,400 MB/s, supporting continuous recording of high-frame-rate 8K or 12K raw recording. The Lexar Professional Go series portable SSDs are compact, high-performance products developed to support new creative workflows on devices such as the iPhone, and are primarily targeted at vloggers, videographers, filmmakers and photographers. According to CIC, Lexar ranks second in the global memory card market and ranks second in the global USB flash drive market in terms of market share in 2025. Lexar has cultivated a highly loyal user base. Leveraging its strong brand influence, Lexar has expanded beyond the traditional scope of consumer brands, and Lexar in-vehicle USB flash drives have been built into core models of several leading new energy vehicle manufacturers.

In recent years, Lexar has continued to innovate in both products and design and has been repeatedly recognized by leading international media and institutions for product performance and design. For example, Lexar was among the first in the industry to launch a metal SD memory card, breaking the long-standing reliance on plastic casings for memory cards, which received the TIPA World Award in 2025. Lexar's CFexpress Type B Diamond card received the TIPA World Award, one of the world's top imaging awards, in both 2023 and 2024.

Zilia

In 2023, we launched the Zilia brand after our acquisition of a majority interest in SMART Brazil, an independent semiconductor memory company with extensive experience in producing memory products in Brazil, and renamed the acquired company Zilia Eletrônicos. In March 2026, we acquired the remaining interest in Zilia Eletrônicos and it is now a wholly-owned subsidiary of the Company.

In Brazil, Zilia processes wafer-level memory ICs procured from leading foundries, which are packaged and tested by Zilia to produce memory components that are used to assemble memory modules and SSDs or applied directly onto the motherboard of smartphones, tablets, computers and other devices. Zilia's business in Brazil has historically focused on DRAM components and modules for desktops, computers and servers and later on Flash components for smartphones and storage devices.

As a certified player in the memory components and modules sector, Zilia has established long-term relationships with top-tier manufacturers and secured stable access to key materials, including wafer-level memory components and controllers, printed circuit boards, substrates and related materials and equipment. Most materials procured by Zilia are produced in Asia (particularly South Korea and China) and sourced from approved vendor lists established and periodically updated by the global OEMs and contract manufacturers that Zilia serves, to ensure that its products meet customers' quality, reliability and warranty requirements. To secure sufficient volumes of materials that comply with industry standards and meet its technical specifications, Zilia maintains dedicated procurement, new product introduction and quality assurance teams in Brazil and South Korea, and receives support from the Company, which provides access to additional suppliers across Asia, especially in China, forming a robust supply chain for materials and manufacturing equipment.

Following the acquisition and rebranding of SMART Brazil, we leveraged Zilia to further strengthen our overseas market development. With its 27 years of expertise in the Brazilian memory market, Zilia has facilitated our entry into the Latin American market, which is characterized by distinct geographic development features and local market dynamics. Through localized R&D, back-end manufacturing and customer services in Brazil, we are well positioned to serve customers and promote Zilia products in Latin America. Building on Zilia's business resources and overseas supply chain system and Brazil's advantageous location, as well as our in-house R&D and technologies, comprehensive memory product portfolio and back-end manufacturing capabilities, we aim to strengthen our overseas operations, better serve overseas customers and increase our market share in overseas markets.

Currently, Zilia primarily serves local demand in Brazil, with the vast majority of its revenue for the years of 2024 and 2025 and the four months ended April 30, 2026 generated from Brazil. Zilia targets enterprise customers. Its products are mainly sold to subsidiaries of multinational consumer electronics brands operating in Brazil. Its product portfolio includes embedded storage, SSDs and DIMM.

See the section headed "Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Sales Channel" in this prospectus for more information relating to our revenue, gross profit and gross profit margin of each major brand during the Track Record Period.

OUR CAPABILITIES

We have developed core competencies such as controller chip and memory chip design, firmware development, and packaging and testing capacities. These capabilities enable us to deliver a portfolio of high-quality, high-performance products across consumer, enterprise and industrial markets.

Controller Chip Design

We have strategically developed our capabilities in controller chip design to enhance our overall competitiveness and strengthen our technological advantage. Our self-developed controller chips are mainly deployed in products that require enhanced performance, customized features or better compatibility with our products, such as certain high-speed consumer-grade SSDs, UFS and eMMC products, SD cards and USB products. We strategically opt not to independently develop and design controller chips that are relatively mature or competitively priced in the market. Aimed at enhancing our competitiveness, so far, we have independently designed eight controller chips, and six out of eight have been successfully commercialized with the remaining two in the process of commercialization, covering USB, SD card, eMMC, UFS products and SSD. As of April 30, 2026, an aggregate amount of over 250 million units of our self-designed controller chips has been fabricated by our fabrication services providers.

Products utilizing our self-designed controller chips entered mass production in the second half of 2024. In 2025 and the four months ended April 30, 2026, the revenue of memory products incorporating our self-designed controller chips amounted to RMB2,609.9 million and RMB2,989.2 million respectively, accounting for 11.5% and 20.3% of our total revenue for the same period, respectively. We believe our proprietary controller chip design provides essential technological differentiation that enhances the competitiveness of our core product portfolio and establishes critical capabilities for future vertical integration opportunities.

In March 2026, we launched our self-developed SPU controller chip, positioned as intelligent storage hardware for the AI era. Unlike conventional SSD controllers, whose core role is to manage basic data read/write and transfer tasks, our SPU integrates both a memory control engine and an intelligent processing engine. The memory control engine handles data transfer, while the intelligent processing engine performs functions such as data compression, hot-cold data identification and workload adaptation. Working together, these two engines enable smart data processing and scheduling, allowing users to balance capacity, performance and cost without additional hardware. For example, a single SPU controller chip can store 128 TB of effective data at the host level, meeting the increased data storage needs of AI applications without extra hardware investment.

Memory Chip Design

Building on our chip design expertise, we have strategically developed strong capabilities in memory chip design, focusing on SLC NAND Flash and other small-capacity memory chips. These small-capacity storage products continue to experience significant market demand due to their cost-effectiveness and endurance, and are commonly used in niche applications requiring small-capacity, high-reliability storage, such as network communication devices, security camera systems, medical and aerospace devices. According to CIC, the total market size for SLC NAND Flash products reached US$2.3 billion in 2025.

As of the Latest Practicable Date, we have successfully taped out nine SLC NAND Flash memory chips. We offer diverse SLC NAND Flash product portfolio with both serial and parallel interface, 1.8v or 3.3v operation voltage, and density from 192 Mb to 8 Gb. Our self-developed memory chips undergo end-to-end quality management during production, achieving traceability at the chip level and exceptional product reliability, with a DPPM below 100. As of April 30, 2026, an aggregate amount of over 200 million units of our self-designed SLC NAND Flash memory chips has been fabricated by our fabrication services providers. We are also expanding into other small-capacity storage chip technologies. We believe that memory chip design capabilities will enable us to offer even more versatile and innovative storage products, laying a solid foundation for our entry into higher-barrier markets and broadening our presence in the small-capacity storage market.

Firmware Development

We hold a leading position in firmware development, supported by two decades of expertise and innovation. Firmware algorithms encompass error correction codes for data integrity, wear leveling and garbage collection for memory longevity, bad block management, data compression, encryption for security, power management for energy efficiency, performance optimization and data integrity checks. We have obtained proprietary intellectual property rights spanning major firmware domains, including interface protocols, Flash wafer management, power consumption control, performance optimization, data protection and reliability assurance. We are the first among PRC memory product enterprises to successfully commercialize high performance UFS 2.2 embedded storage with proprietary firmware, according to CIC.

We have developed a unified firmware platform across all product lines, allowing for seamless integration and rapid adaptation to new memory wafers, protocols, controller chips and emerging technologies. We maintain a team of over 500 skilled firmware engineers and are able to provide tailored firmware solutions for our customers, with the ability to adapt to non-standard specifications and deliver highly customized firmware solutions that are both robust and highly adaptable.

HLC technology and iSA are our recent firmware-level innovations developed for the AI era. The physical limits and high costs of memory such as DRAM has increasingly become a key bottleneck for deploying large AI models on edge devices such as computers and smartphones. Our HLC technology leverages innovation across the controller chip, firmware and system-level architecture to offload warm and cold data (data that is no longer accessed frequently but still needs to be kept and may be read occasionally) from DRAM to cache areas on SSD or UFS storage devices, thereby freeing up DRAM space while maintaining smooth data access and user experience. This delivers optimized storage efficiency for devices such as computers and mobile workstations and support on-device AI workloads, effectively reduces the DRAM capacity required in edge devices and helps ease the cost pressure of DRAM. As of the Latest Practicable Date, we have completed tuning of HLC technology on UNISOC and AMD's platforms, demonstrating strong cross-platform compatibility and applicability across multiple AI usage scenarios. Test results of our HLC-enabled embedded storage on UNISOC platform indicate that, for edge devices equipped with 4 GB of DDR memory and HLC-enabled UFS, the response time is close to that of devices configured with 6 GB to 8 GB of DDR.

iSA is our intelligent storage agent specifically designed for AI inference on edge devices and to work in tandem with our SPU. It continuously tracks how often different "experts" (specialized blocks within the model) are activated and whether they are "hot" or "cold". iSA proactively offloads the weights of cold experts — those that are rarely used and typically account for more than

half of total model parameters — from DRAM to SPU-enabled high-speed AI cache, while keeping only currently active hot experts in DRAM. When the inference engine needs to call a cold expert, iSA works together with the SPU to reload the corresponding parameters from the SPU cache back into DRAM with high bandwidth and low latency. When combined with iSA, our SPU can substantially increase the size of AI models that can be deployed on devices and improve memory utilization efficiency. Based on joint tuning with AMD, test results showed that devices incorporating our iSA achieved approximately a 3.2-times increase in the model size that can be supported on computers and around a two-times improvement in memory utilization efficiency compared with traditional memory solutions. We believe this provides an important storage technology foundation for the broader adoption of computers among mass-market users.

Packaging and Testing

We have cultivated technical expertise in the packaging and testing of memory products. We possess SiP technology and MCP technology including stacked-die packaging. We are capable of packaging 16-layer stacked-die memory products. We have also back-end manufactured automotive-grade embedded storage products certified under AEC-Q100 Grade 2 and IATF 16949. During the Track Record Period, our packaging yield rates for DDR products, NAND Flash products with "1+8" stacked-die packaging, products utilizing QFN "1+4" stacked-die packaging and SMT and assembly all exceeded 99.9%.

Our packaging capabilities support the commercialization and cost profile of our products. For example, our mSSD products use self-developed SiP technology that integrates controllers, memory chips, passive components and other ICs into a single package, increasing integration compared with traditional PCBA-based SSDs. Our ultra-thin ePoP5x and ePoP4x and ultra-small eMMC products, which are packaged and tested at our Suzhou Production Base, adopt grinding and cutting processes that result in smaller product dimensions than many comparable products in the market. Our Lexar 2TB micro SD card uses 12-die stacking technology together with ultra-thin grinding and cutting processes to achieve high integration while maintaining the micro SD form factor.

On the testing side, we have developed proprietary testing technologies to address different memory products and application requirements. Our custom-designed automated testing machines use dedicated processors and are configured for high-speed, low-power and large-scale testing of memory products. As of the Latest Practicable Date, we had independently developed over 30 core testing algorithms and software modules, including test scanning algorithms and multi-platform testing software.

We have developed the DRAM STAR testing system, which allows flexible configuration of testing parameters and processes and supports various motherboard platforms, helping to reduce hardware-related constraints during testing. We have also designed a testing socket capable of high-temperature testing, which can raise the temperature from 0°C to 125°C within the socket itself. This socket is currently used on our testing platforms for DDR, LPDDR, eMCP, uMCP and ePoP products. In addition, we have developed a testing platform that can test eMMC and LPDDR chips simultaneously within ePoP or eMCP SiP-packaged products on a single test board, thereby shortening overall testing time. For eSSD products with higher quality requirements, we use a set of mass production testing equipment that can perform extreme-temperature and rapid temperature-cycling tests to help ensure product quality while managing production costs.

Our packaging and testing technologies are integrated into our product development and production processes and have enabled us to bring to market differentiated products. The following table sets forth certain product-level comparisons between our products and comparable products of our peers or prevailing industry practice.

Product	Longsys	Comparable Products of Peers
Smaller and thinner packages		
eMMC 5.1 products . . .	Package size: 7.2 mm × 7.2 mm × 0.8 mm	11.5 mm × 13 mm × 1.0 mm or 9 mm × 11 mm × 1.0 mm

Product	Longsys	Comparable Products of Peers
ePoP 5x or LPDDR 5x products	64 GB + 16 Gb version: 8 mm × 9.5 mm × 0.52 mm 64 GB + 32 Gb version: 8 mm × 9.5 mm × 0.56 mm	64 GB + 16 Gb version: 8 mm × 9.5 mm × 0.58 mm 64 GB + 32 Gb version: 8 mm × 9.5 mm × 0.7 mm

Product category	Longsys	Industry typical practice
Higher integration and quality		
SSD products	**mSSD** Our mSSD products use in-house SiP system-level packaging technology to integrate controllers, Flash chips and passive components into a single package, with all components encapsulated and solder joints effectively eliminated at the module level. Our mSSD products have achieved defect rates of DPPM ≤ 100 in mass production. By integrating all components within a single package and centralizing the packaging and testing processes in our own facilities, we are able to shorten the overall production cycle, reduce handling and improve both cost efficiency and product quality compared with traditional PCBA-based SSDs.	**PCBA-based SSD** Traditional PCBA-based SSDs are generally produced through multiple separate packaging and testing steps at different packaging foundries and SMT plants. Controllers, Flash chips and other components are packaged separately, tested, transported and then mounted onto PCB boards, with hundreds or thousands of exposed solder joints and components on the board. Traditional PCBA-based SSDs commonly offer defect rates around DPPM ≤ 1,000.

RESEARCH AND DEVELOPMENT

We place a strong emphasis on R&D to maintain our competitive edge and drive innovation across our product lines. Our R&D activities are primarily conducted at our centers in Shanghai, Chengdu, Shenzhen and Zhongshan, China and Campinas, Brazil. As of April 30, 2026, we had 1,262 R&D personnel worldwide, accounting for 35.0% of our total workforce. The core members of our R&D team have an average of over 10 years of industry experience, and our new recruits are primarily from top-tier universities. For the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026, we incurred RMB593.7 million, RMB910.3 million, RMB1,047.8 million, RMB304.5 million and RMB374.6 million of expenses on R&D, respectively, accounting for 5.9%, 5.2%, 4.6%, 5.0% and 2.5% of our total revenue, respectively, for the same periods.

Our Recent R&D Focus

We focus our R&D efforts on memory product design and development, and chip design. As we transformed from trading semiconductor memory products to developing our own memory products and brands, our focus has shifted from traditional consumer products to high-end offerings, including products for edge AI devices, enterprise-level products for data center servers and industrial products for industrial computers and high-end mobile devices. Our chip design focuses on controller and memory chips. As of the Latest Practicable Date, we had successfully developed eight controller chips and nine SLC NAND Flash memory chips, and our SPU controller chip is currently under R&D process.

The table below summarizes our key ongoing R&D projects.

Project	Product details
High-end memory products for AI applications	We are developing memory products to address AI-related storage needs in both server-side and edge-side applications, including next-generation enterprise SSDs and enterprise RDIMM for server applications, as well as high-end consumer PCIe SSDs and DIMM for edge AI applications.
High-performance controller chips	We are developing a series of high-performance storage controller chips under a fabless business model, focusing on PCIe SSD, UFS, eMMC and SD card applications. This is expected to enhance the competitiveness of our memory products and strengthen our capabilities as a memory solutions provider.
Small-capacity Flash memory chip design	We are engaged in the design of several small-capacity memory chips. We continue to develop higher-performance and lower-cost new versions of SLC NAND memory chip. Through self-developed memory chips, we aim to capture business opportunities in emerging applications, expand into industrial and automotive storage markets and increase our market share.
Automotive-grade LPDDR5X development	We are developing automotive-grade LPDDR5X products that meet the technical parameter requirements of major automotive OEMs. This project is expected to help us overcome barriers in the automotive storage market and enhance our product portfolio in automotive electronics.
LPDDR5X for high-end mobile storage	We are developing LPDDR5X products for applications in high-end mobile devices. This project is expected to increase our market share in the high-end mobile storage market, enrich our high-bandwidth storage product portfolio and improve our penetration into high-end consumer electronics market.
ePoP5X product development	We are developing new-generation ePoP5X products based on innovative packaging technology. This project is expected to fill the gap in our capabilities for ePoP5X packaged storage products, enrich our product form factor portfolio and meet integrated storage needs of thin and light edge side devices.
Large-capacity UFS embedded storage	We are developing large-capacity UFS embedded storage products based on TLC/QLC NAND Flash, targeting smartphones and other consumer electronics. This project is expected to maintain our competitiveness in the embedded storage market and provide more cost-effective large-capacity UFS solutions, supporting a steady increase in our embedded storage market share.
Automotive-grade embedded/mobile storage	We are developing UFS and USB drive products for automotive-grade applications based on new communication standards. Our UFS products are at the development stage, and our USB drive products have entered mass production. We plan to launch automotive-grade products based on our self-developed UFS controllers.

INTELLECTUAL PROPERTY

Intellectual property rights are critical in safeguarding our business. We protect our intellectual property rights through a combination of patents, trademarks, copyrights, trade secrets, know-how, unfair competition laws and contractual rights.

As of April 30, 2026, we held (i) 645 granted patents, comprising 540 in the PRC and 105 overseas, (ii) 182 software copyrights, comprising 181 in the PRC and one overseas, (iii) 65 design copyrights in the PRC, (iv) 1,104 trademarks, comprising 576 in the PRC and 528 overseas, (v) 130 domain names, and (vi) 13 registered integrated circuit layout design in the PRC. We also had 766

patent applications pending, comprising 695 in the PRC and 71 overseas. See the section headed "Appendix VI — Statutory and General Information — 2. Further Information about Our Business — B. Our Material Intellectual Property Rights" in this prospectus for more information of intellectual property rights that are material to our business. The following table summarizes the details of our self-developed core technologies protected in the way of patents as of the Latest Practicable Date:

Type of core technologies	Details and functions	No. of relevant patents
Firmware	Primarily includes technologies for improving read and write efficiency, capacity optimization, repair and error correction, wear leveling and lifespan enhancement, data protection and stability optimization, and other related technologies	110
Testing	Primarily includes DRAM testing, embedded storage such as NAND Flash testing, and other testing technologies	49
Packaging	Includes embedded storage packaging technologies, USB disk in package (UDP) and mSSD packaging technologies	26
Back-end manufacturing	Includes production technologies and production equipment related to SMT	5
Assembly	Includes different types of assembly technologies	7
Product	For various types of memory products with innovative technologies	50
Chip design	Includes memory chip designs and their related technologies	16
Circuit design	Includes hardware circuit designs	15
Others	Primarily includes various types of IoT technologies, cloud storage technologies, encryption technologies	45

In addition to our own proprietary intellectual property rights, our development and back-end manufacturing of certain standard products require certain third-party technologies,

- **Standard essential patents ("SEPs") and industry standards**, such as SD, eMMC, UFS and NVMe SSD protocols. These industry-standard technologies are licensed to us under fair, reasonable and non-discriminatory (FRAND) terms from patent holders. These licences generally: (i) cover the use of SEPs in specified product categories (such as memory cards and related products) and allow us to back-end manufacture and sell products that conform to the relevant standards; (ii) are granted on a non-exclusive basis and are available to all compliant industry participants on similar FRAND terms; (iii) require us to pay license fees or royalties, typically calculated based on the number of units shipped or other standard metrics, at rates that are generally aligned with industry practice; and (iv) are renewable or extendable so long as we comply with the applicable license terms.

- **Common IP cores**: for the design and development of our self-designed chips, we obtain licenses for certain common IP cores (pre-designed IP block) such as interface and CPU IP cores that are commonly used in memory products. For common IP cores, we enter into license agreements with both international and domestic IP core vendors. These agreements typically: (i) grant us a non-exclusive license to use specified IP cores in the design of our chips, (ii) involve a one-time license fee and/or ongoing royalties based on usage or product volume, (iii) include customary terms on intellectual property ownership, confidentiality, support and maintenance, and (iv) have defined license periods, with renewal or extension options subject to agreement between the parties.

- **Software design tools**, such as the electronic design automation (EDA) software, from both international and domestic third-party vendors, for chip design, verification and layout. The license of these software design tools are mainly on a subscription or term-based basis. These agreements generally: (i) provide us with the right to use specified EDA tools for chip design, verification and layout within the term of the license, (ii) require periodic license fees, usually paid on an annual basis, and (iii) include provisions on user limits, technical support and updates. During the Track Record Period and up to the Latest Practicable Date, there were no material disagreements with these IP and software licensors, nor were there any instances of non-renewal of licenses. We do not believe there is any material risk of being unable to secure or maintain these licenses.

We rely on these third-party technologies to ensure that our products are compatible with widely adopted industry standards and can be designed and manufactured efficiently. According to CIC, (i) it is common industry practice for memory product enterprises to license SEPs for widely adopted standards under FRAND terms through established standards bodies or patent pools, (ii) there are multiple international and domestic IP core suppliers that can provide functionally comparable IP cores for key interfaces and controller functions used in our products, and (iii) it is in line with industry practice for chip design companies to rely on third party EDA tools, and alternative vendors are generally available.

To manage and mitigate our reliance on these third party technologies, we (i) maintain relationships with multiple IP core vendors and EDA software providers, covering both international and domestic providers, and periodically evaluate alternative solutions, (ii) monitor license terms and renewal dates and start renewal discussions sufficiently in advance, (iii) design our products, where commercially and technically feasible, in a way that allows us to qualify alternative IP cores or EDA tools without complete redesign. Having regard to (i) the FRAND nature of our SEP licenses, (ii) the availability of alternative IP core and EDA vendors, (iii) multiple IP core vendors and EDA software providers with whom we have established relationships and (iv) the absence of historical disputes or significant license issues, our Directors believe that, although we rely on third party technologies for the design and back-end manufacturing of certain products, the likelihood of the relationship with such suppliers to be subject to a material adverse change or termination is low.

In addition to the registered intellectual property rights, some of our intellectual property consists of know-how and trade secrets. While many of our products adhere to JEDEC and other industry standards, we may enhance them with proprietary innovations protected by patents or trade secrets. We protect these aspects of our business through a comprehensive framework of legal protections, contractual safeguards and rigorous internal controls. We enter into confidentiality agreements and non-disclosure agreements with employees, suppliers and business partners to protect proprietary technologies, processes and business information. Our standard employment agreements with employees who have access to trade secrets or confidential information about our business for work-performing purposes, contain an assignment clause, under which we own all the rights to all inventions, utility models, technology, know-how and trade secrets derived during the course of such employee's work. In addition, we have taken the following key measures to protect our intellectual property rights: (i) we have implemented structured intellectual property management policies covering patents, trademarks, copyrights and trade secrets, (ii) we deploy a special team to guide, manage, supervise and monitor our daily work regarding intellectual properties, (iii) we timely register and file application for ownership of our intellectual properties and actively track the registration and authorization status of intellectual properties and take action in a timely manner if needed, (iv) we maintain IT controls to monitor the use of sensitive data, and (v) we conduct regular sessions on intellectual property protection training for employees.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement disputes or claims which had any material adverse impact on our Group. Please see the section headed "Risk Factors — Risk Factors Related to Our Business and Our Industry — Failure to protect our intellectual property or our proprietary technology could substantially harm our business. If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be harmed significantly." in this prospectus.

SALES, DISTRIBUTION AND MARKETING

Sales Jurisdictions

Over the years, we have built a geographically diverse and extensive customer base. See the section headed "Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Geographic Location" in this prospectus for more information relating to the revenue contribution from different jurisdictions during the Track Record Period.

Sales Channels

We sell finished memory products to downstream customers through a combination of direct sales and distribution channels. We believe this mix could provide us with the flexibility to meet the needs of various local markets while building strong relationships with key customers. During the Track Record Period, revenue from direct sales accounted for 54.9%, 57.6%, 63.9%, 59.0% and 57.6% of our total revenue for 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively, while the revenue from distributor sales accounted for 45.1%, 42.4%, 36.1%, 41.0% and 42.4% of our total revenue for the same periods. See the section headed "Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Sales Channel" in this prospectus for more information relating to the revenue and gross profit margin of different sales channels during the Track Record Period.

Direct Sales

Our direct sales customers are primarily large enterprises and other strategic clients. These customers often require large-scale, stable supply and tailored solutions, and their products typically involve longer validation cycles. Once our products are integrated into their supply chains, we generally secure longer-term and more stable order flows. We assign dedicated sales and marketing personnel to our direct sales customers, who are familiar with our memory products and provide pre-sale communication and recommendations based on the specific needs of each customer.

We sell products to our customers in accordance with the terms outlined in our master sales agreements with them. Below is a summary of key terms with our direct sales customers:

- *Order Placement*: The product name, quantity, specification, purchase price and delivery date are specified in purchase orders based on the demand of our customers. We do not impose a minimum purchase amount on our customers.

- *Shipment and Delivery*: We assume the costs and risks associated with the shipment of ordered products if delivery to the customer's designated location is required. Conversely, the customer assumes these costs and risks if they arrange for product pickup at our designated location.

- *Product Return and Warranty Period*: We generally do not allow product return after shipments have been accepted, except in cases of product quality issues within the warranty period, which is in line with customary industry practice. Most of our products have a warranty period of one to three years, and certain enterprise SSDs carry a warranty of up to five years.

- *Credit Terms*: We grant credit terms to our customers according to their credit profile and historical performance. We typically grant credit terms of no more than 120 days to eligible customers.

- *Customer Compliance Requirement*: We require our customer to comply with U.S. export laws and regulations, ensuring that products are not used or transferred for prohibited purposes or to sanctioned entities or countries.

- *Duration*: The agreements are typically effective for one year from the date of signing and automatically renew unless either party provides a 30-day notice of non-renewal prior to termination.

As part of direct sales of some Lexar products in North America, we utilize a consignment-based model to supply products directly to internationally recognized retailers such as GB Micro Electronics and Best Buy. Under this model, which is commonly used in the North American retail sector, we place inventory at the retailer's location and recognize revenue only when the retailer sells the products to end customers. We retain ownership of the inventory until the products are sold to the end customer. This approach allows us to place our products on the shelves of prominent retailers and ensure that our products are readily available to consumers in highly visible retail environments. In 2023, 2024 and 2025 and four months ended April 30, 2026, our sales generated from consignment sales were RMB68.1 million, RMB64.2 million, RMB76.6 million and RMB24.8 million, respectively, accounting for 0.7%, 0.4%, 0.3% and 0.2% of our total revenues for these periods.

Under a consignment program, retailers indicate their demand for consigned products by issuing consignment requests to us, specifying the product type, quantity and requested shipment date. Once accepted by us in writing, these requests generally cannot be canceled. All risks of loss and damage associated with the consigned products are transferred to the retailers upon our delivery of the products to the designated location, and we typically require retailers to maintain property insurance for physical loss or damage to the consigned products. We generally require retailers to report to us regularly, indicating the sell-through activity for the consigned products during the reported period. We will invoice the retailers for products which have achieved the "pull date", which is usually the earliest of (i) the date that the retailer sells such products, (ii) the date that the products are lost, stolen or damaged due to any cause, except for our negligence, or (iii) the date that we determine the products to be missing per an audit of inventory. We typically offer retailers a credit term of approximately 30 days.

Distributor Sales

Given the diversity and large volume of our product offerings and end customers, and the significant variations in market conditions and customer preferences across countries, we strategically collaborate with distributors who possess extensive sales channels to expand our market reach and effectively serve the needs of customers in various regions. Our domestic distributors primarily comprise large-scale, publicly listed companies with established sales networks, while our overseas distributors mainly include distributors of Lexar-branded products. For overseas distributors, we generally select distributors by reference to their geographic coverage, end-market focus and product coverage, and allocate different countries or regions among them to avoid overlap. Our distributors primarily consist of global and regional electronics component distributors with established distribution networks and industry coverage, supply chain management capabilities and knowledge of local markets or sector-specific requirements. They typically procure memory products from us and resell them to end-customers, who integrate these products as components into their electronic products. Distributors are responsible for providing after-sales services to their customers, while we can offer technical support if needed. According to CIC, the use of a distribution model is in line with industry norms. During the Track Record Period, none of our major distributors are exclusive distributors.

To support sales performance, we provide sales incentives to distributors for Lexar products in forms such as promotional discounts, cooperative marketing discounts, volume rebates and marketing development funds. A select group of Lexar distributors may also receive incentives such as freight allowance, price protection, payment discounts, damage allowances, return material authorizations, customer service support and other miscellaneous services. For 2023, 2024, 2025 and four months ended April 30, 2026, the aggregate amount of sales incentives that we provided to Lexar distributors was RMB12.9 million, RMB14.9 million, RMB12.8 million and RMB16.6 million, respectively, accounting for 0.5%, 0.4%, 0.3% and 0.7% of the total revenue from the sales of Lexar products for the respective year. In addition to Lexar distributors, we also offer sales incentives to other distributors and direct sales customers in forms such as promotional discounts and volume rebates. For 2023, 2024, 2025 and four months ended April 30, 2026, the aggregate amount of sales incentives that we provided to other distributors and direct sales customers was RMB326.9 million, RMB202.6 million, RMB253.8 million and RMB16.2 million, respectively,

accounting for 3.2%, 1.2%, 1.1% and 0.1% of our total revenue for the respective year/period. The relatively large amount of sales incentives in 2023 was primarily due to the industry downturn, during which we strengthened certain promotional activities to stimulate sales.

Movement of Our Distributors

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

	For the year ended December 31,			For the four months ended April 30,
	2023	2024	2025	2026
As at the beginning of the period	108	147	149	172
– Addition of new distributors	45	25	31	16
– Inactive[(1)]/terminated distributors	6	23	8	12
As at the end of the period	147	149	172	176

Note:

(1) Inactive distributors are distributors from whom no revenue was derived during the Track Record Period.

In 2023, 2024, 2025 and four months ended April 30, 2026, we engaged 45, 25, 31 and 16 new distributors, respectively. During the same periods, we terminated or discontinued business with 6, 23, 8 and 12 distributors, respectively. The relatively high number of terminated distributors in 2024 was primarily due to our strategic adjustment and optimization of our distributor network to phase out less active distributors for better distributor management. The relatively high number of terminated distributors in the four months ended April 30, 2026 was primarily due to our strategic optimisation of distribution network, focusing resources on distributors with larger scale and stronger growth potential to enhance overall distribution efficiency. A relatively large number of newly added distributors during the Track Record Period was mainly driven by our strategic global expansion and promotion of our Lexar branded products.

Relationship with Distributors

Our relationship with our distributors is a buyer and seller relationship. They are our customers and they do not act on our behalf when dealing with downstream customers. They maintain their own inventory and we have no management control over their order placement, inventory management, or resale activities. They place orders with us if, when and for amounts they deem appropriate. We recognize revenue from distributor sales once products are delivered to the distributor and we receive the distributor's acknowledgment that the relevant conditions are satisfied. Some of our distributors may use sub-distributors. We do not enter into any agreement or directly establish relationships with the sub-distributors, which, according to CIC, is a common practice in the semiconductor memory products industry. Consequently, we have no control over the sub-distributors, nor do we maintain records of sub-distributors.

To the best of our knowledge, all of our distributors during the Track Record Period are Independent Third Parties. Our non-executive Director, Mr. Cai Jing, is currently also a director of one of our distributors. For the year of 2023, 2024 and 2025 and four months ended April 30, 2026, revenue from this distributor accounted for 0.7%, 1.0%, 1.4% and 2.0% of our total revenue. The increases in the revenue from this distributor period by period during the Track Record Period were primarily due to increased market demand.

We believe that our products are at low risk of cannibalization within our distribution network as our distributors, particularly overseas distributors, are typically engaged in, or possess greater familiarity with, specific end-product markets or brands, which reduces overlap and direct competition among them. We have also implemented a number of measures to mitigate

cannibalization risk within our distribution network: (i) we tailor our distribution strategies to leverage each distributor's strengths across different end-products, applications or customers; (ii) our distributors are typically authorized to sell designated products to end customers within specified regions; (iii) where relevant, we distinguish between distributors focused on e-commerce or online retail channels and those targeting B2B or B2C markets; (iv) we seek to establish direct business relationships with certain key accounts, and coordinate account coverage to avoid multiple distributors competing for the same large customer; (v) we only engage new distributors where we believe that the local or targeted market demand can adequately support both new and existing distributors, thereby reducing the risk of excessive overlap and cannibalization; (vi) in assessing distributor performance and designing incentives, we focus on incremental growth in their target markets rather than on shifting existing business from other distributors, to steer distributor behavior away from destructive intra-channel competition; and (vii) we closely monitor market prices of our products, and any identified significant undercutting may trigger discussions with the relevant distributors to adjust our commercial arrangements with them.

We believe that we were not subject to any material channel stuffing risk, given that: (i) we maintain a buy-out relationship with our distributors and are not responsible for unsold inventory held by them, which reduces their commercial incentive to overstock our products; (ii) we generally do not permit returns of products sold to distributors, except for quality issues occurring during the warranty period, thereby eliminating incentives for distributors to overstock; (iii) returns from distributors have been immaterial during the Track Record Period; and (iv) many of our distributors are large-scale, publicly listed companies that have their own internal controls and performance requirements regarding sales and inventory management, which further discourages them from accumulating excessive stock of our products, and they typically place orders based on pre-agreed forecasts with their downstream clients, thereby minimizing speculative purchases. Nevertheless, we have implemented a series of internal control measures to prevent channel stuffing, including: (i) regularly communicating with our distributors and obtain their inventory status and the sales performance of our products, where commercially feasible, (ii) conducting thorough reviews and assessments of distributors' sales forecasts and sales performance prior to accepting purchase orders; and (iii) performing regular internal audits and management reviews to identify and address any unusual sales patterns or significant changes in distributor ordering behaviour.

Contractual Arrangements with Distributors

We sell our products to our distributors in accordance with the terms outlined in our distribution agreements. Below is a summary of key terms with distributors:

- *Designated Region*: Distributors are typically authorized to sell authorized products to end customers within designated regions.

- *Service Capabilities*: We generally require our distributors to allocate a certain number of sales personnel within their sales regions and to regularly train and assess their service and support capabilities.

- *Order Forecast*: We generally require our distributors to submit a three-month order forecast to us at the end of each month, and report annual sales targets to us. The monthly order forecast and annual sales targets are non-binding. We generally do not require minimum purchase amounts or minimum sales targets from our distributors.

- *Pricing*: Depending on the type of customer and development channel, the pricing of products to end customers can be determined by either us or the distributors.

- *Order Placement*: The product name, quantity, specification, purchase price and delivery date are typically specified in purchase orders based on the demand of our distributors.

- *Shipment and Delivery*: We assume the costs and risks associated with the shipment of ordered products if delivery to the distributors' designated location is required. Conversely, the distributors assume these costs and risks if they arrange for product pickup at our designated location. Upon delivery or pick-up of the products, ownership

of the products, as well as the risk of loss or damage to them, transfer to the distributors and our responsibilities under these agreements or orders (other than standard warranties we provide to our customers) are fully discharged.

- *Product Return and Warranty Period*: We generally do not allow product return after shipments have been accepted, except in cases of product quality issues within the warranty period, which is in line with customary industry practice. During the Track Record Period, the amounts of returned products were RMB0.6 million, RMB9.4 million, RMB23.2 million and RMB12.8 million for 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, accounting for 0.01%, 0.05%, 0.1% and 0.1% of our total revenue for the respective period. Most of our products have a warranty period of one to three years, with enterprise SSDs offering up to five years.

- *Credit Term*: We typically grant credit terms of no more than 120 days.

- *Compliance Requirement*: Distributors are typically required to comply with U.S. export laws and regulations, ensuring that products are not used or transferred for prohibited purposes or to sanctioned entities or countries.

- *Confidentiality Obligations*: Both parties are obligated to maintain the confidentiality of non-public information under the agreements.

- *Governing Law and Dispute Resolution*: The agreements for overseas sales are generally governed by Hong Kong laws, with disputes resolved through arbitration in Hong Kong. For domestic sales, agreements are governed by PRC laws, with disputes resolved through arbitration at the Shenzhen International Arbitration Court.

- *Duration*: The agreements are typically effective for one year from the date of signing and automatically renew unless terminated earlier.

Pricing of Our Products

We price our products based on real-time market quotations. We typically do not enter into long-term agreements with fixed pricing with our customers. In determining our product pricing, we consider a range of factors, including raw material costs, estimated production capacity, administrative, sales and distribution expenses, current market prices of similar products, overall market conditions and the duration of our customer relationships. In particular, the pricing of our products is closely tied to the cost of memory wafers, which are our primary raw materials. Fluctuations in the market prices of memory wafers can directly impact the pricing of our products. Generally, the sales prices of our memory products align with trends in memory wafer procurement costs. However, there is a time lag between wafer procurement and product sales. When wafer prices fluctuate, we have already incurred the inventory costs, but product sales prices may change, affecting our margin. The price of memory wafers exhibits cyclicality, which leads to volatility in our margins.

To mitigate these risks, we have strengthened our business relationship with key customers who regularly place large orders, offering predictability of demand and product pricing, so that we can better manage the inventory level of raw materials and production schedule. We have also been expanding our high-end product offering, such as enterprise-level products like eSSDs. We expect these measures to help strengthen our pricing power, mitigate the impact of wafer price fluctuations and stabilize our product margins.

Sales and Marketing Teams

As of the Latest Practicable Date, we had 19 subsidiaries with sales activities established worldwide, in countries and regions including (a) Chinese Mainland, (b) Hong Kong, (c) Taiwan, China, (d) Japan, (e) the United States and (f) Brazil. As of April 30, 2026, we had a sales and marketing team of 573 personnel, focusing on business development, customer service and industry coverage. We maintain sales teams responsible for different domestic and overseas markets in line with our sales strategy for different jurisdictions. Our sales and marketing staff communicate with existing and potential customers on our product offerings and development roadmap, including

product design, functionality and technology features. They also conduct market research, monitor competitor technology developments and pricing, and analyze market conditions and customer needs to inform our marketing approach.

We promote our brand awareness and product recognition through multiple marketing channels including trade fairs, industry forums, our websites and social media platforms. For the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026, our selling and distribution expenses amounted to RMB482.0 million, RMB772.1 million, RMB885.6 million, RMB268.9 million and RMB272.5 million, respectively, accounting for 4.8%, 4.4%, 3.9%, 4.4% and 1.9% of our total revenue, respectively, for the same years.

OUR CUSTOMERS

We have established long-standing business relationships with leading enterprises across a wide range of industries, including technology, telecommunications, consumer electronics and retail. Through direct customer engagement and a strong network of distribution partners, we offer our memory products to renowned OEMs, ODMs, electronics manufacturers, automotive companies and retailers worldwide. To the best of our knowledge, the end customers we serve through distributors are primarily consumer electronics manufacturers and automotive components manufacturers, and our products are mainly used in applications such as computers, mobile phones, televisions, POS terminals, automotives, robots and communication equipment. Our memory products mainly function as core data storage and management components in these end products. Depending on the application and product type, they are used to store and, where applicable, help process operating data, enable fast access to operating systems, control programs, configuration files, operating logs and real-time production or communication data, and support stable and efficient system operation. We have received multiple awards from our customers, such as "Outstanding Supplier" award from Lenovo, which recognize our dedication to quality, innovation and customer service, and underscore our role as a trusted supplier to some of the world's most established companies across a variety of industries.

For each period during the Track Record Period, revenue contributed from our five largest customers accounted for 34.6%, 36.8%, 29.0% and 28.3% of our total revenue in 2023, 2024, 2025 and four months ended April 30, 2026, respectively, while the largest customer contributed 11.0%, 14.0%, 7.6% and 7.5% of our total revenue, respectively, for the same periods. During the Track Record Period, we typically granted a credit term of no more than 120 days to our customers.

The following tables set forth the details of our five largest customers for each year during the Track Record Period based on their revenue contribution:

For the Year Ended December 31, 2023

Ranking	Customer	Revenue	Percentage of total revenue	Products purchased from us	Year of commencing business relationship with us	Credit terms and payment method	Customer type
		(RMB'000)	*(%)*				
1.	Customer A and its subsidiaries[1]	1,110,406	11.0	Embedded storage, SSDs, mobile storage, DIMM	2017	0-15 days; wire transfer	Distributor
2.	Customer B and its subsidiaries[2]	872,788	8.6	Embedded storage, SSDs, mobile storage, DIMM	2015	0-15 days; wire transfer	Distributor
3.	Customer C and its related parties[3]	714,960	7.1	Embedded storage, mobile storage	2021	90 days; wire transfer	Direct sales customer
4.	Customer D and its subsidiaries[4]	465,298	4.6	SSDs, mobile storage, DIMM	2018	60-120 days; wire transfer	Direct sales customer
5.	Customer E and its subsidiaries[5]	337,413	3.3	SSDs, mobile storage, DIMM	2018	30 days; wire transfer	Distributor

For the Year Ended December 31, 2024

Ranking	Customer	Revenue	Percentage of total revenue	Products purchased from us	Year of commencing business relationship with us	Credit terms and payment method	Customer type
		(RMB'000)	*(%)*				
1	Customer A and its subsidiaries[1]	2,444,236	14.0	Embedded storage, SSDs, mobile storage, DIMM	2017	0-15 days; wire transfer	Distributor
2	Customer F and its subsidiaries[6]	1,159,225	6.6	Embedded storage, SSDs, mobile storage	2014	30-60 days; wire transfer	Direct sales customer
3	Customer C and its related parties[3]	1,145,646	6.6	Embedded storage	2021	90 days; wire transfer	Direct sales customer
4	Customer D and its subsidiaries[4]	862,156	4.9	SSDs, mobile storage, DIMM	2018	60-120 days; wire transfer	Direct sales customer
5	Customer B and its subsidiaries[2]	806,694	4.6	Embedded storage, SSDs, mobile storage, DIMM	2015	0-15 days; wire transfer	Distributor

For the Year Ended December 31, 2025

Ranking	Customer	Revenue	Percentage of total revenue	Products purchased from us	Year of commencing business relationship with us	Credit terms and payment method	Customer type
		(RMB'000)	*(%)*				
1	Customer A and its subsidiaries[1]	1,726,361	7.6	Embedded storage, SSDs, mobile storage, DIMM	2017	0-15 days; wire transfer	Distributor
2	Customer C and its related parties[3]	1,486,236	6.5	Embedded storage, SSDs, DIMM	2021	90 days; wire transfer	Direct sales customer
3	Customer D and its subsidiaries[4]	1,309,451	5.8	SSDs, mobile storage, DIMM	2018	60-120 days; wire transfer	Direct sales customer
4	Customer G and its subsidiaries[7]	1,082,884	4.8	Embedded storage, DIMM	2023	30-45 days; wire transfer	Direct sales customer
5	Customer F and its subsidiaries[6]	988,596	4.3	Embedded storage, SSDs, mobile storage	2014	30-60 days; wire transfer	Direct sales customer

For the Four Months Ended April 30, 2026

Ranking	Customer	Revenue	Percentage of total revenue	Products purchased from us	Year of commencing business relationship with us	Credit terms and payment method	Customer type
		(RMB'000)	*(%)*				
1	Customer B and its subsidiaries[2]	1,105,679	7.5	Embedded storage, SSDs, mobile storage, DIMM	2015	0-15 days; wire transfer	Distributor
2	Customer C and its related parties[3]	969,613	6.6	Embedded storage, SSDs, DIMM	2021	90 days; wire transfer	Direct sales customer
3	Customer A and its subsidiaries[1]	834,263	5.7	Embedded storage, SSDs, mobile storage, DIMM	2017	0-15 days; wire transfer	Distributor
4	Customer H and its subsidiaries[8]	730,213	5.0	DIMM, SSDs	2023	120 days, wire transfer	Direct sales customer
5	Customer F and its subsidiaries[6]	527,174	3.6	Embedded storage, SSDs	2014	30-60 days, wire transfer	Direct sales customer

Notes:

(1) Customer A is a distributor of electronics components and headquartered in Shenzhen, China. It is an unlisted company.

(2) Customer B is a distributor of semiconductor electronic components headquartered in Taiwan, China and listed on the Taiwan Stock Exchange.

(3) Customer C is a mobile telecommunication company located in Wuhan, China, being a subsidiary of a mobile telecommunication company headquartered in the US. It is primarily engaged in the production of mobile phone products.

(4) Customer D is an e-commerce and technology company, headquartered in the US and listed on the Nasdaq Stock Market.
(5) Customer E is a subsidiary of a company listed on the Hong Kong Stock Exchange, who mainly engages in the development of information technology product distribution channels and the integration of technology solutions.
(6) Customer F is an electronics and technology company headquartered in South Korea and listed on the Korea Exchange.
(7) Customer G is an electronic manufacturing services provider, headquartered in Singapore and listed on the Nasdaq Stock Market.
(8) Customer H is a provider of computer hardware, enterprise IT infrastructure and solutions, headquartered in the U.S. and listed on the Nasdaq Stock Market.

To the best knowledge of our Directors, for each year during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers were Independent Third Parties. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with, nor did we receive any material complaints from such customers. For each year during the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge, none of our Directors or their respective close associates or any person 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 customers. We did not have any third-party payment arrangements during the Track Record Period and up to the Latest Practicable Date.

COMPETITIVE LANDSCAPE AND MARKET POSITION

The global semiconductor memory products industry is a large market. According to CIC, the global semiconductor memory products market reached US$275.4 billion in 2025 and is expected to grow to US$875.6 billion by 2030, representing a CAGR of 26.0% from 2025 to 2030. The market is highly concentrated. The market players consist of IDMs and independent memory enterprises, with independent memory enterprises accounting for around 20% of market share in 2025. As an independent memory enterprise, we adopt a differentiated strategy alongside IDMs and primarily compete with global and local independent memory product companies. We compete with IDMs when our products overlap. As we expand our customer base to start to cover key accounts, competition with IDMs may increase. With a global market share of approximately 1.2%, we seek to use our capabilities and agility in providing customized services to address unmet customer needs and explore product categories that IDMs have not fully tapped. The principal competitive factors in our markets include technological expertise, R&D and product development capabilities, supply chain partnerships and brand recognition. We believe our capabilities and strong R&D in chip design, a broad portfolio of memory products, strong brand recognition, long-term relationships with supply chain partners, will help us to maintain strong competitiveness in the industry.

According to CIC, memory wafers are the most significant components for memory products, generally accounting for over 75% of the bill of materials during the Track Record Period. The supply of memory wafers is highly concentrated. The top five manufacturers account for approximately 90% of the NAND Flash memory wafer market, and the top three manufacturers account for more than 90% of the DRAM wafer market. Memory wafer prices are also cyclical. For a more detailed discussion of the markets in which we operate and the competition we face, see "Industry Overview." Although we are exposed to industry-typical cyclicality in wafer supply and pricing, during the Track Record Period, we have not experienced material disruption in securing raw materials or material difficulties in passing cost changes to our customers. Our mitigants include maintaining a diversified supplier base and entering into long-term MOUs with multiple foundries.

PRODUCTION

We have developed a production framework that strategically integrates global and domestic resources through a combination of in-house and outsourced production. The production arrangement for a product is generally determined at the design-in and factory audit stage, rather than on an order-by-order basis. At the early stage of a project, we work closely with the customer to understand the target application, performance and reliability requirements of relevant product. Based on the product requirements, we arrange prototype sample at one or more manufacturing sites, which could be our own or third-party factories. During the prototyping process, our R&D and

process engineering teams work closely with the selected factories to support equipment setup and process optimization, and determine which factory to be used for relevant product, primarily taking into account yield, product quality and performance at each site. As customers procure finished products (rather than manufacturing services) from us, we generally lead the sample prototyping, factory selection and production process, and customers typically do not specify particular factories to produce our products. Customer may conduct factory audits on the selected facilities for the specific products. These audits typically cover quality management systems, production processes, and environmental and safety controls. If any issues are identified, or the factory does not pass the audit at the first attempt, the factory will implement the necessary improvements. Customers will only place orders of relevant products, and we will arrange production at that site, after the factory has passed the relevant audit. We generally prioritize our in-house facilities for (i) large or strategic customer orders, (ii) frontier or self-developed products with novel design elements, requiring high degree of customization, or when confidentiality is paramount — such as for proprietary technologies or secure testing of sensitive algorithms, or (iii) products with higher quality and reliability requirements, such as automotive-grade products. For standard and relatively mature memory products, where production processes are well-established and qualified external service providers are readily available, we may recommend qualified third-party facilities with relevant experience. For such products, outsourcing typically offers a more favourable cost-performance ratio than building or expanding internal production lines. Upon successful completion of the factory audit, and typically following small-batch sample production, the audited factory will generally be designated to produce the relevant product on a mass-production basis.

In-house Back-end Manufacturing

We have made significant investments in building our own back-end manufacturing capabilities to support our product portfolio and increase flexibility and control over production.

Zhongshan Storage Industrial Park

The Zhongshan Storage Industrial Park is a comprehensive memory facility located in Zhongshan, Guangdong Province, China. It seamlessly integrates R&D, cultural exhibition and employee living spaces, along with a dedicated data center product line. It focuses on R&D and back-end manufacturing of enterprise-grade and automotive-grade memory products. Incorporating our proprietary testing technologies such as memory chip testing algorithms, these facilities enable us to handle complex and customized projects.

Phase I of the park was completed in 2019, encompassing a gross floor area ("**GFA**") of approximately 60,000 square meters and accommodating over 500 employees, including more than 400 engineers. This phase includes an innovative laboratory and an embedded storage testing center. The innovative laboratory serves as a vital quality assurance and technical service platform, combining R&D design, failure analysis, engineering verification and joint development functions. Phase II of the industrial park was completed and put into operation at the end of 2024, encompassing a GFA of approximately 110,000 square meters. It includes key facilities such as a R&D building, an embedded storage testing center, a data center product line, and an intelligent logistics warehouse. Our testing centers are equipped with automated production lines for processes from chip probe testing, system-level testing, to final product testing. Our automated testing system is capable of conducting functional tests on over ten types of memory products, all managed and tracked through a digital platform.

Suzhou Packaging and Testing Production Base

Longforce Suzhou was formerly a major production base for Powertech Technology Inc., a semiconductor assembly, packaging and testing service provider. In 2023, we acquired a 70% stake in Powertech Suzhou (which was subsequently renamed as Longforce Suzhou). The Suzhou Packaging and Testing Production Base symbolizes our packaging and testing capabilities, specializing in memory chip packaging design, signal simulation and process development. According to CIC, it is one of the earliest PRC enterprises to possess stacked-die packaging technology, employing flip-chip and wire bonding technologies.

The Suzhou Packaging and Testing Production Base covers a GFA of approximately 42,600 square meters, including approximately 20,000 square meters of standard clean rooms. It is outfitted with state-of-the-art packaging and testing equipment, supported by an error-proofing system and flexible, high-efficiency production capabilities. Its rigorous quality control processes have garnered recognition and trust from world-class clients.

Latin America Production and Operations Center

We have two facilities in Brazil: (i) the Atibaia plant, encompassing a GFA of approximately 13,000 square meters and capable of IC packaging and testing; and (ii) the Manaus plant, encompassing approximately 4,400 square meters and mainly handling SMT and final products functional testing and assembly. In addition, we have a R&D center in Campinas, equipped with a packaging and prototype laboratory and a 400 square meters clean room dedicated to R&D activities, focusing on packaging engineering as well as products design and development.

Zhuhai Mestor Production Center

In 2024, our Zhuhai Mestor Production Center, established by our wholly-owned subsidiary Mestor Electronics (Zhuhai) Co., Ltd., commenced production. It has a GFA of over 10,000 square meters. The Zhuhai Mestor Production Center is equipped with packaging, testing and SMT and assembly production lines, as well as a product reliability testing center. The center primarily focuses on the back-end manufacturing of memory products utilizing relatively mature technologies.

The following table sets forth the total designed capacity, actual capacity and utilization rate of our production facilities during the Track Record Period:

	For the Year Ended December 31,									For the four months ended April 30,		
	2023			2024			2025			2026		
	Designed capacity	Actual capacity	Utilization rate	Designed capacity	Actual capacity	Utilization rate	Designed capacity	Actual capacity	Utilization rate	Designed capacity	Actual capacity	Utilization rate
			(%)			(%)			(%)			(%)
	(thousand units, except for percentage)											
Zhongshan Storage Industrial Park												
Testing	52,000	46,300	89.0	61,200	52,100	83.9	70,000	65,800	94.0	23,000	14,000	60.9
SMT and assembly	2,914	2,209	75.8	6,504	5,054	77.7	10,380	8,715	84.0	3,460	2,465	71.2
Suzhou Packaging and Testing Production Base[1]												
Packaging	90,000	35,843	39.8	222,300	131,163	59.0	232,933	145,812	62.6	54,490	38,866	71.3
Testing	102,000	26,495	26.0	364,500	113,434	31.1	264,750	133,078	50.3	78,960	46,109	58.4
Atibaia plant[2]												
Packaging and testing	11,580	7,166	61.9	134,400	99,817	74.3	155,000	137,948	89.0	51,000	28,720	56.3
Manaus plant[2]												
SMT and assembly	336	188	56.0	5,189	2,938	56.6	7,042	2,733	38.8	2,442	1,071	43.9
Zhuhai Mestor Production Center[3]												
Packaging and testing	–	–	–	45,000	14,399	32.0	64,800	54,052	83.4	24,600	19,597	79.7
SMT and assembly	–	–	–	6,300	1,425	22.6	6,540	5,706	87.3	2,200	1,308	59.5

Notes:

* The designed capacity for each period is calculated based on the hourly capacity and the maximum operating hours of relevant product lines for such period, which vary across factories due to the differences in factory operations and management. For the Zhongshan and Zhuhai factories, the maximum operating hours are calculated by multiplying 20 operating hours per working day by 26 working days each month. For the Suzhou factory, the maximum operating hours are calculated by multiplying 24 hours per day by the number of calendar days in each month. For the Atibaia and Manaus plants, the maximum operating hours are calculated by multiplying 21 or 24 hours per working day, depending on the equipment, by approximately 24 working days each month. The actual capacity refers to the actual output for the relevant period. The utilization rate during the year or period is calculated by dividing designed capacity by the actual capacity for the same year or period.

(1) As we integrated the business operation and financial results of Longforce Suzhou since October 1, 2023, the data that we used to calculate the designed capacity, actual capacity and utilization rate of our Suzhou Packaging and Testing Production Base for 2023 only covers the three-month period from October 1 to December 31.

(2) As we integrated the business operation and financial results of Zilia Eletrônicos since December 1, 2023, the data for calculating the designed capacity, actual capacity and utilization rate of our Atibaia plant and Manaus plant for 2023 only include the one-month period from December 1 to December 31.

(3) As our Zhuhai factory was put into trial production since April 2024, the data that we used to calculate the designed capacity, actual capacity and utilization rate of our Zhuhai factory for 2024 only covers the nine-month period from April 1 to December 31, 2024.

The relatively low utilization rate of our Suzhou and Brazil factories is primarily influenced by the ramp-up and integration of their production capacities with our Group's business following the acquisitions. After the acquisitions and prior to commencing production of our customer orders at these facilities, our customers typically require separate factory audit processes due to the change in production facilities. This process can take several months, resulting in a relatively low utilization rate of these facilities. Additionally, the introduction phase of production line for memory products typically takes longer time, as it typically involves rigorous testing and validation processes to ensure product performance and reliability. As the factories gradually complete customer integration and production setup procedures, the utilization rate generally increased period by period during the Track Record Period. The low utilization rate of our Zhuhai factory in 2024 is primarily because the factory was in the ramp-up stage, with equipment being gradually installed. Its utilization rate increased significantly in 2025. The decrease in the utilization rate of the SMT and assembly production line in our Manaus plant in 2025 was primarily due to changes in the Group's product offering structure, with a shift away from traditional PCB-based products such as SSDs towards products such as UFS and mSSD which do not involve the traditional SMT and assembly process, resulting in relatively lower demand for the SMT and assembly production lines. The decreases in the utilization rates of our Zhongshan Storage Industrial Park, our Zhuhai Mestor Production Center and the packaging and testing production line of our Atibaia plant in the four months ended April 30, 2026 were primarily due to (i) this period is typically a production low season with relatively more public holidays, resulting in lower actual output, and (ii) a reduction in production volume resulting from the tight supply of memory products in the market during the period.

Outsourced Production

In addition to our in-house capabilities, we have established long-term partnerships with OSAT companies and electronic manufacturing service ("**EMS**") providers. Our OSAT partners, such as Orient Semiconductor Electronics, Huatian Technology and Tongfu Microelectronics, assist us with packaging and testing for memory products. Our EMS providers manage downstream processes, such as SMT and final product functional testing and assembly.

The following table sets forth the quantity and percentage of outsourced production for each of the testing, packaging and SMT processes for each year/period during the Track Record Period. The quantities below refer to the number of product items specified in our production orders, regardless of product specifications or capacity.

	For the year ended December 31,						For the four months ended April 30,	
	2023		2024		2025		2026	
	Quantity of outsourced production	*% of total production*	*Quantity of outsourced production*	*% of total production*	*Quantity of outsourced production*	*% of total production*	*Quantity of outsourced production*	*% of total production*
	(Units of products in thousands, except percentages)							
Testing	175,297	70.1%	165,907	40.3%	172,777	32.6%	41,390	24.5%
Packaging	302,429	89.1%	238,737	50.2%	261,820	48.9%	73,591	49.7%
SMT	14,080	90.7%	24,592	74.5%	20,118	58.4%	5,801	55.5%

As we have developed our own back-end manufacturing capacity, the proportion of our for each of the packaging, testing and SMT processes has generally decreased period by period during the Track Record Period.

PROCUREMENT AND RAW MATERIALS

The core raw materials for our memory products are memory wafers, controller chips and auxiliary materials such as PCBs. During the Track Record Period, memory wafers and controller chips represent a substantial majority of our procurement of raw materials.

Memory Wafers

Memory wafers are the main raw materials of our memory products, and their availability, quality and pricing directly affect our business. We have established a strategic resource center responsible for wafer procurement and management. This team conducts market research and works with our R&D and operations teams to select, evaluate, certify and procure memory wafers. Our procurement strategy combines on-demand purchasing with stockpiling. Based on historical data and demand forecasts, we maintain safety stock levels to support a stable supply chain and continuous production. We also monitor market trends, wafer price movements, inventory levels, customer orders and capital allocation when determining stockpiling levels.

Controller Chips and Auxiliary Materials

Controller chips and auxiliary materials are important for our storage products, and their procurement is managed by our supply chain delivery center. We operate a supplier qualification and ongoing assessment system, under which suppliers are evaluated on factors such as technical capability, quality, delivery performance, service level and cost. Based on demand forecasts, supplier pricing and capacity planning, we prepare rolling procurement plans to guide quotation requests, purchase orders and coordination of chip customization and material deliveries. We maintain regular communication with qualified suppliers to support orderly procurement and allow for adjustments in response to changes in market demand.

Procurement Process

Our procurement process includes several key steps. First, we conduct demand planning and develop supply strategies using rolling forecasts to assess product demand and determine supply volumes. We then prepare procurement plans and issue purchase orders to suppliers. Suppliers fulfill these orders, arrange shipments and deliver materials to locations designated by us. Upon arrival, we inspect the memory wafers and controller chips and store them in warehouses for subsequent production.

OUR SUPPLIERS

Our suppliers can be grouped into four main categories. Memory wafer suppliers are our most critical upstream partners, the procurement of which accounts for the largest portion of our total procurement. We have established business relationships with a majority of the globally leading memory IDMs, such as Samsung, SK Hynix, Micron, SanDisk and other major memory suppliers, covering both international and domestic sources. Controller chip suppliers are also important upstream partners. We typically procure controller chips from independent controller chip vendors, and our purchases are distributed across multiple top-tier suppliers in different regions to help diversify supply risk. For our self-designed controller chips and memory chips, we procure wafer fabrication services from the world's leading global foundries. In addition, we work with OSAT and EMS providers to provide packaging, testing, SMT and assembly services for our products.

We have developed and maintained relationships with some of the most reputable and trusted suppliers in the global memory product industry. These partners supply core components and services that support consistent product quality and enable us to respond to changing customer needs. We procure from both overseas and domestic suppliers. We believe our well-established global and domestic network of component and service suppliers could provide a resilient supply chain, ensuring timely availability and delivery of raw materials and helping us maintain competitive cost level.

Our Major Suppliers

For each period during the Track Record Period, our purchases from our five largest suppliers accounted for 48.6%, 50.0%, 52.0% and 63.3% of our total purchases in 2023, 2024, 2025 and four months ended April 30, 2026, respectively, while our purchase from the largest supplier accounted for 13.9%, 11.4%, 14.5% and 15.5% of our total purchases, respectively, for the same periods. For each year during the Track Record Period, our suppliers generally (i) granted us a credit term of 30 to 90 days, and (ii) requested us to make partial prepayment if the purchase amount for a single order exceeds an agreed-upon criteria.

The following tables set forth the details of our five largest suppliers for each year during the Track Record Period based on our purchases from them:

For the Year Ended December 31, 2023

Ranking	Supplier	Purchase amount	Percentage of total purchase	Products/services purchased	Year of commencing business relationship with us	Credit terms and payment method
		(RMB'000)	*(%)*			
1 . . .	Supplier A and its subsidiaries[1]	1,589,888	13.9	memory wafer; embedded storage products; semi-finished products	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
2 . . .	Supplier B[2]	1,521,956	13.3	memory wafer	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
3 . . .	Supplier C and its subsidiaries[3]	1,272,291	11.1	memory wafer	2022	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
4 . . .	Supplier D and its subsidiaries[4]	721,477	6.3	memory wafer	2018	30 days; wire transfer
5 . . .	Supplier E and its subsidiaries[5]	455,734	4.0	controller chip	2006	90 days; wire transfer

For the Year Ended December 31, 2024

Ranking	Supplier	Purchase amount	Percentage of total purchase	Products/services purchased	Year of commencing business relationship with us	Credit terms and payment method
		(RMB'000)	*(%)*			
1 . . .	Supplier A and its subsidiaries[1]	1,876,477	11.4	memory wafer; embedded storage products; semi-finished products	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
2 . . .	Supplier F and its subsidiaries[6]	1,830,229	11.1	memory wafer	2008	30-60 days; wire transfer
3 . . .	Supplier C and its subsidiaries[3]	1,799,183	11.0	memory wafer	2022	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
4 . . .	Supplier G[7]	1,740,535	10.6	memory wafer; SSDs	2023	60 days; prepayment is required for amounts exceeding certain threshold; wire transfer
5 . . .	Supplier B[2]	968,294	5.9	memory wafer	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer

For the Year Ended December 31, 2025

Ranking	Supplier	Purchase amount	Percentage of total purchase	Products/ services purchased	Year of commencing business relationship with us	Credit terms and payment method
		(RMB'000)	*(%)*			
1 . . .	Supplier C and its subsidiaries[3]	3,223,671	14.5	Memory wafer	2022	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
2 . . .	Supplier A and its subsidiaries[1]	2,976,723	13.4	Memory wafer; embedded storage products; semi-finished products	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
3 . . .	Supplier H and its subsidiaries[8]	1,902,930	8.6	Memory wafer	2022	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
4 . . .	Supplier B[2]	1,840,006	8.3	Memory wafer	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
5 . . .	Supplier F and its subsidiaries[6]	1,609,656	7.2	Memory wafer	2008	30-60 days; wire transfer

For the Four Months Ended April 30, 2026

Ranking	Supplier	Purchase amount	Percentage of total purchase	Products/ services purchased	Year of commencing business relationship with us	Credit terms and payment method
		(RMB'000)	*(%)*			
1 . . .	Supplier A and its subsidiaries[1]	2,488,845	15.5	Memory wafer; embedded storage products; semifinished products	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
2 . . .	Supplier I[9]	2,298,261	14.3	Memory wafer	2007	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
3 . . .	Supplier C and its subsidiaries[3]	2,123,781	13.2	Memory wafer	2022	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
4 . . .	Supplier D and its subsidiaries[4]	1,692,434	10.5	Memory wafer	2018	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
5 . . .	Supplier B[2]	1,586,889	9.9	Memory wafer	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer

Notes:

(1) Supplier A is a wafer manufacturer and engaged in the manufacturing and sales of semiconductor storage and imaging products. It is headquartered in the U.S. The semi-finished products that the Company procured from Supplier A refer to the packaged memory chips which are ready for module assembly.

(2) Supplier B is a subsidiary of a company that engaged in the manufacturing and sales of semiconductor devices and headquartered in Tokyo, Japan. It was established in Hong Kong.
(3) Supplier C is a wafer manufacturer and engaged in the manufacturing and sales of semiconductor devices. It is headquartered in South Korea and listed on the Korea Exchange.
(4) Supplier D is a wafer manufacturer primarily engaged in the design, manufacturing and sales of integrated circuits and memory products. It is headquartered in China.
(5) Supplier E is a company primarily engaged in developing and sales of NAND flash controller chips. It was established in California, the U.S. and listed on the Nasdaq Stock Market.
(6) Supplier F is a wafer manufacturer and primarily engaged in the design, manufacturing, and sales of storage solutions. It is headquartered in South Korea and listed on the Korea Exchange.
(7) Supplier G is a Chinese enterprise primarily engaged in the trading of electronic components and integrated circuits.
(8) Supplier H is a wafer manufacturer and primarily engages in the manufacturing and sales of semiconductor devices. It is headquartered in the US and listed on the Nasdaq Stock Market.
(9) Supplier I is a subsidiary of a company listed on the Korea Exchange, primarily engaged in the trade business of electronic products. It was incorporated in Hong Kong.

To the best knowledge of our Directors, for each year during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers were Independent Third Parties. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of contracts on the part of our suppliers or delay in delivery of our orders from our suppliers, nor did we have any material disputes with our suppliers. During the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge, none of our Directors or their respective close associates or any person 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 suppliers.

The table below sets out the details of our business relationship with each of our major wafer suppliers and fabrication services providers.

Supplier	Headquarter of the supplier	Year of commencing business relationship with us	Products/services purchased	Proportion of procurement during the Track Record Period
Memory wafer suppliers				
Supplier F	South Korea	2008	Memory wafers	28.8%
Supplier A	The U.S.	2012	Memory wafers	16.3%
Supplier C	South Korea	2022	Memory wafers	16.1%
Supplier D	Chinese mainland	2018	Memory wafers	7.8%
Supplier H	The U.S.	2022	Memory wafers	7.7%
Supplier J	Chinese mainland	2020	Memory wafers	1.0%
Others		–	Memory wafers	22.3%
Total				**100.0%**
Fabrication services providers				
Supplier F	South Korea	2022	Controller chips fabrication services	40.2%
Supplier K	Taiwan, China	2024	Controller chips fabrication services	1.1%
Supplier L	Taiwan, China	2019	Small capacity memory wafer fabrication services	58.7%
Total				**100.0%**

We typically negotiate pricing with our memory wafer suppliers on a periodic basis with reference to prevailing market prices, and place purchase orders with them based on our demand, usually on a monthly or quarterly basis. For chip fabrication service providers, we typically negotiate pricing by process node and update such pricing periodically with reference to prevailing market prices, and usually place purchase orders with them monthly based on our demand.

Supplier Concentration

For each year/period during the Track Record Period, our purchases from our five largest suppliers amounted to RMB5,561.3 million, RMB8,214.7 million, RMB11,553.0 million and RMB10,190.2 million, accounting for 48.6%, 50.0%, 52.0% and 63.3% of our total purchases in

2023, 2024, 2025 and four months ended April 30, 2026, respectively. For the same year/period, our purchase from the largest supplier amounted to RMB1,589.9 million, RMB1,876.5 million, RMB3,223.7 million and RMB2,488.8 million, accounting for 13.9%, 11.4%, 14.5% and 15.5% of our total purchases, respectively.

Our supply chain for key raw materials, tools and services is spread across multiple jurisdictions. The main countries involved in each critical stage of our supply chain during the Track Record Period are as follows:

Memory wafers procurement: Our memory wafers are primarily sourced from suppliers headquartered in South Korea, the U.S. and Chinese mainland. During the Track Record Period, memory wafers accounted for the largest portion of our total procurement, and we have established business relationships with six out of the seven largest globally leading memory IDMs and procured memory wafers from each of them for each year/period during the Track Record Period. We have established long-term business relationships and procure memory wafers from a portfolio of international and domestic memory suppliers. We typically enter into annual memorandum of understanding or long-term agreements with our major wafer suppliers. Please see the table above for the details of our business relationship with these wafer suppliers and " — Contractual Agreements with Suppliers" for details of key terms of these agreements.

According to CIC, it is in line with industry practice for independent memory product enterprises to have a certain degree of reliance on a group of large and technically capable suppliers, due to product qualification requirements, consistent quality needs and supply assurance, and that the jurisdictional concentrations of our memory wafer suppliers is consistent with the global industry structure, as major memory IDMs are concentrated in these jurisdictions. According to the same source, memory wafers needed for our operations are also generally available from multiple global and domestic suppliers with comparable technical capabilities, quality standards and prevailing market prices. According to CIC, the seven leading global memory IDMs collectively cover the principal categories of NAND Flash and DRAM wafers used in the industry.

Controller chips procurement: Our controller chips are mainly sourced from suppliers headquartered in Taiwan, China and the Chinese mainland. The controller chips used in our key product lines are available from domestic suppliers, and we have also strategically developed strong self-design capabilities in this area. In the event that controller chip supply from Taiwan, China became unavailable or restricted, we would seek to procure comparable controller chips from Chinese mainland suppliers and accelerate the R&D and adoption of our self-designed controller chips. According to CIC, at least five suppliers in the Chinese mainland and at least three major suppliers in other jurisdictions offer controller chips covering one or more of the SSD, UFS/eMMC, USB and SD applications relevant to our products.

Fabrication services: The fabrication services for our self-designed chips are provided by fabs in Taiwan, China and South Korea, and during the Track Record Period, the procurement from these fabs for chips fabricated based on our own designs accounted for 1.6%, 1.4%, 1.6% and 1.2% of our total procurement in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. The fabs for our self-designed controller chips are mainly located in South Korea. During the Track Record Period, the revenue from memory products incorporating our self-designed small-capacity memory chips accounted for 1.2%, 1.1%, 1.1% and 2.4% of the revenue in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. Given the limited amount of our self-designed small-capacity memory chips, we currently procure the fabrication services for our self-designed small-capacity memory chips from one fab located in Taiwan, China. Given that as of the Latest Practicable Date, a substantial majority of our self-designed chips use process nodes at 14 nm or above, according to CIC, at least two major foundries in Taiwan, China, and several foundries in the Chinese mainland offer logic processes at 14/16/28 nm or more mature nodes potentially relevant to our controller chips, and at least five semiconductor manufacturers or foundries in the Chinese mainland and Taiwan, China possess relevant manufacturing or foundry capabilities in SLC NAND Flash or other small-capacity specialty non-volatile memory products. In the event that fabrication services in Taiwan, China and South Korea became unavailable or restricted, we would seek to migrate our self-designed chip fabrication to Chinese mainland-based foundries or foundries in other jurisdictions, subject to qualification, engineering migration and commercial arrangements.

IP and EDA tools: The IP and EDA tools we use are licensed from or procured from providers headquartered in the U.S. and the Chinese mainland. According to CIC, there are multiple international and domestic IP core suppliers that can provide functionally comparable IP cores for key interfaces and controller functions used in our products, and it is in line with industry practice for chip design companies to rely on third-party EDA tools, with alternative vendors generally available. See "— Intellectual Property" in this section for more details. According to CIC, at least five IP vendors and four EDA vendors in the Chinese mainland, as well as at least three major international IP vendors and three major international EDA vendors, provide products covering one or more of the processor, interface, design, verification and layout functions relevant to our chip development.

OSAT and EMS providers: Our OSAT and EMS services are mainly provided by service providers in the Chinese mainland and Taiwan, China. According to CIC, the OSAT industry is mature and fragmented, and the global OSAT ecosystem comprises hundreds of service facilities, including more than 150 facilities in the Chinese mainland. The EMS industry is also mature and highly fragmented, with numerous providers operating globally and domestically. We believe it is generally feasible to identify and qualify additional providers if needed. In addition, we have built our own back-end manufacturing capacities in the Chinese mainland and Brazil, which give us internal flexibility to handle packaging, testing and assembly processes in-house. In the event that OSAT and EMS services from Taiwan, China became restricted, we would seek to shift more volumes to alternative providers in other countries or domestically and expand our internal capacity where economical and technically feasible.

We are exposed to the trade policies and related laws and regulations of Taiwan China, South Korea and the U.S., which are important semiconductor industry centers and where several of our key suppliers and service providers are located. South Korea and Taiwan do not maintain a comprehensive autonomous sanctions regime comparable to those administered by the United States, the European Union or the United Kingdom. Rather, it primarily implements sanctions adopted by the United Nations Security Council and allied-country, through its domestic legal framework. In context of Taiwan, sanctions on specific entities and the designated export control areas under the strategic high-tech commodities framework are established primarily by reference to sanctions and export control measures adopted by the United Nations and allied-country, with further trade restrictions applicable to certain goods exported to Chinese mainland. While South Korea generally implements the multilateral export control regimes (e.g., the Wassenaar Arrangement), through its domestic export control system, it also maintains a limited number of nationally controlled strategic items. In the semiconductor context, items classified as 3A903 under South Korea's current national control list (i.e., KR ECCN 3A903) are one example of such nationally controlled items. For items not subject to multilateral dual-use control lists (i.e., not controlled under Wassenaar Arrangement lists, any counter-terrorism and Proliferation of Weapons of Mass Destruction list, or equivalent national lists), Taiwan's unilateral control items generally correspond to items included in the Commerce Control List under the EAR. As of the date of this prospectus, the Company is not subject to additional export control restrictions from the applicable trade policies and related laws and regulations of Taiwan China and South Korea in addition to those already imposed by the U.S. See "Regulatory Overview — Laws and Regulations in the United States — Laws and Regulations in relation to International Trade" for the international trade regulatory regimes in the U.S. As of the date of this prospectus, we were not aware of any proposed amendments to the U.S., Taiwan China or South Korea trade policies or new international trade laws and regulations that would have a material impact on our business or financial performance.

We have implemented international trade compliance mechanisms, including but not limited to, reviews of classifications of procured items and products, screening of transaction counterparties, and requirements on end-users, end-uses and destinations in accordance with the requirements of applicable laws and regulations. We will continue to monitor the international trade and export control laws and regulations. Where any of our procured items, customers, end-users, end-uses or destinations falls within the scope of applicable controls, we will promptly adjust and upgrade our compliance assessments, enhance our screening procedures, obtain any necessary licenses or authorizations or, where necessary, refrain from proceeding with the relevant transactions. See "Risk Factors — The global economic conditions, political instability, and changes in diplomatic and trade relationships could negatively affect our operating results and cause fluctuations in demand for our products; — We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and

foreign laws and regulations, and our business, financial condition and results of operations could be adversely affected; — We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that prohibit and require notification by on U.S. persons for certain investments".

Having regard to (i) our current level of supplier concentration, (ii) our multi-source of qualified suppliers for key raw materials and services, (iii) our long-term and stable business relationship with our major suppliers, and for certain memory wafer suppliers, in addition to wafer procurement, we from time to time engage in other forms of cooperation, such as joint product development for specific Lexar product series, which increases mutual business stickiness, (iv) the general availability of such materials and services from alternative sources at prevailing market prices, and (v) the absence of historical material disputes or supply interruptions with our major suppliers, our Directors believe that, although we have a degree of reliance on a group of major suppliers as an independent memory product enterprise, we do not rely on any single supplier or a single country or region, and the likelihood of the relationship with our major suppliers across different countries or regions to be collectively subject to a material adverse change or termination is low. For a discussion of the risks associated with suppliers, see "Risk Factors — Risks Relating to Our Business and Industry — We depend on a limited number of suppliers for our major raw materials. Any significant disruption in the supply of raw materials could adversely impact our business, financial condition and operating results."

To address the risk of reliance on any major suppliers and to support our business sustainability, we have adopted, and will continue to adopt, several strategies to diversify our supplier base and mitigate supplier concentration risk, including pricing risk arising from limited bargaining power. These measures include: (i) continuing to maintain multi-sources of suppliers for critical raw materials and services: because memory wafers, controller chips and fabrication services that we use are generally available from other suppliers subject to qualification, we are able, if necessary, to reallocate orders to alternative suppliers at similar specifications and, based on our experience, at broadly similar market prices, after a reasonable transition period, (ii) we have maintained long-term and stable relationships with our major suppliers; (iii) inventory and production planning: we manage appropriate inventory of critical raw materials such as memory wafers and controller chips based on our sales forecasts and expected lead times. This gives us a buffer against short-term supply disruptions and time to secure alternative sources if needed. (iv) pricing and product portfolio management: we actively manage the pricing of our products and our product mix in response to changes in raw material costs and market demand. During periods of raw material price increases, we may adjust the selling prices of our products, prioritize higher-margin products or customer segments, and optimize our product portfolio to seek to preserve profitability; and (v) enhanced bargaining power and alternative sourcing capability: as our sales and procurement scale has grown and our R&D and product development capabilities have improved, our overall strength has enhanced our ability to negotiate pricing and secure alternative supply sources and supports more balanced commercial terms negotiations with suppliers. This helps us mitigate both upside and downside risks arising from changes in the supply and demand dynamics and pricing cycles of the semiconductor memory wafers and products industry.

We did not experience any material shortage of raw materials or supply chain disruption during the Track Record Period and up to the Latest Practicable Date. Given the sharp increase in the unit cost of memory wafers in the first half of 2026, and taking into account customer order patterns (such as less purchase orders in volume as certain customers were not able to afford higher memory product costs) and prioritizing supply for strategically important and higher-margin customers to preserve profitability, we adjusted our procurement strategy and reduced the scale of our memory wafer purchases. As of December 31, 2023, 2024 and 2025 and April 30, 2026, the balance of our raw materials, which include memory wafers and controller chips, was RMB2,386.8 million, RMB3,620.9 million, RMB4,974.8 million and RMB10,873.1 million, respectively. The increase in 2026 was primarily driven by price inflation, rather than significant increase in inventory volume.

Contractual Agreements with Suppliers

We typically enter into long-term memorandum of understanding or framework agreements with suppliers of key raw materials, including memory wafers and controller chips. The key terms and conditions of these long-term agreements are summarized as follows:

- *Order Placement:* Procurement orders, which include the product name, quantity, unit price, total purchase amount, delivery date and location, and payment terms and conditions will be placed separately. Except for certain specialized projects where we require additional support from suppliers, they typically do not impose a minimum purchase requirement on us.
- *Order Forecast:* We provide non-binding order forecasts to suppliers for their reference.
- *Delivery:* Suppliers are typically responsible for delivering ordered products to our designated location.
- *Credit Terms and Payment Method:* The credit terms and payment method shall be in accordance with the purchase order. We are typically offered a credit term of 30 to 90 days.
- *Product Return:* We conduct product inspections ourselves. If the products provided by suppliers fail to pass our inspection, they can be returned, and suppliers are responsible for associated costs. During the Track Record Period and up to the Latest Practicable Date, there had been no material claims between suppliers and us regarding product returns and refunds.
- *Duration:* The agreements are typically effective for three years from the date of signing and subject to automatic renewal unless terminated earlier.
- *IP Warranty and Indemnity:* Suppliers typically warrant to us that they possess the required IP rights in the materials supplied to us and that such materials do not infringe third-party IP rights, and agree to defend, indemnify or hold us harmless against third-party IP infringement or trade secret misappropriation claims arising from the products they supply to us.
- *Warranty and Product Liabilities:* Our agreements with suppliers typically include warranty clauses to address any potential defects or non-conformities of the supplies or incorporate standard product warranty, and limited product liabilities clauses. The table below summarizes the typical terms and conditions related to product liabilities and warranty period with suppliers.

Type of Raw Material	Typical Warranty Period	Key Product Liability/ Warranty Terms
Memory wafers	Six months, one year or 18 months, depending on type of wafers and manufacturers	Within the warranty period, for product quality issues attributable to the suppliers, they provide free repair, return or replacement
Controller chips . . .	36 months	Suppliers provide test reports and quality documents on delivery and is responsible for product quality issues during the warranty period in accordance with agreed quality documents
General materials . .	36 months	Suppliers provide test reports and quality documents on delivery and are responsible for product quality issues during the warranty period in accordance with agreed quality documents

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, to the best knowledge and belief of our Directors, two major suppliers were also our customers and one major customer was also our supplier.

Supplier F and Customer F are the same entity. We purchased memory wafers from Supplier F to use as a key raw material for our memory products, and sold embedded storage, SSDs and mobile storage products to this entity. In 2023, 2024, 2025 and four months ended April 30, 2026, revenue from this entity accounted for 2.0%, 6.6%, 4.3% and 3.6% of our total revenue, respectively, and purchases from it accounted for 3.1%, 11.1%, 7.2% and 6.6% of our total purchases, respectively. The increase in the percentage of sales to Customer F in 2024 was primarily driven by revenue growth from the acquisition of Zilia in the Brazilian market. Supplier F's Brazilian subsidiary is a major customer of Zilia, to whom Zilia mainly sells them with SSDs and embedded storage products used in the customer's computers and mobile devices. Additionally, we sold to Customer F a small quantity of mobile storage products, mainly flash drives. The increase in the percentage of purchases from Supplier F in 2024 was mainly due to the consolidation of Zilia's purchases and the expansion of the Company's business following the recovery of the global market in 2024.

Customer A is also our supplier during the Track Record Period. We mainly purchased memory wafers from Customer A to use as a key raw material for our memory products. We sold embedded storage, SSDs, mobile storage and DIMM to Customer A. In 2023, 2024, 2025 and four months ended April 30, 2026, our purchase from Customer A accounted for 2.0%, 0.1%, 1.6% and 3.3% of our total purchases, respectively. Revenue from Customer A accounted for 11.0%, 14.0%, 7.6% and 5.7% of our total revenue, for the same periods, respectively. The increase in the percentage of sales to Customer A in 2024 was primarily driven by strong market demand for our embedded storage products, as many of our key end-customers in this segment continued to procure through Customer A's channels during this period of substantial growth in our embedded storage business.

Customer C is also our supplier in 2025 and four months ended April 30, 2026. We sell embedded storage products to Customer C, and procure memory chips from one of its subsidiaries. In 2023, 2024, 2025 and four months ended April 30, 2026, revenue from Customer C accounted for 7.1%, 6.6%, 6.5% and 6.6% of our total revenue, respectively. Our purchase from Customer C's subsidiary amounted to RMB51.3 million for 2025 and RMB17.0 million for the four months ended April 30, 2026, accounting for 0.2% and 0.1% of our total purchases for the year/period, respectively. The memory chips that we procured from this subsidiary were mainly used for the back-end manufacturing of memory products sold to Customer C.

The terms and conditions of the sales agreements with Customer A, Customer C and Customer F were generally in line with the terms and conditions with other comparable customers. The prices for sales made to them were negotiated on an arm's length basis. Since these overlapping customers and suppliers are large conglomerates with various business units operating in different sectors, we may engage in transactions with their different units for different business activities. According to CIC, it is not uncommon in the industry to have overlapping customers and suppliers, for example, purchasing memory wafers or controller chips from supplier and selling memory products to them.

TRANSFER PRICING ARRANGEMENTS

Our Company, our controlled affiliated entities and our subsidiaries conduct intra-group transactions in accordance with our transfer pricing policy. We follow the fundamental principle that intra-company transactions must be conducted on an arm's length basis.

During the Track Record Period, there were certain intra-Group transactions among our Company and subsidiaries in (i) Chinese Mainland, (ii) Hong Kong, China, (iii) Taiwan, China, (iv) the United States and (v) Brazil. See "Regulatory Overview — Applicable Transfer Pricing Laws and Regulations" for laws and regulations on transfer pricing in these relevant jurisdictions. The

main cross-border intra-Group transactions (the "**Covered Transactions**") mainly included: (i) purchase and sale of raw materials, work-in-progress and finished products, (ii) technical support and sales support services, and (iii) R&D services.

We have engaged Ernst & Young (China) Advisory Limited (the "**Transfer Pricing Consultant**"), an international professional accounting firm in the PRC, to review our transfer pricing arrangements from an arm's length compliance perspective for the Covered Transactions. The Transfer Pricing Consultant reviewed the Covered Transactions to determine whether their price or profit levels during the Track Record Period fall within the price and profit benchmark of arm's length transactions and to evaluate the potential transfer pricing implications. The analysis is based on the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2022 ("**OECD Transfer Pricing Guidelines**") issued by the Organisation for Economic Co-operation and Development ("**OECD**"), which are consistent with the transfer pricing regulations in (i) Chinese Mainland, (ii) Hong Kong, China, (iii) Taiwan, China, (iv) the United States and (v) Brazil.

The Transfer Pricing Consultant selected an assessment methodology based on the nature and characteristics of the Covered Transactions, including TNMM/CPM, RPM and the CUP Method. TNMM/CPM and RPM compares the profit margin of Covered Transactions with the same of comparable transactions between independent parties. The CUP method compares the price charged under Covered Transactions with the same of comparable transactions between independent parties.

Based on the Transfer Pricing Consultant's review and economic analysis, Transfer Pricing Consultant is of the view that, during the Track Record Period, all the transfer pricing arrangements for the Covered Transactions are in line with arm's length principle according to the OECD Transfer Pricing Guidelines. Although the benchmarking studies conducted in accordance with OECD Transfer Pricing Guidelines would be consistent with the transfer pricing regulations in the tax jurisdictions involved in the Covered Transactions, it does not have binding effect on any local taxation authorities in the event of transfer pricing controversy.

The nature of intra-Group transactions that are not included in the Covered Transactions are listed as follows: (i) purchase and sales of tools; (ii) transfer of use rights for tangible assets; (iii) transfer of use rights for intangible assets; (iv) transfer of ownership rights for intangible assets; (v) other service transactions, such as marketing, customer maintenance, after-sales service and warehousing services; and (vi) financing transactions, such as loan, guarantee. These transactions were either conducted between entities within Chinese Mainland or involved relatively small amounts, and thus were not analyzed separately.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not aware of any outstanding enquiries, audit, investigation or challenge by any tax authorities in relation to the Covered Transactions. We have been and will continue to closely monitor our transfer pricing arrangements including reviewing the reasonableness of the pricing policy of intra-group transactions from time to time. However, similar to other matters relating to tax, we cannot assure that our transfer pricing arrangements will not be subject to review and possible challenge by any tax authorities in future, though the Directors believe that we have reasonable grounds to defend ourselves against such possible challenge. See "Risk Factors — Risk Factors Related to Our Business and Our Industry — We are exposed to risks associated with our global presence and will continue to be subject to such risks when we expand our business overseas" for further details.

QUALITY MANAGEMENT

Quality control and assurance are important to our operations. We operate a quality management system formulated with reference to international standards such as ISO 9001, covering product design, R&D, procurement and production, and designed to ensure compliance with applicable regulatory requirements and our internal quality standards. Our approach includes integrated product development processes and capability maturity model integration. We have obtained the IATF 16949:2016 quality management system certificate and the ISO 9001:2015 quality system recertification. IATF 16949 is a widely used standard for quality management of automotive-grade products, and many automotive manufacturers require their suppliers to hold this

certification. Each phase of our production has defined entry and exit criteria, with reviews, evaluations and audits to support product design and development quality. During the design phase, we seek to identify and address potential quality issues at an early stage through NAND die analysis and testing to assess the performance and suitability of wafers for their intended applications. In the production phase, we monitor and test products on an ongoing basis and use internal reviews, audits, root cause analysis and statistical process control to help ensure products meet the required standards before being released to the market. We also promote quality awareness among employees through newsletters, training and seminars to support continuous process improvement.

We offer a warranty period ranging from one year to five years, depending on the product type. The warranty period typically starts from the date of shipment of the products. Our warranty term is usually limited to defects or failure of products or services that do not meet the quality standards as specified and agreed with our customers. In case of product failure within the warranty period, we will arrange for repair or replacement of products and/or services within 30 days of notice without extra charge. After the warranty period expires, we may provide maintenance and repair services at a reasonable cost. During the Track Record Period and up to the Latest Practicable Date, we did not receive (i) any fines, product recall orders or other penalties from the relevant competent authorities regarding material product quality issues, or (ii) any material complaints from consumers. As of the Latest Practicable Date, our Directors and management were not aware of any pending product recalls or investigations or actions taken by relevant authorities or consumer groups which may lead to a product recall. We did not receive any material product returns from our customers during the Track Record Period and up to the Latest Practicable Date, and to the best knowledge of our Directors, there were no potential material product returns as of the Latest Practicable Date.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We operate warehouses in Suzhou, Zhongshan, Zhuhai and Hong Kong in China, and in Atibaia and Manaus in Brazil, for storing raw materials, consigned materials, work-in-progress and finished products. We also engage third-party service providers to provide additional warehousing and logistics services. Finished products that have passed quality inspections are delivered by logistics service providers from our own production facilities or from outsourced production service providers to our customers or designated warehouses and then to locations specified by our customers. We select warehousing and logistics service providers based on factors such as reputation, operating scale, past performance and price, and typically enter into long-term or short-term agreements with automatic renewal arrangements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in warehousing or delivery, or incur material losses due to late delivery or mishandling by warehousing and logistics service providers.

Our inventory mainly comprises wafers, controller chips, other auxiliary raw materials and finished products. As of December 31, 2023, 2024 and 2025 and April 30, 2026, the balance of our inventories was RMB5,893.2 million, RMB7,833.2 million, RMB11,677.7 million and RMB21,343.7 million, respectively. In 2023, 2024, 2025 and the four months ended April 30, 2026, our inventory turnover days were 182.2 days, 170.4 days, 190.7 days and 317.2 days, respectively. We have implemented measures to manage and optimize our inventory levels, including steps to reduce inventory backlog and improve inventory management processes. We have established internal procedures for submission and approval to manage logistics and standardize purchase orders. We use enterprise resource planning (ERP) software to track inventory levels, monitor inflows and outflows and manage raw material and finished product levels.

We conduct comprehensive inventory counts every six months and perform periodic spot checks to monitor warehouse operations. We also conduct annual on-site inventory audits and inspections, and prepare inventory inspection reports to support the timely handling of obsolete and slow-moving inventories. A working group led by our finance team conducts inventory audits and inspections, with findings and discrepancies reported to senior management. Our Directors affirm that our inventory control systems and policies have been effective, with no significant supply shortages or inventory overstock issues experienced during the Track Record Period and up to the Latest Practicable Date.

INFORMATION TECHNOLOGY AND DATA PRIVACY

We utilize a number of information technology systems to manage all aspects of our operations, including but not limited to procurement, production, inventory management, warehouse management, R&D, financial reporting and human resources. The capabilities and the stability of our IT infrastructure are vital to our business operations. The IT department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of the critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure or general breakdown of our IT systems which had resulted in a material adverse impact on our overall business operations.

We do not have access to or control over the data stored in our products once they are sold to customers. In the course of conducting our business, we collect and process data primarily related to the transactions with our enterprise customers. Adhering to the principle of data minimization, we collect only the essential personal information from our customers, distributors, suppliers and other third-party service providers solely to facilitate the sales and delivery of our products, as well as to provide after-sales services.

We have established a comprehensive data security and information management system to ensure the integrity of our systems and the privacy of our data. We have implemented several security measures, including firewalls, intrusion prevention systems, regular penetration tests, vulnerability scans, and disaster recovery plans. We also encrypt data and utilize email security protection systems. We have also adopted rigorous encrypted algorithm to store sensitive data and strictly execute a data accessing and transmitting policy to ensure the confidentiality of our data. We have developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing, and established a set of internal protocols on data security, which set forth detailed, stringent requirements in relation to the use, disclosure and protection of confidential information. We have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimize the risk of data loss. We also conduct data restoration tests to examine the status of the backup system on a regular basis. Our PRC Legal Advisor is of the view that we have been in compliance with the relevant PRC laws and regulations relating to cybersecurity and data protection in all material aspects during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEES

As of April 30, 2026, we had 3,604 full-time employees. The following table sets forth the number of our employees by function as of April 30, 2026:

Function	Number of employees	% of total
Production	918	25.5
R&D	1,262	35.0
Sales	573	15.9
Management and administrative	851	23.6
Total	**3,604**	**100.0**

As of April 30, 2026, 79.2% of our employees were based in the PRC, while our other employees were primarily based in Brazil, Hong Kong, the U.S. and South Korea. As of the same date, 68.5% of our employees hold a bachelor's degree or above.

Our ability to attract, retain and motivate employees is critical to our success. We offer employees competitive salaries and performance-based cash bonuses. We believe that our reputation, work environment, training system, remuneration package and employee share incentive plan are advantageous that help us attract and retain qualified personnel and maintain a stable core management team. We primarily recruit our employees through referrals, online channels including our website and social networking platforms and on-campus job fairs.

As required by the PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. We also purchase commercial health insurance for some of our Directors and key personnel, purchase accidental insurance for some of our production staff and purchased comprehensive travel insurance for our staff during overseas business travel. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted and plan to continue to grant restricted share awards to our employees in the future to incentivize their contributions to our growth and development. We enter into standard employment, confidentiality and non-compete agreements with our employees. The non-compete restricted period typically expires one to two years after the termination of the employment relationship, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period. Our employees are not currently represented by any labor union. We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

Our corporate headquarters are located in Shenzhen, Guangdong Province, China. As of the Latest Practicable Date, we leased (i) 21 properties in Chinese Mainland with an aggregate GFA of approximately 33,412.67 sq.m. and (ii) ten properties offshore in (a) Hong Kong, China, (b) Taiwan, China, (c) Japan, (d) South Korea, (e) Brazil, (f) UAE, (g) the United States and (h) Netherlands, with an aggregate GFA of approximately 23,000 sq.m., all from Independent Third Parties. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from one to five years. The properties we owned or leased are primarily used for production, warehouse or office purposes.

As of the Latest Practicable Date, we obtained land use rights certificates for six parcels of land with an aggregate site area of approximately 338,000 sq.m. in Chinese Mainland. These parcels of land are generally used for office, R&D and production purposes. Our PRC Legal Advisor has confirmed that the use of these parcels of land does not contravene the use specified in the land use rights certificates.

Pursuant to PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, 17 of our lease agreements were not registered with the relevant authorities. According to our PRC Legal Advisor, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement. Such non-registration has not affected our occupation and use of the relevant leased properties. In the event that we are required to relocate from any of these leased properties, suitable alternative properties are generally available on reasonable commercial terms and that such relocation would not have a material adverse effect on our business operations.

As of the Latest Practicable Date, we had no owned property interest that forms part of our non-property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01(2)(b) of the Listing Rules. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties arising from the non-registration of our lease agreements, and had not experienced any dispute arising out of, or in relation to, our leased properties.

INSURANCE

We maintain property insurance for our factories, inventories, equipment, vehicles and other assets. We also maintain insurance for directors' and officers' liabilities, product liabilities, civil liabilities, and other general liabilities, and have obtained credit insurance and transportation and third-party logistics insurance for product shipments. These insurance policies cover the risk of damage arising from natural disasters and certain accidents. Most of our insurance policies are subject to standard deductions, exclusions and limitations. We are also required by PRC social insurance laws and regulations to make contributions for social insurance funds for our employees. During the Track Record Period, we provided social insurance, including pension insurance,

unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees in Chinese Mainland as required by PRC laws and regulations, and statutorily required insurance coverage for overseas employees.

We believe that our insurance coverage is in line with industry practice in the PRC, including with respect to the terms and coverage of the insurance policies. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. For more information, please refer to "Risk Factors — Risk Factors Related to Our Business and Our Industry — We may not have sufficient insurance coverage to cover our business risks." in this prospectus.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Environmental, Social and Governance ("**ESG**") considerations are an essential part of our business strategy. We are committed to building a lasting brand, and we believe our long-term success rests on our ability to make positive impacts on the environment and society. We have established various ESG initiatives to improve our corporate governance and benefit society.

ESG Governance

We acknowledge our responsibility on environmental protection and social responsibilities and are committed to complying with the ESG reporting requirements upon Listing. We have established a tiered, comprehensive ESG management framework. Our Board is responsible for steering our overall ESG strategy, setting annual ESG goals, and reviewing budgets and policies. We have established a Strategy and ESG Committee, led by the Mr. Cai, to supervise overall ESG matters, review ESG objectives, and report to the Board of Directors on our ESG progress. Our Strategy and ESG Committee is further supported by our ESG management committee which comprises of our management and develops our ESG strategic plans and long-term goals, supervises and implements our ESG projects, identifies ESG-related risks to assist the management's decision-making process, and reviews and discloses our ESG reports. In addition, under our ESG management committee, we have an ESG executive team which is responsible for preparing ESG reports, organizing regular ESG meetings and ESG-related trainings.

Materiality Assessment

In order to identify the scope of our ESG practices and disclosure priorities, we have conducted an ESG materiality analysis. We believe that the conduct of materiality assessments is critical to our long-term development, as they allow us to properly analyze and consider important ESG issues. Therefore, we place great emphasis on our interactions with our stakeholders and are committed to developing a regular communication mechanism with them in the future, and we will continue to conduct materiality assessments to better understand their needs and expectations. We will continuously conduct such analysis to collect, analyze and summarize stakeholders' concerns in order to identify, assess and manage significant ESG issues.

We have developed a materiality assessment mechanism that includes the following components: (i) We keep updating our own ESG issues management based on the ESG guidelines of the Hong Kong Stock Exchange and other relevant authorities. Our ESG management committee identifies material ESG issues with reference to those guidelines and standards. (ii) We engage third-party consulting firms to invite stakeholders to participate in our surveys to identify specific ESG issues and determine the materiality of those ESG issues. (iii) Utilizing the questionnaire results, we identify material ESG issues by evaluating their impact on stakeholders and our sustainable development. These ESG issues are then integrated into our strategies and development plans. (iv) We discuss with third-party consulting firms and key stakeholders on material ESG topics. We also conduct interviews with relevant departments within our Company based on specific ESG topics. Based on discussion and interviews with stakeholders and our internal departments, we determine material ESG issues and make disclosures accordingly. We believe this process helps ensure a thorough and systematic approach to assess ESG materiality in our business.

ESG Risk Management

We have adopted the following measures to identify, assess, manage and mitigate ESG risks.

Environmental Protection

Risks Related to the Environment and Climate

We recognize the potential financial and reputational risks related to the environment, including those stemming from adherence to prevailing environmental regulations and stringent standards. For example, China's carbon neutrality objective established in 2020, which aims to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060, may lead to increased costs related to energy procurement, as we may be required to incur transition costs in procuring green energy that can be more expensive than energy generated from conventional sources, or bear the costs of purchasing or upgrading our equipment.

We also recognize a certain level of threat that climate-related issues pose to us. Actual and potential climate-related risks identified by us can be classified into two major categories: physical risk and transitional risk. We define physical risks as risks that potentially cause physical impact to us. We believe that climate-related issues may bring about the physical risk of increasingly severe extreme weather events, such as more frequent storms, typhoons and flooding. As a result, we may be impacted by higher operation and maintenance cost, as well as more insurance premium payable for protection, and the health and safety of employees may also be endangered. In addition, transitional risks may emerge due to climate change and climate-related issues as consumers shift their preferences while regulators require more extensive ESG-related disclosures. Such transitional risks may result in additional operating expenses. With regard to increasing responsibilities on ESG-related disclosure, we may be impacted by increased cost to execute more stringent monitoring measures on pollutant emissions and resource consumption.

In response to such potential risks, we plan to take measures as follows: (i) to establish a rigorous environmental management system to continuously reduce operational carbon footprint through process optimization and energy efficiency improvements; (ii) to drive a green transformation across our supply chain by reducing carbon emissions in raw material procurement, production, and logistics processes; and (iii) to increase our investment in R&D to develop low-carbon products, renewable materials and circular economy technologies.

Save for the above, up to the Latest Practicable Date, we were not aware of other actual environment or climate-related risks or damages that could adversely affect our business, strategy and financial performance.

Measures on Managing Environmental Risks

We strictly adhere to laws and regulations regarding the environmental protection, as well as the environmental management standards. We have developed a series of internal guidelines and procedures for key pollutants and emissions and implemented measures for identifying, evaluating, monitoring and mitigating environmental factors to enhance our environmental protection effort at an institutional level. We encourage our employees and business partners to participate in environmental initiatives and attend trainings and educational sessions. We actively respond to the carbon peaking and carbon neutrality goals by continuously optimizing our energy usage structure and reducing our carbon emissions. We have adopted various energy-saving measures and we're focusing on incorporating green and low-carbon practices from the onset of our operations.

In addition, we have implemented a series of measures in our daily operations to mitigate environmental risks:

- *Gas Pollutants Discharge*. We strictly treat, monitor and discharge all gas pollutants discharge. For example, for VOC emissions generated during the production process in our factories, a two-stage (two-layer filtration) activated carbon treatment device has been set up in accordance with the specifications of the environmental impact assessment. A 24-hour online monitoring instrument is installed at the factories, with data being transmitted in real-time to the on-site control center.

- *Wastewater Discharge*: We strictly manage and treat all wastewater generated during our production processes. For instance, wastewater from the memory chip cutting process is processed through a recovery system that employs mechanical and bag filtration, ensuring it meets reuse standards and is not discharged externally. Similarly, wastewater from the electrodeionization process is fully reused after mechanical filtration in order to minimize environmental impact.

- *Noise Pollution Control*: We actively manage noise emissions from our operations. For our air compressor station, we select low-noise equipment and implement soundproofing and vibration reduction measures, ensuring noise levels outside the plant remain within acceptable limits (daytime 65dB(A), nighttime 55dB(A)). Noise emissions from cooling towers, air conditioning, and refrigeration systems are controlled through similar measures.

- *General Solid Waste Management*: We have established comprehensive regulations for handling by-products and defective or deficient products and other office waste, with designated storage locations which are clearly labeled and managed. We ensure comprehensive utilization of these products without external discharge. We conduct regular inspections of solid waste disposal management, and strengthen the implementation of record-keeping to ensure compliance.

- *Hazardous Solid Waste Management*: We have implemented strict protocols for managing hazardous solid waste, including substances such as potassium hydroxide, sulfuric acid, hydrochloric acid, and hydrogen peroxide from product testing, and waste oil from equipment maintenance. This waste is stored in dedicated facilities, and we have established management regulations and training programs. Disposal is conducted by qualified third parties in compliance with national hazardous waste management regulations. We also conduct regular inspections to ensure proper management and documentation.

- *Electricity Consumption.* We actively promote energy-saving measures. We issued an Energy Management Manual, and have obtained the ISO Energy Management System certification. We set targets for saving electricity each year and incorporate relevant energy-saving measures into our annual budget. Additionally, measures such as turning off the air conditioning in the cafeteria and offices during non-working hours are implemented. In 2024, we also implemented a number of energy-saving projects including installing inverters on old air conditioners and retrofitting warehouse lighting with LED lights.

- *Water Consumption*. To reduce water consumption, we encourage employees to use water prudently. We also post water-saving signs in restrooms and pantries, and installing automated faucet valve adjustments. For industrial water use, approximately 60%-70% is recycled back into the industrial water pool after use. The unrecycled water undergoes sedimentation and wastewater treatment and is discharged after meeting environmental standards. Our factories are equipped with 24-hour online monitoring instruments, with data transmitted in real-time to the on-site control centers.

Metrics and Targets

We monitor the following indicators to assess and manage our environmental and climate-related risks arising from our business and production activities:

	For the year ended December 31,			For the four months ended April 30,
	2023	**2024**	**2025**	**2026**
Electricity Consumption (kWh)[(1)]	24,955	105,308	131,604.6	39,691.2
Greenhouse Gas Emissions[(2)]				
Scope 1 (tons CO2 equivalent)	N/A	967.1	1,979.0	104.1
Scope 2 (tons CO2 equivalent)	N/A	43,639.4	52,224.0	11,859.3
Water Consumption				
Total Water Consumption (thousand tons)	432.3	600.1	603.2	168.8
Sewage Discharge				
Total Sewage Discharge (thousand tons)	790.1	308.6	455.0	102.5
Solid Wastes				
Toxic Wastes (tons)	65.0	82.3	56.9	24.3
None-toxic Wastes (tons)	394.1	431.5	633.8	158.2
Total Solid Wastes (tons)	459.0	513.6	690.7	182.5

Notes:

(1) Include data only for our factories from the time they were acquired by us or commenced operations.
(2) Include data only for our factories.

During the Track Record Period and up to the Latest Practicable Date, we complied with all relevant environmental-related laws, regulations, and standards applicable in all material respects. We were not penalized by competent authorities with respect to pollutant discharge during the Track Record Period and up to the Latest Practicable Date.

We consider the impact to the environment when evaluating future production plans and we will continue to explore and implement innovative energy and water resource management strategies to promote sustainable development and environmental protection. We plan to reduce our energy and water consumption in our future production by setting and implementing targets for energy and water savings. For example, we plan to decrease our water consumption per capita by 20% over the next five years. And we plan to continue to improve the efficiency of our energy use. We will optimize our design and apply innovative technologies and systems to improve energy efficiency. We purchase and use environmentally friendly equipment and facilities and will also leverage our video monitoring system to avoid unintended power usage during off-hours. In addition, we also raise energy consumption awareness of our employees during our trainings.

Corporate Governance

Anti-bribery and Anti-corruption

We have in place an anti-bribery and anti-corruption policy to safeguard against any fraud, bribe or corruption. The policy explains potential bribery and corruption conduct and our anti-bribery and anti-corruption measures. We make our internal reporting channel open and available for our staff to report any bribery and corruption acts. We also provide regular anti-corruption and anti-bribery compliance trainings for employees in order to cultivate a good compliance culture.

Supply Chain Management

We engage third-party service providers for certain packaging, testing, SMT and assembly processes for efficient scaling. If we are unable to select, monitor or manage those service providers, we may be exposed to risks of their non-compliance with applicable laws and regulations and unethical practices. We have established a supplier approval process, through which suppliers are required to provide relevant qualifications or certifications, such as their business licenses and operation licenses, among others, and demonstrate compliance with environmental and social policies prior to approval. If the suppliers are not compliant with the applicable laws and regulations regarding safety and quality or commit misconducts, we may terminate our contracts with them.

Production Policy

We are dedicated to reducing waste, pollution and energy consumption in our production process. All our subsidiaries have set up effective waste treatment for water, gas and solid waste. Through regular monitoring and third-party evaluations, we help ensure that the discharge of wastewater, waste gas and solid waste during the production and operation process meets the requirements under national and local laws and regulations. We have obtained the ISO9001, ISO14001 and ISO45001 certifications, demonstrating our ability to meet international standard for health and safety at work. In addition, we have established internal regulations and measures to manage production processes, aiming at preventing and reducing workplace accidents, protecting employee safety and health, safeguarding our workplace assets and improving production efficiency and quality. Our administration department regularly organizes a safety inspection, while each department conducts regular checks of their office area's safety. Any issues identified will be promptly addressed or reported to the higher-level department. We regularly organize safety education trainings and have designated safety management personnel who are responsible for ensuring production safety by adhering to relevant laws, regulations and company policies related to safety, environmental protection and occupational health.

Social Responsibilities

We prioritize creating a fair and supportive work environment for our employees. We understand that our success is closely correlated to the well-being of our employees, customers, and the communities where we operate. To that end, we have launched the following social initiatives:

- ***Recruitment and Equal Employment in the Workforce***. We believe that our quality personnel are our key to success and future development. We have been recruiting talents from various channels, such as universities, media advertising, talent market, third-party recruitment agencies, headhunters, and internal referrals, and provide training and promotion opportunities to our staff members of our own accord.

  We adhere to the "people-oriented" principles when conducting recruitment. We also maintain policies on compensation, dismissal and equal opportunities. Accordingly, we recruit based on merit and promote equal opportunities for development.

- ***Labor and Employee Rights***. We respect and protect employees' rights and interests, and we strive to create a work environment of openness, fairness, impartiality and equality. We forbid any form of discrimination. We respect and provide equal treatment to employees of different genders, religious beliefs and cultural backgrounds. We have adopted a zero-tolerance policy against any form of child labor and forced labor. We have established an internal employee complaint handling mechanism to ensure that employees can directly submit their complaints via our intranet. The human resources department is specifically responsible for collecting and addressing these complaints and regularly shares the results and feedback of the complaint handling process with all employees to enhance transparency.

  We closely monitor and strive to adhere to laws and regulations in each country where we operate, and we implement internal management and control procedures to safeguard rights and interests of every employee stipulated by relevant laws and regulations.

- ***Remuneration and Benefits***. We offer our employees competitive compensation packages. We determine employee remuneration based on factors such as performance, qualifications, expertise and years of relevant experience. In accordance with applicable laws and regulations, we currently participate in social insurance contribution plans organized by the relevant local governments, including but not limited to a pension insurance plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan and housing provident fund.

- ***Career Development***. We have established a solid talent cultivation mechanism and have created an online-offline hybrid training platform. We continuously improve our training framework and offer a broad range of courses and programs covering professional training, general development and management skills. We design training programs tailored for different positions at various career stages. We also have a comprehensive employee career development system that enables us to evaluate employees and provide opportunities for promotion. We encourage employees to further their education by supporting them in obtaining relevant professional certifications. We offer partial reimbursement for costs associated with enrolling in educational programs.

- ***Occupational Health and Safety***. We have established a series of safety guidelines, rules and procedures for different aspects of our operations to promote our employees' health, safety and compliance with applicable laws and regulations. We have obtained the ISO14001 and ISO45001 certifications, signifying our ability to meet international standards for health and safety at work. We regularly organize health knowledge lecture and provide annual health check-ups for employees. We also organize various recreational and sports activities for our employees.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance in relation to health, work safety, social or environmental regulations which had materially and adversely affected our financial condition or business operations and have not had any accidents or claims for personal or property damage made by our employees.

LICENSES, CERTIFICATES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor and Brazilian Legal Advisors, we had obtained all requisite licenses, certificates and permits from the relevant authorities that are material to our operations in China and Brazil, respectively. We are required to renew such licenses, permits, approvals and certificates from time to time. As advised by our PRC Legal Advisor and Brazilian Legal Advisors, we do not expect any material legal obstacles in such renewal once the relevant documents are submitted as required by the relevant government authorities. In addition, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, certificates and permits necessary to conduct our business in all other relevant jurisdictions. We do not expect any material legal obstacles in renewing these licenses, certificates and permits, as necessary, from time to time.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. For more information, please refer to "Risk Factors — Risk Factors Related to Our Business and Our Industry — Legal proceedings and claims could have a material adverse effect on our business, results of operations, or financial condition" in this prospectus.

As of the Latest Practicable Date, we were involved in certain patent infringement proceedings with Micron Technology, Inc. ("**Micron**"), one of our top suppliers during the Track Record Period, as follows:

The IP Proceedings

Background and latest status

(a) Micron UPC Lawsuit — France and Germany

On July 14, 2026, Micron filed a Statement of Claim before the Local Division Mannheim of the Unified Patent Court ("**UPC**") (docket no. UPC_CFI_2556/2026) alleging that, inter alia, certain NAND flash memory dies and SSD products sold by Lexar Europe B.V. ("**Lexar Europe**"), one of the named defendants and a subsidiary of the Company, and other named defendants in Germany and France infringe European patent EP 2745295B1 ("**EP'295**"). EP'295 is entitled "Apparatus and Methods Including Source Gates" and relates to semiconductor memory devices which contain parts designated as "charge storage devices". According to the Statement of Claim, this action (the "**Micron UPC Europe Lawsuit**") is one of those disputes between Micron and Yangtze Memory Technologie Co., Ltd. ("**YMTC**"), one of our top suppliers during the Track Record Period, where YMTC is the manufacturer of the litigation-related memory dies that are incorporated into the accused products distributed by, among others, Lexar Europe. Pursuant to the Statement of Claim, Micron seeks various forms of relief in the Micron UPC Europe Lawsuit from Lexar Europe, including (a) an injunction to cease offering, placing on the market, using, importing or storing for those purposes the allegedly infringing products in Germany and France; (b) provision of information and rendering of accounts on the scope of alleged infringement (including distribution channels) and declaratory relief regarding damages since April 22, 2020; (c) recall and destruction measures of the allegedly infringing products; and (d) an interim award of damages in the amount of EUR 231,800. The Micron UPC Europe Lawsuit is currently at a very early stage of the UPC proceedings, where the Micron UPC Europe Lawsuit has recently been commenced and Lexar Europe has been notified by the UPC to lodge a Statement of Defence in response to the Statement of Claim. As advised by the IP Proceedings Legal Advisor, a first instance decision can be expected around 12 to 18 months from service (i.e. approximately third or fourth quarter of 2027). In addition, to the best knowledge of the Company, Micron has commenced proceedings before the UPC against, inter alia, Lexar Co., Limited ("**Lexar HK**"), one of the named defendants and a subsidiary of the Company, and YMTC, which are still in the process of being served as of the Latest Practicable Date (the "**Micron UPC HK Lawsuit**", together with the Micron UPC Europe Lawsuit, the "**Micron UPC Lawsuit**").

(b) Micron Munich Lawsuit — Germany

On 14 July 2026, Micron filed a Statement of Claim before the District Court Munich (docket no. 7 O 7097/26) alleging that, inter alia, certain NAND flash memory dies and SSD products sold, inter alia, by Lexar HK and/or Lexar Europe, each being a named defendant and a subsidiary of the Company, and other named defendants in Germany infringe the German part of European patent EP 3706127B1 ("**EP'127**"). EP'127 is entitled "Apparatus and Methods Including Source Gates" and relates to semiconductor memory devices which contain parts designated as "charge storage devices". EP'127 belongs to the same patent family as EP'295. A copy of the Statement of Claim was obtained by the Company on August 4, 2026. According to the Statement of Claim, this action (the "**Micron Munich Lawsuit**") is one of those disputes between Micron and YMTC, similar to the Micron UPC Lawsuit, where YMTC, as one of the named defendants, manufactures the litigation-related memory chips that are incorporated by, among others, Lexar HK and Lexar Europe into the disputed storage devices (SSDs) and are distributed in Germany. Pursuant to the Statement of Claim, Micron seeks various forms of relief in the Micron Munich Lawsuit from Lexar HK and/or Lexar Europe, including (a) an injunction to cease offering, placing on the market, using, importing or storing for those purposes the allegedly infringing products in Germany; (b) provision of information regarding the alleged infringement since March 8, 2023, rendering of accounts on the alleged infringement since April 8, 2023, and declaratory relief regarding damages since April 8, 2023; and (c) surrender, recall and destruction measures of the allegedly infringing products. The Micron Munich Lawsuit is currently at a very early stage of the proceedings where the District Court Munich issued, for some defendants located in Asia, including Lexar HK, a note on service by public notice, but as of the Latest Practicable Date, Lexar Europe has not been served with the Statement of Claim. As advised by the IP Proceedings Legal Advisor, (a) the final oral hearing at first instance is scheduled for June 10, 2027; and (b) a first instance decision can generally be expected at the day of the hearing or within a few weeks thereafter (i.e. approximately third or fourth quarter of 2027).

(c) Micron UK Lawsuit — United Kingdom

On July 14, 2026, Micron filed a claim in the Patents Court in London (the "**UK Patents Court**") against, among others, Lexar HK, one of the named defendants and a subsidiary of the Company, and YMTC (the "**Micron UK Lawsuit**", together with Micron UPC Lawsuit and Micron Munich Lawsuit, the "**IP Proceedings**"). The Micron UK Lawsuit is currently at the very beginning of UK Patents Court proceedings. The scope of the claim(s) and patent(s) in issue in the Micron UK Lawsuit are not yet known since as of the Latest Practicable Date, Lexar HK has not been served with the Micron UK Lawsuit as of the Latest Practicable Date and documents underlying the Micron UK Lawsuit are not yet publicly available. To the best knowledge of the Company, YMTC is also one of the named defendants of the Micron UK Lawsuit.

Products of the Group subject to the IP Proceedings

As advised by the IP Proceedings Legal Advisor, the currently known claims asserted pursuant to the IP Proceedings concern certain NAND flash memory dies and SSD products sold by all named defendants, including Lexar Europe and Lexar HK, in Germany, France and the United Kingdom. Given our Group does not conduct any sales of NAND flash memory dies, relevant products of the Group subject to the IP Proceedings are our Lexar-branded SSD products which incorporated the litigation-related NAND flash memory dies manufactured by YMTC and sold by Lexar Europe and/or Lexar HK in Germany, France and the United Kingdom.

Merits of the IP Proceedings

As advised by the IP Proceedings Legal Advisor, it is not possible to assess the likelihood of success of the IP Proceedings at this stage because each of the IP Proceedings is still at a very early stage and, as of the Latest Practicable Date, no sufficient information regarding the alleged infringement, the validity of the asserted patents and the underlying technical evidence have been provided. In addition, as Micron's claims are based on the technical implementation of products supplied by third-party vendors to the Group, additional information from such third-party vendors and/or potentially from other named defendants would be necessary to assess the merits of the IP Proceedings.

Possible worst-case scenarios

As advised by the IP Proceedings Legal Advisor, solely based on the claims currently asserted in the respective Statement of Claims of the Micron UPC Europe Lawsuit and the Micron Munich Lawsuit and on the assumption that the remedies sought in the Micron UPC HK Lawsuit and the Micron UK Lawsuit are consistent with the remedies sought in the Micron UPC Europe Lawsuit and the Micron Munich Lawsuit, the worst case estimates in relation to the IP Proceedings are:

(a) **Injunctive relief:** Lexar Europe and Lexar HK will be required to (i) cease offering and distributing Lexar-branded SSD products with litigation-related memory dies manufactured by YMTC, which is not expected to have any adverse material impact to the Group since the historical sales of Lexar-branded SSD products of the Group in Germany, France and the United Kingdom through both direct sales and distributor sales during each period of the Track Record Period represent no more than 1.3% of the total revenue of the Group and 1.7% of the total gross profit of the Group during each period of the Track Record Period; and (ii) adopt measures to recall, remove and/or destruct these Lexar-branded SSD products, in Germany, France and the United Kingdom, which is not expected to have any adverse material impact to the Group since the Company is expected to have sufficient cash for adopting these measures.

(b) **Damages:** No punitive damages are available under the IP Proceedings. Compensatory damages under the IP Proceedings may be determined by taking into account (i) the claimant's negative economic consequences (the "**Loss of Profit Method**"); (ii) the alleged infringer's profits; and (iii) assessment on a lump-sum basis, at least on the basis of a reasonable royalty. Regarding the Loss of Profit Method, while it is not practicably possible for us to calculate the negative economic consequences due to the allegations set out under the IP Proceedings on behalf of Micron as claimant, it is noted that solely based on the Statement of Claim, Micron has provisionally estimated the value of the action to be EUR 2,000,000 and EUR 1,000,000 in relation to the Micron UPC Europe Lawsuit and the Micron Munich Lawsuit, respectively. The above estimates by Micron are not legally binding, and the final value of the dispute and related damages are subject to separate damages proceedings which have yet been raised by Micron as of the Latest Practicable Date.

Impact on the Group

Our Directors are of the view that the IP Proceedings has not had, and is not expected to have, any material adverse effect on our business, results of operations or financial condition (including but not limited to our business relationship with Micron) mainly due to the following reasons:

(a) **Financial contribution from sales of Lexar-branded SSD products of the Group in Germany, France and the United Kingdom are immaterial to the Group during the Track Record Period:** the aggregate sales of Lexar-branded SSD products of the Group in Germany, France and the United Kingdom during each period of the Track Record Period attributable to no more than 1.3% of the total revenue of the Group and 1.7% of the total gross profit of the Group during each period of the Track Record Period, and therefore the aggregate financial contribution of Lexar-branded SSD products from Germany, France and the United Kingdom are immaterial to our Company during the Track Record Period. In addition, the aggregate balances of unsold inventory of the Lexar-branded SSD products in Germany, France and the United Kingdom of the Group as of July 28, 2026 was no more than 0.11% of the total assets of the Group as of April 30, 2026. As such, there will be no material adverse impact on the Group if ultimately an injunction is granted against the Group to cease offering, placing, using, importing or storing the disputed products with litigation-related components manufactured by YMTC in Germany, France and the United Kingdom. As advised by the IP Proceedings Legal Advisor, the estimated potential damages pursuant to the IP Proceedings, if any and if assessed based on the alleged infringer's profit approach, are expected to be well below the abovementioned revenue and gross profit figures;

(b) **The litigation-related products are replaceable from other suppliers:** the litigation-related products in question are memory dies sourced from YMTC used in the manufacture of certain Lexar-branded SSD products. These memory dies are common components used in SSD products and alternative sources are available from other suppliers of the Group, and there is a number of suppliers that could provide such memory dies to the Group which are (i) not subject to the IP Proceedings; (ii) used in our Lexar-branded SSD products; and (iii) on similar commercial terms during the Track Record Period. Therefore, there will be no material adverse impact on the business of the Group if ultimately the results of the IP Proceedings render the Group not able to use components sourced from YMTC on its products for sales and distribution in Germany, France and the United Kingdom since (i) there are alternative sources in the market for these components from other suppliers of the Group which are available at similar unit prices and on similar commercial terms; (ii) from product manufacturing perspective, changing the source of memory dies does not require material changes to the Group's production lines or processes and can be implemented within the Group's normal procurement and production lead times. Memory dies are typically shipped and stored using standard logistics arrangements, and replacement dies from other suppliers can be delivered through the same or comparable logistics channels without incurring material additional transportation or handling costs; and (iii) the Group maintains a sufficient level of raw material inventory from other suppliers, which provides the Company with replaceable memory dies without any substantial obstacles to support its production during any transition period to alternative suppliers where needed;

(c) **No material adverse impact on the current transactions with Micron**: as of the Latest Practicable Date, (i) no transactions between the Group and Micron has been suspended or adversely affected due to the IP Proceedings, and there is no material change to the terms of the transactions (including the unit price, product mix and volume of the procurement) between the Group and Micron due to the IP Proceedings; (ii) Micron has continued to maintain stable supply of the memory wafer, embedded storage products and semi-finished products to the Group subsequent to the filing of the respective Statement of Claim, where, new purchase orders with Micron have been placed by the Group; and (iii) there is no indication insofar that the business relationship between the Group and Micron will be adversely affected by the IP Proceedings in the foreseeable future; and

(d) **Indemnification from YMTC**: the purchase agreements entered into between the Group and YMTC contain indemnification provisions relating to patent infringement claims arising from products supplied by YMTC, and, subject to the terms and conditions of the relevant agreements, such indemnification provisions may apply to certain claims asserted in the IP Proceedings. As of the Latest Practicable Date, the Company has no plans to cease procurement from YMTC primarily because (i) not all products procured by the Group from YMTC are subject to the IP Proceedings; (ii) the litigation-related NAND flash memory dies manufactured by YMTC are only subject to disputes with Micron in Germany, France and the United Kingdom; and (iii) the IP Proceedings are still at a very early stage and it is still uncertain regarding the results of the IP Proceedings at this stage.

Based on the due diligence work conducted by the Joint Sponsors, including, among others, reviewing the relevant court filings, the legal memorandum issued by the Company's IP Proceedings Legal Advisor, the relevant transactional agreements, records and documents, the relevant sales data based on the Group's unaudited management accounts and the relevant internal control policies of the Group, after conducting due diligence with the Company and the IP Proceedings Legal Advisor, the Joint Sponsors concur with the Directors' views above.

Internal control measures

We have adopted internal control measures to reduce the risk that products procured from our suppliers may infringe third-party intellectual property rights. As part of our supplier admission and certification process, we conduct due diligence and qualification review by procurement, quality, R&D/hardware and/or engineering personnel, and require distributors to provide original manufacturer authorization or other lawful proof for the products sold by them to us. We generally procure from approved suppliers and under our standard procurement terms, suppliers shall warrant that they possess the required intellectual property rights in the products and related materials supplied to us, and that our import, use, production, sale and export of such products will not infringe third-party intellectual property rights, including patents, trademarks and industrial property rights. Suppliers shall also defend, indemnify and hold us harmless against third-party infringement claims, and bear the costs suffered by us in obtaining continued use and sale rights or modifying or replacing the relevant products so that they are non-infringing. In addition, we have implemented certain measures to proactively identify and respond to potential intellectual property risks in our supply chain, including but not limited to (a) prior to procuring from a supplier, we will conduct independent checks regarding intellectual property disputes or litigation involving such supplier and its products based on publicly available information; (b) we will closely monitor the publicly available information to identify if any intellectual property proceedings involving our key suppliers on an ongoing basis; (c) upon becoming aware of a key supplier's products subject to intellectual property infringement claims, we will proactively engage with alternative qualified suppliers to ensure that a sufficient level of supply will be maintained in order to support our operations without material disruption in situation where such key supplier's products have been determined to be infringing third-party intellectual property rights; and (d) we will cease to procure relevant products from the suppliers where such products are determined to have infringed third-party intellectual property rights and seek contractual indemnity where necessary. In preparation for the Listing, we have engaged an independent third party consultant (the "**Internal Control Consultant**") to perform a review over selected areas of our internal controls. The scope of the internal control review was agreed among our Directors, the Joint Sponsors and the Internal Control Consultant. Upon agreed work scope, the Internal Control Consultant conducted the internal control reviews, including interviews, walkthrough and sample testing in regards of patent and intellectual property management, and did not identify any material deficiencies in relation to the product intellectual property measures adopted by us (in particular taking into account the IP Proceedings).

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, there had been no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

Business Activities Subject to International Sanctions

U.S Export Controls

The United States has increased export control restrictions on China through the Export Administration Regulations ("**EAR**"), administered by BIS. Under the EAR, items are regulated if they (i) are of U.S. origin, or (ii) incorporate a certain level of U.S.-controlled content (also commonly referred as the de minimis rule), or (iii) are direct products of U.S. technology, software or equipment, or is manufactured using a plant or major component that itself is the direct product of such U.S. technology or software (also commonly referred as the foreign direct product rule or "**FDPR**"). Items subject to the EAR are controlled for different reasons. Pursuant to the reasons of

control regulated under the EAR, such items are restricted to export, re-export and/or transfer (in-country) to certain restricted countries and/or restricted entities. Where a foreign person is included on the Entity List, as a restricted entity, the export, re-export and/or transfer (in-country) of items which are subject to the EAR is generally prohibited unless the specified license requirements are met. In addition, BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use.

Procurement

During the Track Record Period and up to the Latest Practicable Date, we procured items including Flash wafers, DRAM wafers and controller chips, which are subject to the EAR ("**Procured Items**"), and those Procured Items are classified as Export Control Classification Number ("**ECCN**") 3A991 and EAR99. These Procured Items include U.S.-origin products and other foreign-made products, including those manufactured in South Korea and Taiwan (region). Among the Procured Items, we have procured US-origin items at an amount of RMB11.4 million, RMB123.8 million, RMB255.7 million and RMB129.5 million in 2023, 2024, 2025 and four months ended April 30, 2026, respectively, representing 0.1%, 0.75%, 1.15% and 0.8% of our total procurement for the same period. Our procurement of the Procured Items that are non-U.S origin (i.e., the foreign-made products), amounted to approximately RMB4 billion to RMB11 billion for each year/period of the Track Record Period, representing approximately 35% to 55% of our total procurement for the same year/period.

Items classified under ECCN 3A991 ("**3A991 Items"**) are controlled for anti-terrorism reasons only and are subject to license requirement for exports, reexports or transfers (in-country) involving (i) entities designated on the Entity List, Denied Persons List, or Unverified List; and/or (ii) entities headquartered in, ordinarily resident in, or owned or controlled by governments of any Countries/Regions subject to Comprehensive Trade Embargo, as well as Russia and Belarus (collectively, "**Anti-terrorism Sanctioned Countries**"; these entities under (i) and (ii) are collectively referred as "**Anti-terrorism Restrictions Sanctioned Targets**"). As advised by our International Sanctions Legal Advisor, given that we are not Anti-terrorism Restrictions Sanctioned Targets, we do not require a license to procure the 3A991 Items and such procurement did not represent a violation of the applicable U.S. export control laws.

Items classified as EAR99 ("**EAR99 Items**") are generally low-technology consumer goods not listed on the Commerce Control List ("**CCL**"). For exports to non-restricted entities in China, EAR99 items typically do not require an export license. As advised by our International Sanctions Legal Advisor, given that we are non-restricted entities in China, we do not require a license to procure the EAR99 Items and such procurement did not represent a violation of the applicable U.S. export control laws.

As advised by our International Sanctions Legal Advisor, given that we are non-restricted entities in China and we are not Anti-terrorism Restrictions Sanctioned Targets, we do not require a license to procure the Procured Items; therefore, our procurement of these Procured Items (including those U.S.-origin products) during the Track Record Period and up to the Latest Practicable Date did not represent a violation of the applicable U.S. export controls. The requirement on Anti-terrorism Restrictions Sanctioned Targets is also applicable to our counterparties including our suppliers, which the Joint Sponsors concur based on the advise by the International Sanctions Legal Advisor. The Group does not procure any items subject to EAR through parties that are subject to anti-terrorism restrictions. To ensure compliance, we have implemented international trade compliance mechanisms, including, but not limited to, reviewing the classification of procured items and products and screening transaction counterparties, including suppliers, against anti-terrorism restrictions and relevant sanctions. Our Directors believe that, taking into account the aforementioned view of our International Sanctions Legal Advisor, we are in compliance with applicable U.S. export control laws and the risk is low that our global supply of these Procured Items will be subject to material adverse disruption because of U.S. export control reasons.

During the Track Record Period and up to the Latest Practicable Date, we did not incur any material additional compliance costs arising from tariffs, trade restrictions, sanctions or other related matters in connection with our procurement of the Procured Items. Our expenditures relating to tariffs, trade restrictions, sanctions or other related matters primarily comprised compliance costs incurred in the ordinary course of business, including fees for legal consultation, product classification review and counterparty screening, which were immaterial to us having regard to the scale of our business operations and financial performance.

Sales

Certain products manufactured by us using the Procured Items meet the performance parameters set forth in EAR99 or ECCN 3A991 and, if subject to the EAR, would be classified under these two ECCNs. We have maintained internal control measures to conduct pre-shipping screening to ensure we will not export, re-export and/or transfer (in-country) items subject to the EAR to restricted countries and/or restricted entities. Transfer of EAR99 items generally does not require an export license, and ECCN 3A991 items are controlled for anti-terrorism reasons only. Therefore, the transfer of our EAR99 and ECCN 3A991 products does not require an export license as long as we do not sell our products to any Anti-terrorism Restrictions Sanctioned Targets or any restricted entities.

During the Track Record Period and up to the Latest Practicable Date, we did not sell any products that are subject to the EAR to any Anti-terrorism Restrictions Sanctioned Targets or any restricted entities, including any entities on the Entity List and the Military End-User List ("**BIS Entities**") or to any entities on the SDN List. Given that no EAR99 and ECCN 3A991 products were sold to any Anti-terrorism Restrictions Sanctioned Targets or any restricted entities, as advised by our International Sanctions Legal Advisors, our sales did not represent a violation of applicable U.S. Export Controls. Our Directors believe that, taking into account the aforementioned view of our International Sanctions Legal Advisor, the risk is low that the sales of our EAR99 and ECCN 3A991 products will be subject to material adverse restrictions because of EAR restrictions since (i) we do not sell our EAR99 and ECCN 3A991 products to any Anti-terrorism Restrictions Sanctioned Targets or any restricted entities, (ii) we have implemented international trade compliance mechanisms, including but not limited to, reviews of classifications of procured items and products, screening of transaction counter-parties against relevant sanctions lists, conducting risk assessments on end-users, end-uses and destinations, imposing contractual obligations on customers/distributors to comply with sanctions and export-control laws, ongoing monitoring over distributors and assessing red flags of any unusual routing or illegal resales.

Given the nature of the products we procure and sell, which are either generally not subject to export license requirement or restricted for anti-terrorism reasons, it is the view of our Directors that U.S. export controls on Chinese entities in relation to U.S.-China trade tension will not have any material adverse impact on the Group's business operations (including procurement and sales) or financial position. Based on the independent due diligence conducted by the Joint Sponsors, the view of the Directors and the view of the International Sanctions Legal Advisor, the Joint Sponsors are of the view that U.S. export controls on Chinese entities in relation to U.S.-China trade tension will not have material adverse impact on the Group's business operations (including procurement and sales) or financial position.

Primary Sanctions

There are two types of primary U.S. sanctions programs in place, i.e. "country-based (territorial broad-based) sanctions programs" and "list-based sanctions programs". Country-based sanctions programs target Comprehensively Sanctioned Countries by prohibiting U.S. persons from dealing in any manner with these Sanctioned Countries. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons). Typically, there are two situations constituting a Primary Sanction Violation, (i) transactions involving U.S. nexus (such as use of U.S. dollar, bank system, products subject to the EAR, or involving U.S. persons) with Comprehensive Sanctioned Countries, and (ii) transactions involving U.S. nexus with SDNs. For details, please see "Regulatory Overview — Regulatory Overview — Law and Regulations in the United States — Laws and Regulations in relation to International Trade — U.S. Sanctions and Export Control Laws".

As advised by our International Sanctions Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, given that we did not have business activities in Comprehensively Sanctioned Countries or with any SDNs, our business activities (including our sales and purchase) did not represent a violation of the applicable primary sanctions administered by Sanctions Relevant Jurisdictions or represent Primary Sanctioned Activities as defined in Chapter 4.4 of the Guide for New Listing Applications issued by the Stock Exchange ("**Chapter 4.4 of the Guide**").

Secondary Sanctions

U.S. also has "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons, including transactions with SDNs or certain sectors in sanctioned countries, even when the transaction has no U.S. nexus. Providing material support for such activities and sectors, or engaging in "significant" transactions with SDNs can be viewed as engaging in Secondary Sanctionable Activities as defined in Chapter 4.4 of the Guide.

As advised by our International Sanctions Legal Advisor, given that during the Track Record Period and up to the Latest Practicable Date, (i) we did not have any business activities in Comprehensively Sanctioned Countries or with any SDNs; (ii) we did not engage in activities which would be viewed by OFAC as "operating in" certain designated sectors, the risk is low that the our activities would result in the imposition of sanctions on the Sanctions Relevant Persons.

Our Directors believe that, taking into account the aforementioned view of our International Sanctions Legal Advisor, and considering that (i) from the procurement perspective, the procurement of the Procured Items by us as a non-restricted entity do not require a license, and (ii) from the sales perspective, we did not sell any products that are subject to the EAR to any restricted entities and we have maintained, and will continue to maintain internal control measures, including pre-shipment screening, for our sales, the current U.S. export control restrictions are not expected to have a material adverse effect on the Group. Based on the due diligence work conducted by the Joint Sponsors, the view of our Directors and our International Sanctions Legal Advisor disclosed above, nothing has come to the Joint Sponsors' attention that would cause it to cast doubt on our Directors' view that the current U.S. export control restrictions are not expected to have a material adverse effect on our Group. Even our procurement of the Procured Items are not subject to export licensing requirement and the risk is low that our global supply of these Procured Items will be subject to material adverse disruption given the nature of the items, we are actively identifying a diversified portfolio of suppliers for the Procured Items that provide similar products at a comparable price and equivalent performance. In the event that the supply of any of the Procured Items becomes subject to tightened restrictions due to changes in U.S. export control or other relevant trade policies, our Directors believe that we would be able to respond effectively to such changes, considering that our suppliers are located in multiple jurisdictions, including Taiwan, China, South Korea, the United States and the Chinese mainland, we are not reliant on any single supplier or any single country or region, and the general availability of substitute products from alternative suppliers with comparable quality and at prevailing market prices. See "Business - Our Suppliers - Supplier Concentration" for further details.

Impact on U.S. Tariffs

As advised by our International Sanctions Legal Advisor, there are various types of tariffs imposed by the U.S., including tariff regimes of the U.S. set forth in the Section 301 (the "**Section 301 Tariffs**") and Section 122 ("**Section 122 Tariffs**") of the Trade Act of 1974, the Most-Favored-Nation tariffs (the "**MFN Tariffs**"), the reciprocal tariffs ("**IEEPA Reciprocal Tariffs**") and the fentanyl tariff ("**IEEPA Fentanyl Tariffs**") under IEEPA (together, the "**IEEPA Tariffs**") (collectively, the "**U.S. Tariffs**"). Among the aforementioned tariffs, the Section 301 Tariffs are product specific and apply to products of Chinese Mainland, Hong Kong and Macau only. For detail, please see "REGULATORY OVERVIEW — LAW AND REGULATIONS IN THE UNITED STATES — Laws and Regulations in relation to International Trade — Tariffs"

In relation to our products exported to the U.S, (i) such products are originated from Chinese Mainland, Taiwan (region), Vietnam, Thailand, Brazil and South Korea; (ii) such products are subject to either 7.5%, 25% or 50% Section 301 Tariffs; (iii) such products are subject to either 0%, 3.4% or 3.9% MFN Tariffs; and (iv) certain of our products are exempted from the Section 122 Tariffs (in addition to any of the applicable most favored nation rate).

During the Track Record Period, the U.S. Tariffs paid by our Group amounted to RMB4.9 million, RMB8.4 million, RMB12.3 million and RMB1.7 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, accounting for less than 0.1% of our total revenue for each of the respective year/period. As advised by our International Sanctions Legal Advisor, given that our exports to the United States are relatively low compared to our total revenue and we do not plan to expand our U.S. exports, U.S. tariffs are unlikely to have a material adverse impact on our business operations, and our Directors are of the view that U.S. tariffs did not have, and are unlikely to have, any material adverse impact on our business operations, financial condition or results of operations. Based on the due diligence work conducted by the Joint Sponsors and the view of our Directors and our International Sanctions Legal Advisor disclosed above, nothing has come to the Joint Sponsors' attention that would cause it to cast doubt on the Directors' view above.

During the Track Record Period, only a small portion of our procurement from U.S. suppliers was imported into the Chinese mainland. The majority of such procurement related to purchases from Zilia, which were typically imported into Brazil, and a substantial portion of these purchases may be stored in our overseas warehouses, taking into account customer orders and back-end manufacturing arrangements. Pursuant to PRC customs rules, PRC import tariffs apply to goods of U.S. origin imported into Chinese mainland. Our procurement of goods of U.S. origin imported into the Chinese mainland only comprised a small portion of controller chips, amounting to approximately RMB3.0 million, RMB61.8 million, RMB225.8 million and RMB177.2 million for 2023, 2024, 2025 and the first half of 2026, respectively, representing approximately 0.03%, 0.4%, 1.0% and 0.7% of our total procurement for the same periods. These U.S.-origin controller chips that we procure and import are classified under a tariff code that is exempt from PRC import tariffs. As advised by our PRC Legal Advisor, given (i) the relatively low proportion of goods of U.S.-origin in our overall procurement mix, (ii) our ability to switch to non-U.S. suppliers if and when needed, as we mainly procure controller chips from suppliers in Taiwan, China and the Chinese mainland, and (iii) we do not plan to increase our procurement of goods of U.S.-origin that are subject to PRC tariffs, PRC tariffs on U.S.-origin goods are unlikely to have a material adverse impact on our business operations, and we do not consider our procurement of these U.S.-origin items to pose any material tariff risks to our business operations, and our Directors are of the view, with which the Joint Sponsors concur, that PRC tariffs on U.S.-origin goods did not have, and are unlikely to have a material adverse impact on our overall procurement costs or financial performance.

Our Countermeasures in Response to U.S. Tariff Fluctuations

We have taken the following measures to address the impact of fluctuations in U.S. Tariffs.

- *Pricing and Cost Management*: For products manufactured in Chinese-Mainland and exported to the United States, we have been evaluating the combined impact of production costs and applicable U.S. Tariffs when formulating our pricing strategy. Where appropriate, tariff-related costs are incorporated into our overall product pricing to help mitigate the effect of increased import duties on our operating results.

- *Monitoring of Tariff Developments and Response Planning*: We have been closely monitoring developments in U.S. Tariffs policies, regulations and related enforcement measures, and we would formulate and implement response plans and mitigation strategies in a timely manner to address potential tariff-related risks and business impacts.

- *Production Relocation*: We have been progressively shifting the production for our exports to the U.S. from factories in Chinese mainland to manufacturing facilities outside Chinese mainland, to reduce its exposure to tariffs applicable to China-origin products exported to the United States.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our shareholders' investment and our assets. The objectives of our risk management system are to: (i) identify potential events that may impact us, ensuring relevant risks are controlled within acceptable and appropriate levels relative to our objectives; (ii) facilitate accurate and reliable communication of information to both internal and external stakeholders of our Company; (iii) ensure compliance with our business operations; (iv) enhance the efficiency and effectiveness of our business activities, thereby reducing uncertainties in achieving operational goals; and (v) establish crisis management plans for significant risks to protect our Company from substantial losses due to catastrophic risks or human errors. To mitigate foreign currency exchange risk, we use derivative financial instruments, such as forward currency contracts to hedge the foreign currency risk. We have established regular monitoring and reporting systems to track foreign currency exposure and market trends, allowing for timely adjustments to strategies and positions. To mitigate export control and sanctions compliance risks, we have implemented a formal export control and sanctions compliance management system, which includes ongoing risk assessments (covering counterparties, countries, items and end-use), mandatory sanctions and export control screening, record keeping, and periodic compliance audits. We have also adopted a structured distributor management system, and distributors are subject to upfront qualification, written contractual commitments (including confidentiality, integrity and compliance undertakings), and ongoing monitoring of their sales activities and market activities. In addition, shipment procedures are governed by dedicated internal policies requiring counter-signed packing lists, invoices and logistics documentation to evidence delivery locations of direct counterparties, and to form a traceable export record.

In addition, we have implemented internal control policies and measures addressing corruption, bribery, misappropriation of property and procurement by adopting an anti-bribery and anti-corruption management policy which defines the circumstances constituting commercial bribery and corruption, sets out guidelines on legitimate business conduct, specifies reporting channels for whistleblowing, establishes investigation procedures for reported incidents, and stipulates corresponding reward and disciplinary measures. Also, we have adopted certification policy to require suppliers to enter into a series of agreements with our Group prior to engagement which cover, among others, quality assurance, commercial integrity and business partner code of conduct. Further, our internal reporting channels are available for employees and relevant stakeholders to report suspected bribery, corruption or other misconduct, including on an anonymous basis. Reported incidents will be investigated and appropriate measures, including disciplinary action, will be taken against any employee or counterparty which are ultimately found to have engaged in bribery, corruption or other misconduct.

Our Audit Committee is responsible for reviewing the regulations and primary objectives related to risk management, submitting an annual comprehensive risk management report to the Board, reviewing risk management strategies and solutions for significant risks, and addressing other matters related to comprehensive risk management as authorized by the Board. Our internal audit department is tasked with implementing our risk management policies and systems. Other departments and business units are coordinated and supervised by the internal audit department in their risk management efforts.

The typical operating procedures of our risk management work include the following: (i) collecting information related to risk management, including historical data and future forecasts. Specifically, in terms of strategic risk, we extensively gather cases where domestic and international companies have suffered losses due to uncontrolled strategic risks; in financial risk, we collect cases of financial crises caused by uncontrolled financial risks; in market risk, we gather cases where companies have suffered losses due to neglecting market risks and lacking response measures; in operational risk, we collect information relevant to our Company and industry; and in legal risk, we gather cases where companies have suffered losses due to neglecting legal and regulatory risks and lacking response measures; (ii) assessing the significance and likelihood (or frequency and

probability) of risks; (iii) senior management assists the Board in determining a unified risk appetite and tolerance based on business characteristics, and establishes risk warning lines and corresponding countermeasures; (iv) senior management formulates risk management solutions for significant risks based on risk management strategies; and (v) senior management supervises the implementation of risk management, making timely improvements based on changes and any deficiencies. Our approach also involves the continuous enhancement of internal control mechanisms and regular reviews of our risk management policies and internal control measures to maintain their effectiveness and adequacy, ensuring that our operations align with industry standards and regulatory requirements.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received numerous recognitions for our technologies as well as our products and services. Some of the recent significant awards and recognition we received are set forth below.

Award year	Award/Recognition	Awarding institution/authority
2026	Integrated Storage Innovation Award of the Year (年度集成存儲創新獎)	China Flash Market Summit
2025	Top 500 Enterprises of China's Manufacturing Industry 2025 (中國製造業企業500強)	China Enterprise Confederation and China Enterprise Directors Association
2025	Top 100 Electronic Information Competitiveness Manufacturers in Guangdong Province in 2025 (2025年廣東省電子信息製造業綜合實力百強企業)	Electronic Information Industry Federation of Gurangdong Province
2025	Best Comprehensive Innovation Breakthrough Award (最佳綜合創新突破獎)	China Flash Market Summit
2024	Fortune China Top 50 Tech Companies (中國科技50強)	Fortune
2024	First Prize of the 2023 Guangdong Provincial Science and Technology Progress Award (2023年度廣東省科學技術獎科技進步獎一等獎)	The Department of Science and Technology of Guangdong Province
2024	Ranked 47th in the 2024 Guangdong Province Top 500 Manufacturing Enterprises (2024年廣東省製造業企業500強)	The Guangdong Manufacturing Association, Guangdong Academy of Development and Reform, Jinan University Institute of Industrial Economics
2024	Science and Technology Award for Technological Invention (科學技術獎技術發明獎)	Shenzhen Automotive Electronics Industry Association
2023	Top 500 Enterprises in Guangdong Province (廣東省企業500強)	The Guangdong Enterprise Confederation and the Guangdong Entrepreneurs Association
2023	China Chip Outstanding Technology Innovation Product ("中國芯"優秀技術創新產品)	The China Academy of Information and Communications Technology

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

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 prospectus, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to the years of 2023, 2024 and 2025 refer to the years ended December 31 of such years.

OVERVIEW

We are a branded independent semiconductor memory product enterprise. We procure memory wafers and controller chips from IDMs and controller chip suppliers and do not engage in wafer fabrication. Based on our capabilities including controller and memory chip design, firmware development, back-end manufacturing (including system-level packaging, testing and assembly), we design, develop, back-end manufacture and sell a comprehensive portfolio of memory products for consumer, enterprise and industrial applications. According to CIC, we are the ninth largest memory product enterprise worldwide, the second largest independent semiconductor memory product enterprise worldwide among more than 100 market players and the largest independent memory product enterprise in China among more than 30 market players, in terms of revenue from memory products in 2025. We have a market share of 1.2% in the global memory product market in 2025, representing a meaningful position for an independent memory enterprise given the large scale of the industry. We currently own and operate three primary brands — FORESEE, Zilia and Lexar — each focusing on different customer segments and enjoying strong recognition in its respective market. These achievements, together with the scale of our global presence and the strength of our brand and product portfolio, underscoring our pivotal role within the broader semiconductor memory industry.

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board. The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting policy information. It also requires management to make judgements, estimates and assumptions in the process of applying our Group's accounting policies. Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in the Accountants' Report included in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Global Demand for Memory Products

As a memory products enterprise, we operate in a global landscape that is highly susceptible to macroeconomic fluctuations and the global demand for memory products. The demand for our products is largely driven by the demand for downstream end applications such as smartphones, computers, server, automotive electronics, robotics, and other industrial and consumer electronics. Fluctuations within the semiconductor memory product industry have historically impacted our financial performance. For example, in 2025, our revenue increased by 30.4% compared to the prior

year due to demand for memory products outpacing available supply, which in turn was primarily driven by the uptick in AI-related applications since the third quarter of 2025. Such supply shortage led to increase in prices of memory products. Further, our revenue increased by 139.5% from RMB6,141.0 million for the four months ended April 30, 2025 to RMB14,706.6 million for the four months ended April 30, 2026, primarily attributable to the increase in the average selling price across all product lines during this period driven by both robust market demand against the backdrop of the surge in AI infrastructure investments and enhanced product competitiveness. For more information, please refer to "Risk Factors — Risk Factors Related to Our Business and Our Industry — The markets in which we compete have historically been cyclical and have experienced downturns with fluctuations of average selling prices that have materially adversely affected, and may in the future materially adversely affect, our business, results of operations and financial condition" in this prospectus.

In addition, the semiconductor memory product industry is subject to constant and rapid technological changes, frequent new product introductions, rapid product obsolescence and evolving technical standards. The proliferation of AI, upgrades in consumer electronics and expansion in data centers, connected vehicles, robotics and the IoTs have driven significant data growth, and fueled the global demand for semiconductor memory products. According to CIC, the global semiconductor memory market is expected to grow from US$275.4 billion in 2025 to US$875.6 billion in 2030, representing a CAGR of 26.0%. We anticipate that in the coming years, edge AI applications, including AI-enabled consumer devices and smart vehicles, will emerge as a key incremental growth driver. For example, we have launched SPU controller chip WM8500, to better capitalize the market trend.

Ability to Attract and Maintain Key Customers and Broaden Customer Base

At the core of our growth strategy is our commitment to maintain robust relationships with existing large-scale global customers while continuously broadening our customer base. We aim to develop new relationships with leading enterprises across various industries for our B2B products and enhance our brand recognition in B2C markets. We have established long-standing business relationships with numerous top-tier enterprises across various industries, such as Dell, Lenovo, Mindray, OPPO, Samsung, Transsion and Xiaomi. While we expect the composition of our customers to change over time, our business scale, results of operations and financial conditions will depend on our ability to maintain business relationships with existing customers that make repeat and large orders and attract new customers. In addition, any significant pricing pressure exerted by a key customer could adversely affect our operating results.

We leverage our strengths in technology, quality and service to meet varied needs for customers across different industries. We monitor changes in market demand and leverage our business model to achieve technical customization in order to meet higher requirements for the performance, stability and customization of memory products. This breadth in capabilities provides numerous opportunities for fostering customer loyalty and increasing revenue. Our strategic partnerships with major customers further establish ourselves as a trusted memory products provider in the market, while our reputation for reliability and innovation attracts new customers across regions and verticals. We believe that this dual approach — deepening existing relationships while securing new customers — will continue to enable us to capture market share in the rapidly expanding market and enhance our competitive position globally.

Fluctuation in Prices of Raw Materials and Supply Chain Management

The prices of raw materials and the efficiency of supply chain management directly affect our cost of sales and gross profit and have historically experienced significant fluctuations. In 2023, 2024 and 2025, raw materials costs accounted for 85.2%, 86.7% and 88.1% of our cost of sales, respectively. In the four months ended April 30, 2025 and 2026, raw material costs accounted for 87.7% and 90.2% of our cost of sales, respectively. As a semiconductor memory products enterprise, memory wafers represent our most significant raw material costs. Therefore, changes in the availability and prices of raw materials, particularly memory wafers, could have a significant impact on our results of operations. We procure the majority of memory wafers and other key raw materials from a limited number of suppliers. In 2023, 2024, 2025 and the four months ended April 30, 2026, purchase from our five largest suppliers, consisting of memory wafers and controller chips suppliers, accounted for 48.6%, 50.0%, 52.0% and 63.3% of our total procurement cost,

respectively. See "Risk Factors — Risk Factors Related to Our Business and Our Industry — We depend on a limited number of suppliers for our major raw materials. Any significant disruption in the supply of raw materials could adversely impact our business, financial condition and operating results" for more information in this prospectus. We have established long-standing and stable business relationships with major domestic and international suppliers of memory wafers and controller chips, to secure a reliable and quality supply of key raw materials for production. In addition, we have been enhancing our in-house capabilities in areas such as memory and controller chip design, firmware development, packaging and testing, particularly for high-end products, to reduce our reliance on external parties. For example, we have developed the WM7400 UFS 4.1 controller chip, which supports Hybrid NAND, allowing a single module to support both TLC and QLC NAND and thereby achieve an optimised balance between performance and cost. Our WM3000 USB 3.2 Gen 1 controller chip delivers read and write speeds exceeding 400 MB/s with strong anti-interference performance. See "Business — Our Capabilities — Packaging and Testing" for examples of products using our in-house packaging and testing technologies. Going forward, we intend to further enhance the resilience of both our international and domestic supply chains by strengthening our cooperation with both domestic and international top-tier suppliers. We will also continue to invest in chip design, firmware development, and back-end manufacturing capabilities.

Operational Efficiency

Our ability to manage and improve our operational efficiency significantly affects our profitability and results of operations. Our operating expenses primarily comprised research and development expenses, selling and distribution expenses and administrative expenses.

As a technology-driven company, we have dedicated, and will continue to dedicate, significant resources in R&D, to keep pace with technological developments, evolving standards and competition in the global semiconductor memory market. Our research and development expenses increased from RMB593.7 million in 2023 to RMB910.3 million in 2024, and further increased to RMB1,047.8 million in 2025. Our research and development expenses increased from RMB304.5 million in the four months ended April 30, 2025 to RMB374.6 million in the four months ended April 30, 2026. Our investments have translated to meaningful, actionable R&D results. For example, we have successfully commercialized our UFS 4.1 controller chip that utilizes Samsung's state-of-the-art wafer fabrication techniques. Going forward, we expect to continue to invest in cutting-edge technology research and product development and believe that R&D will remain a crucial driver for our sustained growth.

The effectiveness of our branding and marketing activities is critical to our financial performance. We sell our products through both direct sales and distributor sales, which provide us with flexibility to meet the needs of various markets while building strong customer relationships and ensuring efficient product distribution. Our selling and distribution expenses increased from RMB482.0 million in 2023 to RMB772.1 million in 2024, and further increased to RMB885.6 million in 2025. Our selling and distribution expenses increased from RMB268.9 million in the four months ended April 30, 2025 to RMB272.5 million in the four months ended April 30, 2026. Such increases aligned with our business growth and are driven by heightened investment in our branding and marketing activities. As we expand the scale and scope of our business, we anticipate that our selling and distribution expenses will continue to increase in absolute amounts. We are committed to continuously improving our selling and distribution efficiency and benefiting from economies of scale.

The effectiveness of management activities is crucial to the success of our business. Our administrative expenses increased from RMB453.2 million in 2023 to RMB634.6 million in 2024, and further increased to RMB669.2 million in 2025. Our administrative expenses increased from RMB191.3 million in the four months ended April 30, 2025 to RMB224.9 million in the four months ended April 30, 2026. These increases were primarily due to the expansion of our management team as a result of mergers and acquisitions and the global expansion of our business. We aim to further optimize our management structure to enhance our operational and management efficiencies, ultimately improving our financial performance.

Pricing of Our Memory Products

The pricing of our products directly affects our revenue, gross profit margin and results of operations. In determining our product pricing, we consider a range of factors, including raw material costs, prevailing market prices, market supply-demand dynamics, administrative, sales and distribution expenses, our inventory level, estimated production capacity and the duration of our customer relationships. Therefore, the pricing of our memory products can vary significantly across different product types, time periods and customer segments, directly impacting our sales revenue and profitability.

As an independent memory product enterprise with 1.2% global market share in the semiconductor memory product industry, we primarily compete with global and local independent memory product companies, and engage in differentiated competition with IDMs. In the cases when our products overlap with IDMs, we may face significant pricing pressure from leading IDMs. Furthermore, some of these IDMs supply us with key raw materials and can determine their pricing. Strategically pricing our products to cover production and operational costs, maintain our margins and the competitiveness of our products is essential to our financial performance.

To address these challenges, we are increasingly focused on differentiated and customized product categories, such as the edge AI-related applications. This approach enables us to add significant value to our offerings and enhance our pricing power. Nonetheless, we anticipate that the pricing of our products and our pricing power along the industry value chain will continue to influence our revenue, profitability and overall results of operations.

Scale of Our Product Offerings and Diversification of Our Product Mix

We offer a comprehensive range of memory products, including embedded storage, SSDs, mobile storage and DIMM, catering to the needs of both enterprise and individual customers. The scale of our business and the growth of our total revenue are largely driven by the expansion, breadth and diversification of our product offerings. Within each product line, we strive to continually expand and upgrade our offerings to provide comprehensive and high-quality solutions for our customers. Additionally, our cost of sales and pricing strategy vary across product lines, resulting in differences in our gross profit margin by product type. During the Track Record Period, fluctuations in our gross profit margin were largely attributable to the scale of our product offerings and changes in our product mix. By leveraging our diversified product offerings and our business model, equipped with end-to-end operational capabilities, we are able to offer customers a variety of product combinations, which we expect to create potential business growth opportunities. We anticipate that our results of operations and profitability will continue to be influenced by the growth and mix of our product offerings.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See Note 3 to the Accountants' Report in Appendix I to this prospectus for details.

For a discussion of the material accounting policies, which are important for understanding our financial condition and results of operations, see Note 2.3 to the Accountants' Report in Appendix I to this prospectus.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	*% of revenue*	*RMB*	*% of revenue*	*RMB*	*% of revenue*	*RMB*	*% of revenue*	*RMB*	*% of revenue*
	(in thousands, except percentages)									
Revenue	10,125,112	100.0	17,463,650	100.0	22,766,170	100.0	6,141,001	100,0	14,706,621	100.0
Cost of sales	(9,653,091)	(95.3)	(14,704,494)	(84.2)	(18,673,002)	(82.0)	(5,584,991)	(90.9)	(6,246,745)	(42.5)
Gross profit	**472,021**	**4.7**	**2,759,156**	**15.8**	**4,093,168**	**18.0**	**556,010**	**9.1**	**8,459,876**	**57.5**
Other income and gains	101,821	1.0	496,048	2.8	606,368	2.7	182,912	3.0	466,026	3.2
Research and development expenses	(593,654)	(5.9)	(910,301)	(5.2)	(1,047,824)	(4.6)	(304,502)	(5.0)	(374,595)	(2.5)
Selling and distribution expenses	(481,980)	(4.8)	(772,122)	(4.4)	(885,602)	(3.9)	(268,880)	(4.4)	(272,511)	(1.9)
Administrative expenses	(453,225)	(4.5)	(634,585)	(3.6)	(669,199)	(2.9)	(191,301)	(3.1)	(224,928)	(1.5)
Impairment losses on financial assets	(1,141)	(0.0)	(1,732)	(0.0)	(749)	(0.0)	(1,639)	(0.0)	(2,206)	(0.0)
Other expenses	(20,341)	(0.2)	(75,238)	(0.4)	(120,600)	(0.5)	(38,568)	(0.6)	(215,138)	(1.5)
Financial costs	(82,150)	(0.8)	(271,304)	(1.6)	(230,372)	(1.0)	(79,869)	(1.3)	(111,294)	(0.8)
Share of profits/(losses) of associates	371	0.0	(266)	(0.0)	(225)	(0.0)	–	–	(35)	(0.0)
(Loss)/Profit before tax	**(1,058,278)**	**(10.5)**	**589,656**	**3.4**	**1,744,965**	**7.7**	**(145,837)**	**(2.4)**	**7,725,195**	**52.5**
Income tax credit/(expense)	221,022	2.2	(84,425)	(0.5)	(247,194)	(1.1)	(3,385)	(0.1)	(1,298,032)	(8.8)
(Loss)/Profit for the year/period	**(837,256)**	**(8.3)**	**505,231**	**2.9**	**1,497,771**	**6.6**	**(149,222)**	**(2.4)**	**6,427,163**	**43.7**
Other comprehensive income/(loss)										
Exchange differences on translation of foreign operations	11,578	0.1	(292,124)	(1.7)	82,996	0.4	138,567	2.3	(4,556)	(0.0)
Total comprehensive (loss)/income for the year/period	**(825,678)**	**(8.2)**	**213,107**	**1.2**	**1,580,767**	**6.9**	**(10,655)**	**(0.2)**	**6,422,607**	**43.7**
Attributable to:										
Owners of the parent	(816,231)	(8.1)	209,366	1.2	1,505,412	6.6	(28,388)	(0.5)	6,292,592	42.8
Non-controlling interests	(9,447)	(0.1)	3,741	0.0	75,355	0.3	17,733	0.3	130,015	0.9
	(825,678)	**(8.2)**	**213,107**	**1.2**	**1,580,767**	**6.9**	**(10,655)**	**(0.2)**	**6,422,607**	**43.7**

NON-IFRS MEASURES

To supplement our consolidated financial statements presented in accordance with IFRS Accounting Standards, we use adjusted profit/(loss) for the year/period (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from year/period to year/period by eliminating potential impacts of certain items. We believe that these measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of adjusted profit/(loss) for the year/period (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and investors should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table presents our non-IFRS financial measures for the years/periods indicated.

	For the year ended December 31,			For the four months ended April 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Reconciliation of profit/(loss) for the year/period to adjusted profit/(loss) (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)					
(Loss)/profit for the year/period	**(837,256)**	**505,231**	**1,497,771**	**(149,222)**	**6,427,163**
Add:					
Equity-settled share-based payment expense[(1)]	198,081	232,173	91,481	44,496	20,950
Adjusted profit/(loss) (non-IFRS measure)	**(639,175)**	**737,404**	**1,589,252**	**(104,726)**	**6,448,113**
Add:					
Depreciation and amortization	134,402	457,788	445,458	136,745	159,701
Net finance costs	48,066	254,430	211,291	75,428	106,547
Income tax expenses/(credit)	(221,022)	84,425	247,194	3,385	1,298,032
Adjusted EBITDA (non-IFRS measure)	**(677,729)**	**1,534,047**	**2,493,195**	**110,832**	**8,012,393**

Note:

(1) "Equity-settled share-based payment expense" is non-cash in nature.

In 2023, we incurred a net loss of RMB837.3 million and adjusted loss (non-IFRS measure) of RMB639.2 million, primarily attributable to: (i) sustained weak demand in our end markets, particularly in key sectors such as mobile phones and computers, driven by the global economic slowdown, continued de-stocking efforts by downstream enterprise customers for the majority of 2023, and rising inflation; and (ii) an increase in operating expenses, largely due to increased investment in R&D, alongside additional costs related to share-based payments and service fees associated with our acquisitions during the year. We recorded a net profit of RMB505.2 million in 2024, primarily due to the overall recovery of memory product industry where there was a rebound in product demand and an increase in prices. Our profit for the year improved significantly from 2024 to 2025, primarily due to (i) increased memory product prices, driven by overall market demand outpacing available supply as a result of surging AI-related demand and product upgrades, and (ii) optimized product mix attributable to the increased revenue contribution from mobile storage products as we continued to enhance the competitiveness of Lexar-branded mobile storage products and deepen relationships with major business customers in 2025. We recorded a net loss of RMB149.2 million and adjusted loss (non-IFRS measure) of RMB104.7 million in the four months ended April 30, 2025, primarily due to the relatively lower gross profit margin resulting from (i) the continued slow recovery of downstream end markets, particularly the consumer electronics sector, and (ii) continued de-stocking efforts by downstream customers since the second half of 2024, which collectively led to a decline in memory wafer prices and memory product prices in early 2025, extending the downward pressure on selling prices that emerged in the third quarter of 2024, which negatively affected our gross profit margin during this period. While we recorded net profit for the four months ended April 30, 2026, primarily due to the increased memory product prices, driven by (i) overall market demand outpacing available supply against the backdrop of the surge in AI infrastructure investments and (ii) product upgrades.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Revenue Breakdown by Product

During the Track Record Period, we derived revenue primarily from sales of products, including embedded storage, SSDs, mobile storage and DIMM. We generally recognize revenue when our products have been delivered to and accepted by our customers. We also generate a small portion of our revenue from providing packaging and testing services through Longforce Suzhou since October 2023 and technical service for collaborative R&D projects with certain of our customers, as well as subleasing our spare office spaces from time to time.

The following table sets forth a breakdown of our total revenue by product line, each in absolute amount and as a percentage of our total revenue, for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Embedded storage	4,422,919	43.6	8,425,271	48.3	10,012,076	44.0	2,625,151	42.7	7,412,982	50.4
SSDs	2,802,425	27.7	4,146,913	23.7	5,569,596	24.5	1,563,629	25.5	3,270,486	22.2
Mobile storage	2,327,529	23.0	3,207,978	18.4	4,894,013	21.5	1,341,667	21.8	2,007,689	13.7
DIMM	513,095	5.1	1,527,023	8.7	2,216,494	9.7	585,813	9.5	1,949,087	13.3
Others[(1)]	59,144	0.6	156,465	0.9	73,991	0.3	24,741	0.5	66,377	0.4
Total	**10,125,112**	**100.0**	**17,463,650**	**100.0**	**22,766,170**	**100.0**	**6,141,001**	**100.0**	**14,706,621**	**100.0**

Note:

(1) Represents (i) revenue from providing packaging and testing services through Longforce Suzhou, (ii) technical service fee generated from collaborative R&D projects with certain customers and (iii) rent generated from subleases of our spare office properties.

During the Track Record Period, embedded storage, SSDs and mobile storage remained our major product line, with DIMM also meaningfully contributed to our revenue growth. The revenue contribution of DIMM increased from 5.1% in 2023 to 8.7% in 2024 and further to 9.7% in 2025, which also increased from 9.5% in the four months ended April 30, 2025 to 13.3% in the four months ended April 30, 2026. Due to low base effect, the revenue growth of this product line and its contribution to our overall revenue increased at a relatively rapid pace.

The following table presents the sales volume in GB and average selling price per GB of each product line during the Track Record Period.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(million GB)	*(RMB per GB)*	*(million GB)*	*(RMB per GB)*	*(million GB)*	*(RMB per GB)*	*(million GB)*	*(RMB per GB)*	*(million GB)*	*(RMB per GB)*
Embedded storage	11,399.3	0.39	11,529.6	0.73	15,064.3	0.66	4,330.9	0.61	4,053.3	1.83
SSDs	10,694.7	0.26	10,374.7	0.40	15,087.5	0.37	4,712.0	0.33	2,960.9	1.10
Mobile storage	5,689.7	0.41	6,354.5	0.50	10,105.7	0.48	2,885.8	0.46	1,838.2	1.09
DIMM	45.2	11.34	94.6	16.14	107.8	20.56	36.4	16.08	23.3	83.70

Many of our products are relatively standardised and exhibit characteristics similar to near-commodity products. Demand for these products is largely driven by end-market demand for electronic devices and data-related infrastructure, including smartphones, computers and other consumer electronics, as well as servers, data centers and industrial and automotive electronics. As a result, the sales of our memory products are closely linked to the macro-economic environment and general market conditions. In periods of macro-economic slowdown or weaker consumer sentiment, downstream customers such as device manufacturers and data-center operators typically reduce or defer procurement and inventory replenishment, which indirectly affects our sales volume and average selling prices.

Sales volume in GB demonstrated a consistent increase from 2023 to 2025. This growth was attributed to (i) the inherent characteristics of the semiconductor memory product industry, where technological advancements and data accumulation have driven increased demand for data, leading to continuous expansion in memory product capacity; and (ii) our strategic business scale expansion, which significantly contributed to the rapid increase in our product sales. In line with this trend, the sales volume across all four of our product lines experienced significant growth from 2023 to 2025, with a slight decrease of SSDs in 2024, due to our strategic optimization of customer structure by focusing our SSDs sales on a more concentrated group of industry leading business customers to balance the increase of sales volume and improvement of profitability for this product line. Notwithstanding the significant revenue growth in the four months ended April 30, 2026 compared to the same period of 2025, the sales volume across all four of our product lines experienced decreases during this period, mainly due to (i) the rapid increase in memory product selling prices during this period, which reduced certain price-sensitive customers' ability and willingness to procure our products, with some customers deferring purchases or downgrading product specifications in response to changing market conditions, and (ii) given that the sharp increase in the unit cost of DRAM and NAND Flash wafers in the first half of 2026, the average selling prices of certain products did not rise as quickly as wafer prices because certain customers were not able to afford higher memory product costs. As a result, total customer purchase orders decreased in volume. Accordingly, we prioritized supply for strategically important and higher-margin customers to preserve profitability and reduced the scale of our memory wafer purchases, which consequently reduced the volume of products supplied to our customers.

The average selling price for each of our product lines increased from 2023 to 2024, which were largely consistent with the industry-wide fluctuation of the semiconductor memory sector. According to CIC, after continuous de-stocking efforts in the last downward industry cycle, the major electronic companies eventually cleared their inventories and began re-stocking since late 2023. Consequently, the semiconductor memory product industry exhibited an upward trend, and product prices started to recover. According to CIC, in 2024, most product lines saw price increases during this period. With the continuation of this upward trend, the average selling price for each of our product lines experienced a relatively significant rise from 2023 to 2024. The average selling price for each of our product lines except DIMM experienced a slight decrease from 2024 to 2025. This trend is generally consistent with the inherent characteristics of the memory industry in the medium to long term, where technological advancements reduce back-end manufacturing cost per GB and enhance economies of scale. From a short-term perspective, market witnessed a slight downturn in the first half of 2025, which was largely offset by overall market demand outpacing available supply since the third quarter of 2025, and continuing through the first quarter of 2026. There was a decline in memory wafer prices in early 2025, mainly because the market remained weak in the first half of 2025 due to continued inventory destocking by downstream customers. As the selling prices of our memory products generally move in line with the underlying price trends of memory wafers, our product selling prices were affected accordingly. DIMM recorded an increase in average selling price, primarily driven by the tight supply of DRAM memory wafers and sharp increases in the prices of DRAM wafer since early 2025 and continuing through the first quarter of 2026. The average selling price for each of our product lines experienced a significant increase from the four months ended April 30, 2025 to the four months ended April 30, 2026 mainly due to (i) the robust market demand against the backdrop of the surge in AI infrastructure investments, coupled with constrained supplies of key raw materials (DRAM and DIMM wafers) and continuous increases in DRAM and DIMM wafers prices during this period and (ii) our enhanced product competitiveness.

Revenue Breakdown by Brands

The following table below sets forth a breakdown of our revenue by brand, both in absolute amounts and as percentages of our total revenue, during the Track Record Period.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except percentages)									
FORESEE	3,672,254	36.3	7,364,317	42.2	9,066,128	39.8	2,237,508	36.4	7,374,233	50.1
Lexar	2,425,775	23.9	3,524,584	20.2	4,741,420	20.8	1,382,681	22.5	2,514,277	17.1
Zilia	37,212	0.4	2,307,966	13.2	2,898,612	12.7	859,685	14.0	2,387,681	16.2
Other self-owned brands[(1)]	357,034	3.5	533,921	3.1	748,483	3.3	253,643	4.1	278,532	1.9
Others	3,632,837	35.9	3,732,862	21.4	5,311,527	23.3	1,407,486	22.9	2,151,897	14.6
– No brand	2,054,622	20.3	1,727,967	9.9	2,163,103	9.5	481,194	7.8	1,254,239	8.5
– Other third-party brands[(2)]	1,578,215	15.6	2,004,895	11.5	3,148,425	13.8	926,292	15.1	897,659	6.1
Total	**10,125,112**	**100.0**	**17,463,650**	**100.0**	**22,766,170**	**100.0**	**6,141,001**	**100.0**	**14,706,621**	**100.0**

Note:

(1) "Other self-owned brands" consist of revenue from sales of products under our other self-owned brands, including AirDisk, ISOCOM, longsys and Mestor.

(2) "Other third-party brands" consist of approximately 200 third-party brands in the Track Record Period.

During the Track Record Period, FORESEE, our flagship brand in the enterprise market which primarily offers embedded storage and DIMM products, remained our largest revenue contributor. The revenue increases for the sales of FORESEE products during the Track Record Period were primarily due to the increases in the sales of our embedded storage and DIMM products. The Lexar brand, which primarily offers mobile storage, SSDs and DIMM products for individual consumers, demonstrated consistent revenue growth throughout the Track Record Period, primarily benefiting from its enhanced brand influence. Zilia, which we acquired in late 2023 and mainly covers the Latin American markets, made an immediate contribution of RMB2,308.0 million, accounting for 13.2% of total revenue, in its first full year of 2024, demonstrating our successful integration and market potential. Zilia's revenue further increased in 2025 and the four months ended April 30, 2026, primarily attributable to the introduction of new customers and products benefiting from synergies created by the acquisition. The growth of revenue from the "Others" category during the Track Record Period was primarily driven by (i) the consolidation of Longforce Suzhou's revenue starting late 2023, and (ii) steady contributions from ODM business, attributable to increased large volume orders of mobile storage from key customers. This diversified brand portfolio and sources of revenue has enabled us to navigate market cycles while maintaining stable overall revenue growth.

Revenue Breakdown by Geographic Location

Over the years, we have built a geographically diverse and extensive customer base. As of the Latest Practicable Date, we had 19 subsidiaries with sales activities established worldwide. Throughout the Track Record Period, a significant portion of our revenue has been generated from offshore markets. For more information about our global presence, see "Business — Sales, Distribution and Marketing."

The following table sets forth the breakdown of our revenue in an absolute amount and as a percentage of total revenue by geographic location of customers for the years/periods indicated. The geographical location of customers is determined based on the principal place of business of the customer who places order with us.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Chinese Mainland	2,318,702	22.9	5,038,831	28.9	7,547,874	33.2	1,823,286	29.7	4,426,493	30.1
Hong Kong, China	4,597,626	45.4	5,485,728	31.4	5,623,543	24.7	1,729,243	28.2	4,303,277	29.3
Brazil	68,813	0.7	2,386,835	13.7	2,927,018	12.9	867,250	14.1	2,288,213	15.6
The U.S.	1,112,205	11.0	1,624,870	9.3	1,646,340	7.2	383,641	6.2	693,130	4.7
Taiwan, China	352,179	3.5	573,306	3.3	911,749	4.0	235,791	3.8	795,624	5.4
Others[(1)]	1,675,587	16.5	2,354,080	13.4	4,109,646	18.0	1,101,790	18.0	2,199,884	14.9
Total	**10,125,112**	**100.0**	**17,463,650**	**100.0**	**22,766,170**	**100.0**	**6,141,001**	**100.0**	**14,706,621**	**100.0**

Note:

(1) "Others" mainly comprise Singapore, South Korea and other Asian countries or regions, Europe and Middle East.

During the Track Record Period, a significant portion of our revenue is generated from offshore markets, primarily in Hong Kong, China. Hong Kong is a popular delivery hub for the semiconductor industry due to its strategic location near major semiconductor production markets such as (a) Chinese Mainland, (b) Taiwan, China, (c) Japan and (d) South Korea, as well as its efficient logistics infrastructure, free trade policies and robust legal and financial environment. Many of our clients, including domestic customers, typically request delivery of products in Hong Kong. From a commercial perspective, we procures materials and sell products through Hong Kong mainly because a number of our major suppliers and customers have established Hong Kong trading entities which act as regional procurement and distribution centers. Contracting with and delivering to these Hong Kong entities allows us to streamline logistics arrangements, and reduce transportation time and costs, while leveraging Hong Kong's mature logistics and warehousing services. Furthermore, Hong Kong enables market participants to arrange cross-border shipment, warehousing, customs documentation, trade finance, foreign exchange settlement and payment collection in an efficient and commercially practical manner, which enhances the overall efficiency and reliability of our supply and sales chain.

A significant portion of our Hong Kong counterparties are distributors who further distribute our products to their multiple downstream customers in the ordinary course of their business. Solely based on our review of order records from our major Hong Kong customers (whose revenue accounted for a majority of our Hong Kong sales during the Track Record Period) where information on the ultimate customers was available to us, a majority of our Hong Kong sales were attributable to ultimate customers headquartered in Chinese mainland or Hong Kong, as well as a diversified group of other countries and regions such as the United States, Taiwan China, Singapore and Vietnam, each of which accounted for an immaterial portion of our Hong Kong sales. We do not have contractual relationships with, nor do we control or routinely obtain information on, the ultimate customers of our Hong Kong counterparties. Upon delivery or pick-up of our products, ownership of, and the risk of loss or damage to, the products transfer to the distributors in accordance with the terms of the relevant agreements or orders. According to CIC, this is an industry norm in the semiconductor industry to engage in business dealings with Hong Kong trading companies. As part of our distributor management policies, distributors are typically authorized to sell products to end customers within designated regions and are required to comply with U.S. export laws and regulations, ensuring that products are not used or transferred for prohibited

purposes or to sanctioned entities or countries. Given that we are not able to identify the ultimate customers involved in all sales, and we cannot guarantee that these trading companies and distributors will always comply with our requirements, and we may be exposed to adverse legal and business consequences as a result of any non-compliant resales. See "Risk Factors — We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations, and our business, financial condition and results of operations could be adversely affected" in this prospectus. We do not anticipate significant changes in this industry practice in the short term, and we expect that a substantial portion of our revenue will continue to be generated from offshore markets including Hong Kong.

Revenue from Chinese Mainland doubled year-over-year in 2024 and further increased in 2025 and the four months ended April 30, 2026, mainly driven by robust demand for DIMM and SSDs products from domestic enterprise customers. Brazil emerged as our third-largest market in 2024, contributing 13.7% of total revenue following our strategic acquisition of Zilia in late 2023, and contributing 12.9%, 14.1% and 15.6% of total revenue in 2025 and the four months ended April 30, 2025 and 2026, respectively. Revenue from the U.S. and Taiwan, China continually increased during the Track Record Period, mainly due to the overall recovery of the memory product market, leading to higher sales of our products under the FORESEE brand to key customers in these regions.

Revenue Breakdown by Sales Channel

In both onshore and offshore markets, we operate through two main sales channels: (i) direct sales, and (ii) distributor sales.

- *Direct Sales*: In our direct sales model, we sell products directly to end customers. As part of our direct sales, we utilize a consignment-based model to supply some of our Lexar-branded products in North America directly to internationally recognized retailers.

- *Distributor Sales*: We strategically collaborate with distributors who possess extensive sales channels to expand our market reach and effectively serve the needs of customers in various regions.

For more information about our sale channels, see "Business — Sales, Distribution and Marketing" in this prospectus.

The following table sets forth the revenue contribution from direct sales and distributor sales, in absolute amounts and as percentages of our revenue from sales of products, and their respective gross margin during the Track Record Period.

	For the year ended December 31,									For the four months ended April 30,					
	2023			2024			2025			2025			2026		
										(unaudited)			(unaudited)		
	RMB	%	Gross margin	RMB	%	Gross margin	RMB	%	Gross margin	RMB	%	Gross margin	RMB	%	Gross margin
	(in thousands, except percentages)														
Direct sales[(1)]	5,554,928	54.9	10.1	10,055,718	57.6	16.4	14,558,302	63.9	19.6	3,624,803	59.0	14.7	8,474,296	57.6	55.6
Distributor sales	4,570,184	45.1	(2.0)	7,407,932	42.4	15.0	8,207,868	36.1	15.0	2,516,198	41.0	1.0	6,232,325	42.4	60.1
Total	**10,125,112**	**100.0**	**4.7**	**17,463,650**	**100.0**	**15.8**	**22,766,170**	**100.0**	**18.0**	**6,141,001**	**100.0**	**9.1**	**14,706,621**	**100.0**	**57.5**

Note:

(1) As part of our direct sales, we generated revenue of RMB68.1 million, RMB64.2 million, RMB76.6 million, RMB22.5 million and RMB24.8 million in 2023, 2024, 2025, and the four months ended April 30, 2025 and 2026, respectively, from consignment retailers, which accounted for 0.7%, 0.4%, 0.3%, 0.4% and 0.2% of our total revenue during these periods.

During the Track Record Period, revenue from direct sales has steadily increased, driven by key customers requesting direct product delivery from us and our efforts in securing direct contracting relationship with more enterprise customers. Consequently, the proportion of direct sales rose from 54.9% in 2023 to 57.6% for 2024, and further to 63.9% in 2025. The proportion of direct sales remained relatively stable at 59.0% in the four months ended April 2025 to 57.6% in the four months ended April 2026. Despite this growth, we continue to leverage the distributors' sale channels for several reasons. First, the diversity and volume of our product offerings require a broad distribution network. Second, our distributors also serve as essential service providers, offering field application engineer support to enhance our ability to serve clients worldwide; varying market conditions and customer preferences across countries necessitate localized expertise and services. Third, as large clients under the direct sales model often request longer credit terms, we can improve our trade receivable turnover rates by selling our products through distributors, who typically operate on much shorter credit terms. Lastly, distributors allow us to serve small- to medium-sized clients whose purchase volumes may not meet our minimum order quantity. By partnering with distributors who have extensive sales channels and robust after-sales service capabilities, we can expand our product reach, better serve diverse customer needs, and effectively manage credit terms and order processes. We do not anticipate significant changes in the revenue contribution from direct and distributor sales in the near future.

The disparity in gross margins between our direct sales and distributor sales primarily results from fundamental differences in their respective business models, customer structures and product composition. Our distributor sales typically yields lower gross margins compared to direct sales during the Track Record Period except for the four months ended April 30, 2026, primarily due to: (i) lower unit prices as distributors typically purchase in bulk, (ii) channel incentives, such as distributor commissions and rebates, provided to distributors, and (iii) their assumption of certain customer service functions on behalf of us, which necessitates corresponding price concessions. Our direct sales customers primarily consist of large-scale enterprises with established business relationships with us, which typically have greater pricing stability and cyclical resilience, evidenced by the relatively contained gross margin fluctuation. Furthermore, during the Track Record Period, mobile storage achieved the highest gross margin among our four product lines and was primarily sold through direct sales, thereby contributing to the higher gross margin of direct sales. The gross margin for our distributor sales was negative 2.0% in 2023, primarily because, during the industry downcycle and prior to the recovery in late 2023, average selling prices of memory products continued to decline, while our cost of sales for that year reflected the relatively higher costs of inventories and raw materials procured before the downturn. In particular, as distributors generally place larger orders than our direct sales customers and we therefore needed to build inventory for distributor sales earlier, the inventories allocated to distributor sales were generally procured at higher costs. In addition, under our distribution model, we primarily sold embedded storage products, and the end customers for such products were mainly major customers in the industry that were relatively price-sensitive. To support business development and in light of their large order volumes and faster payment cycles, we offered these customers relatively lower selling prices through distributors, which further reduced the margins of our distributor sales. As selling prices to distributors are relatively lower and the stocking cycle for distributor orders was longer than that for direct sales customers, the rapid and significant decline in product prices in 2023 had a more prolonged adverse impact on the profitability of our distributor sales, leading to a negative gross margin in that year. The gross margin for our distributor sales increased significantly from 1.0% in the four months ended April 30, 2025 to 60.1% in the four months ended April 30, 2026 mainly due to the increased selling price driven by overall market demand outpacing available supply against the backdrop of the surge in AI infrastructure investments.

Cost of Sales

Our cost of sales consists primarily of:

- ***Raw Materials***: Key items include memory wafers, controller chips, circuit boards, connectors and packaging materials. Memory wafers and controller chips represent a substantial majority of our cost of raw materials. Finished chips purchased from third-party foundries that perform wafer fabrication services based on our own designs are recorded as raw materials.

- ***Outsourced Services***: Key outsourced services include packaging, testing, SMT and assembly of memory products.
- ***Production Expenses***: Expenses associated with the production process.
- ***Others***: These primarily consist of costs related to the provision of technical services and the subleasing of spare office properties.

The following table sets forth a breakdown of our cost of sales by nature, in an absolute amount and as a percentage of total cost of sales, for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Raw materials	8,231,509	85.2	12,749,098	86.7	16,458,170	88.1	4,897,419	87.7	5,637,347	90.2
Outsourced services	1,222,768	12.7	1,357,787	9.2	1,375,884	7.4	463,807	8.3	352,477	5.6
Production expenses	198,725	2.1	595,137	4.0	838,625	4.5	223,715	4.0	256,584	4.1
Others	89	0.0	2,472	0.1	323	0.0	50	0.0	337	0.1
Total	**9,653,091**	**100.0**	**14,704,494**	**100.0**	**18,673,002**	**100.0**	**5,584,991**	**100.0**	**6,246,745**	**100.0**

The following sensitivity analysis illustrates the effects of hypothetical fluctuations in our average cost of raw materials on our profit/(loss) before income tax for the years/periods indicated, assuming all other factors affecting our profitability had remained unchanged.

	For the year ended December 31,			For the four months ended April 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
	(RMB in thousands)				
Change in average price of raw materials					
+/-5%	+/-411,575	+/-637,455	+/-822,908	+/-244,871	+/-281,867
+/-10%	+/-823,151	+/-1,274,910	+/-1,645,817	+/-489,742	+/-563,735

Procurement by Geographical Locations

The following table presents a breakdown of the Company's procurement by geographical locations, both in absolute amounts and as percentages of our total procurement for each year, during the Track Record Period. The geographical location of suppliers is determined based on the principal place of business of the suppliers whom we directly place order with.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	Procurement	% of total procurement	Procurement	% of total procurement	Procurement	% of total procurement	Procurement	% of total procurement	Procurement	% of total procurement
	(RMB in thousands, except percentages)									
Hong Kong, China[1]	4,381,498	38.3	3,568,229	21.7	6,596,085	29.7	1,780,561	28.8	5,549,699	34.5
Chinese Mainland	3,447,158	30.1	5,308,021	32.3	5,713,584	25.7	1,561,606	25.2	5,444,428	33.8
The U.S.	172,936	1.5	2,251,412	13.7	2,991,628	13.5	1,100,645	17.8	1,153,750	7.2
Taiwan, China	1,455,928	12.7	1,281,914	7.8	1,616,355	7.3	509,833	8.2	299,275	1.9
Others[2]	1,993,970	17.4	4,025,293	24.5	5,291,842	23.8	1,233,678	20.0	3,658,281	22.6
Total	**11,451,490**	**100.0**	**16,434,869**	**100.0**	**22,209,494**	**100.0**	**6,186,323**	**100.0**	**16,105,433**	**100.0**

Notes:

(1) Procurement from Hong Kong-incorporated suppliers mainly attributable to ultimate suppliers headquartered in South Korea, Chinese Mainland, the U.S. and Taiwan, China, accounting for approximately 50% to 80%, 10% to 35%, 1% to 9% and up to 2% of such Hong Kong procurement during the Track Record Period, respectively.

(2) Others mainly comprise Singapore, Macao, China, South Korea and other countries or regions.

During the Track Record Period, Chinese Mainland and Hong Kong, China consistently ranked as our two largest procurement regions. The increase in our procurement from Chinese Mainland was benefited from the continuously strengthened domestic supply chain capabilities. Hong Kong, China leverages its strategic geographic position and efficient logistics network, served as an effective distribution hub of raw materials. Our Hong Kong suppliers are mainly (i) Hong Kong subsidiaries of memory IDMs, (ii) agents designated by memory IDMs, and (iii) distributors in the semiconductor industry that source raw materials from their upstream suppliers in the ordinary course of their business. Based on the material codes of a substantial majority of our procured items from Hong Kong suppliers, during the Track Record Period, a majority of the ultimate suppliers are memory IDMs or controller chip manufacturers or independent providers that headquartered in South Korea, with Chinese mainland also accounting for a significant portion, and to a much lesser extent, the United States and Taiwan, China. We do not have contractual relationships with, nor do we routinely obtain information on, the ultimate suppliers of such Hong Kong counterparties, and according to CIC, this is a common practice in the semiconductor industry. See "Risk Factors — We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations, and our business, financial condition and results of operations could be adversely affected" in this prospectus. Procurement from the U.S. and other countries or regions increased significantly in 2024, primarily due to the consolidation of Zilia, which procured from various overseas countries including the U.S., with shipments typically made directly to Brazil.

Gross Profit and Gross Margin

Gross profit is equal to our total revenues less cost of sales. Gross profit as a percentage of our total revenues is referred to as gross margin. The following table sets forth a breakdown of our gross profit and gross margin by product line for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Embedded storage	(72,670)	(1.6)	1,163,956	13.8	1,623,260	16.2	217,083	8.3	4,246,600	57.3
SSDs	90,189	3.2	595,221	14.4	784,044	14.1	45,337	2.9	1,908,005	58.3
Mobile storage	545,014	23.4	897,801	28.0	1,408,944	28.8	253,223	18.9	1,321,376	65.8
DIMM	(93,845)	(18.3)	100,786	6.6	284,354	12.8	38,161	6.5	967,782	49.7
Others	3,333	5.6	1,392	0.9	(7,434)	(10.0)	2,206	8.9	16,113	24.3
Total	**472,021**	**4.7**	**2,759,156**	**15.8**	**4,093,168**	**18.0**	**556,010**	**9.1**	**8,459,876**	**57.5**

We recorded relatively low or even negative gross profit margin for certain product lines in 2023, primarily because prior to late 2023, the memory product industry had experienced a downward trend, characterized by (i) decreased demand due to reduction in remote work in the post-pandemic era, slowing global economic growth, U.S. interest rate hikes and the Russia-Ukraine conflict, as well as (ii) inventory clearance by IDMs, which, facing excess capacity from pandemic-era overproduction, initiated price cuts to reduce inventory levels. These factors collectively led to a significant drop in memory product prices and an industry-wide decrease in profit margins, as observed in the performance of industry-leading enterprises, according to CIC. Our gross profit and gross margin improved notably from 2023 to 2024, primarily due to (i) the overall recovery of memory product industry which observes a rebound in product demand and an increase in prices, and (ii) our strategic restocking in anticipation of the industry's recovery in late

2023, allowing us to procure wafers and other raw materials at relatively lower prices, resulting in lower costs for products sold in 2024. Our gross profit and gross margin further improved from 2024 to 2025, primarily due to (i) increased memory product prices, driven by overall market demand outpacing available supply as a result of surging AI-related demand and product upgrades; and (ii) optimized product mix attributable to the increased revenue contribution from mobile storage products as we continued to enhance the competitiveness of Lexar-branded mobile storage products and deepen relationships with major business customers in 2025, which have the highest gross margin across our product lines. Our gross profit and gross profit margin further improved from the four months ended April 30, 2025 to the four months ended April 30, 2026, primarily due to the increased memory product prices, driven by (i) overall market demand outpacing available supply against the backdrop of the surge in AI infrastructure investments. According to CIC, the semiconductor memory market showed rapid expansion since the third quarter of 2025, supported by substantial memory demand from AI-related applications and data center infrastructure construction, which resulted in the increasing requirements for high-capacity, high-bandwidth and high-reliability memory products. As a result, average selling prices increased across our all major product lines for the four months ended April 30, 2026 compared to the same period in 2025, (ii) product upgrades, and (iii) relatively lower cost of raw materials across product lines, predominantly memory wafers, as the inventories were acquired earlier at lower costs.

The changes in the gross profit and gross margin of our embedded storage and DIMM product lines during the Track Record Period are consistent and largely attributable to fluctuations in the end markets, which primarily include mobile phones, computers and other consumer electronics and data centers. These markets, in sync with the semiconductor industry's fluctuations, experienced a rebound in demand and prices starting in late 2023. For embedded storage, we recorded a gross margin of negative 1.6% in 2023, primarily due to weak end-market demand, particularly in the smartphone sector, which is a major application for these products. In 2024, the gross margin improved to 13.8%, benefiting from both the broader industry upturn and our operational enhancements. Specifically, we actively increased wallet share with key customers, and further utilized in-house back-end manufacturing capacity for this product line. The gross profit margin of our embedded storage products further increased from 13.8% in 2024 to 16.2% in 2025, mainly due to the surging AI-related demand. The gross profit margin of our embedded storage products further increased from 8.3% in the four months ended April 30, 2025 to 57.3% in the four months ended April 30, 2026, primarily due to the increased average selling price driven by the robust demand from the downstream consumer and automotive electronics markets supported by continuous product iteration.

DIMM represents a relatively recent addition to our product lines. During the initial phase of market penetration, we adopted a strategy of offering competitive pricing to attract a broader customer base. Coupled with fluctuations in the semiconductor industry, we recorded negative gross margins for this product line in 2023. Our gross margin for DIMM improved to 6.6% for 2024, driven by increased sales under the Lexar brand and RDIMM products, which typically enjoy better pricing. The gross profit margin of our DIMM products further increased to 12.8% in 2025, mainly due to the higher average selling prices of our DIMM products driven by the tight supply of DRAM memory wafers. According to CIC, the selling price per GB of DIMM products is generally higher than that of embedded storage, SSD and mobile storage products, mainly because the former is based on DRAM wafers while the rest are mostly based on NAND wafers. DRAM wafer, as a type of volatile memory, adopts a different transistor-level design from NAND, ensuring its faster access speed but at the same time facing tighter manufacturing requirements. As a result, the price of bare DRAM wafers is approximately 50 to 80 times that of bare NAND wafers. Furthermore, beyond the inherent cost of DRAM wafers, DIMMs constitute high-value subsystems rather than mere "soldered packages," integrating critical components like SPD and PMIC. See "Industry Overview — Global Semiconductor Memory Wafer Price Trend Analysis" for details. The gross profit margin of our DIMM products further increased from 6.5% in the four months ended April 30, 2025 to 49.7% in the four months ended April 30, 2026, primarily due to the increased average selling price driven by the robust market demand supported by the surge in AI infrastructure investments, which outpaced the limited supply.

Mobile storage enjoys a relatively higher gross margin among our four product lines, as these products are either (i) marketed under the Lexar brand, which strategically target customers who prioritize performance over budget or (ii) sold to industry leading business customers. These customers are relatively less sensitive to price, so the product prices are less affected by industry fluctuations, allowing us to maintain our gross margin even in market downward cycle. The gross

margin for mobile storage steadily increased from 23.4% in 2023 to 28.0% in 2024, and further to 28.8% in 2025, largely attributed to our continuous optimization of the customer structure within this business segment, resulting in a higher proportion of large clients with the needs of product customization, thereby enhancing our gross margin. The gross margin of mobile storage further increased from 18.9% in the four months ended April 30, 2025 to 65.8% in the four months ended April 30, 2026, primarily due to the increased average selling price mainly as (i) we enhanced the competitiveness of Lexar-branded products in high-end markets by product upgrades; and (ii) we increased the stickiness of key business customers through competitive mobile storage products and secured higher-value orders from them.

The gross margin of SSDs improved from 3.2% in 2023 to 14.4% in 2024 and remained relatively stable at 14.1% in 2025. The relatively low gross margin in 2023 was primarily due to the previous market downward cycle. In 2024, the increase in the gross margin for SSDs was primarily due to the increase in its average selling price, as the memory industry continued its overall recovery and our SSD products experienced robust downstream market demand. The gross margin of SSDs further increased from 2.9% in the four months ended April 30, 2025 to 58.3% in the four months ended April 30, 2026, primarily due to the increased average selling price as (i) we benefited from the robust market demand supported by the surge in AI infrastructure investments; (ii) our SSDs products gained elevated market and customer acceptance due to their superior product performance; and (iii) we enhanced our global sales channels and brand image development.

Subject to the industry-wide fluctuations in the memory product markets, we are committed to improving and stabilizing our gross profit and gross margin over the long term by (i) developing a greater number of high-end clients, (ii) offering more high value-added and differentiated products, (iii) expanding and upgrading our product offerings to ensure complementary strengths across different product lines and readiness to seize opportunities in a dynamic market.

Other Income and Gains

Our other income consist of (i) interest income from various financial assets, including cash and cash equivalents, time deposits and wealth management products, (ii) government grants, primarily non-recurring financial support or subsidies from government bodies as incentives for the development of semiconductor industry, (iii) dividend income, reflecting changes in profits from long-term equity investments accounted for under the equity method, and (iv) other miscellaneous income, primarily proceeds from disposal of certain assets of the acquired entities. Our other gains consist of (i) gain on disposal of items of property, plant and equipment, (ii) gain on deemed disposal of investment in associate, (iii) net gain on disposal of financial assets or liabilities, (iv) net fair value gains derived from equity investment, structured deposits and certificate deposits, and derivative financial instruments, and (v) net foreign exchange gains. In the years ended December 31, 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our other income and gains represented 1.0%, 2.8%, 2.7%, 3.0% and 3.2% of our revenue, respectively.

The following table sets forth a breakdown of our other income and gains for the years/periods indicated.

	For the year ended December 31,			For the four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB (in thousands)*	*(unaudited) RMB*	*RMB*
Other income					
Interest income	34,084	16,874	19,081	4,441	4,747
Government grants	25,394	104,895	373,005	107,955	287,473
Dividend income	70	210	193	–	–
Others	3,034	13,567	7,482	7,274	775
Total other income	**62,582**	**135,546**	**399,761**	**119,670**	**292,995**

	For the year ended December 31,			For the four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB (in thousands)*	*(unaudited) RMB*	*RMB*
Gains					
Gain on disposal of items of property, plant and equipment	–	3,224	8,629	948	15,893
Gain on deemed disposal of investment in associate	–	14,095	–	–	–
Gain on disposal of financial assets/liabilities, net	71	33,013	4,516	1,940	2,947
Fair value gains, net:					
Equity instrument	36,046	286,709	191,465	7,020	153,705
Structured deposits and certificate deposits	2,780	6,158	1,997	1,159	486
Derivative financial instruments	342	17,303	–	–	–
Foreign exchange gains, net	–	–	–	52,175	–
Total gains	**39,239**	**360,502**	**206,607**	**63,242**	**173,031**
Total other income and gains	**101,821**	**496,048**	**606,368**	**182,912**	**466,026**

Research and Development Expenses

Our research and development expenses primarily consist of employee compensation and share-based compensation for our R&D staff, R&D materials expenses, depreciation and amortization for R&D-related assets and other R&D-related expenses. In the years ended December 31, 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our research and development expenses represented 5.9%, 5.2%, 4.6%, 5.0% and 2.5% of our revenue, respectively.

The following table sets forth a breakdown of our research and development expenses by nature, in an absolute amount and as a percentage of our total research and development expenses, for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*(unaudited) RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Employee compensation	383,976	64.7	542,820	59.6	701,857	67.0	204,559	67.2	229,080	61.2
Depreciation and amortization	40,187	6.8	75,125	8.3	112,351	10.7	33,285	10.9	51,141	13.7
Materials expenses	39,457	6.6	75,505	8.3	86,154	8.2	21,082	6.9	52,052	13.9
Share-based compensation	111,291	18.7	137,863	15.1	59,611	5.7	24,744	8.1	13,315	3.6
Others[(1)]	18,743	3.2	78,988	8.7	87,851	8.4	20,832	6.9	29,007	7.6
Total	**593,654**	**100.0**	**910,301**	**100.0**	**1,047,824**	**100.0**	**304,502**	**100.0**	**374,595**	**100.0**

Note:

(1) "Others" mainly include office and telecommunication expenses, conference expenses, express delivery and transportation expenses.

Selling and Distribution Expenses

Our selling and marketing expenses consist of employee compensation and share-based compensation for sales staff, advertising expenses, sales commission, warehousing, delivery and custom clearance expenses, service fees for third parties providing after-sale services and calling centers, travel and business development expenses and others. In the years ended December 31, 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our selling and distribution expenses represented 4.8%, 4.4%, 3.9%, 4.4% and 1.9% of our revenue, respectively.

The following table sets forth a breakdown of our selling and distribution expenses by nature, in an absolute amount and as a percentage of our total selling and distribution expenses, for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Employee compensation	166,390	34.5	300,839	39.0	386,074	43.6	117,034	43.5	121,519	44.6
Advertising expenses	132,340	27.5	226,334	29.3	247,922	28.0	73,801	27.4	74,054	27.2
Sales commission	54,112	11.2	55,295	7.2	82,204	9.3	20,199	7.5	33,337	12.2
Warehousing, delivery and custom clearance expenses	17,860	3.7	20,899	2.7	17,467	2.0	6,331	2.4	4,604	1.7
Travel and business development expenses	24,310	5.0	35,052	4.5	37,520	4.2	11,021	4.1	11,240	4.1
Service fee[(1)]	23,875	5.0	31,846	4.1	43,636	4.9	13,256	4.9	7,506	2.8
Share-based compensation	31,807	6.6	52,344	6.8	19,080	2.2	11,099	4.1	5,058	1.9
Others[(2)]	31,286	6.5	49,513	6.4	51,699	5.8	16,139	6.1	15,193	5.5
Total	**481,980**	**100.0**	**772,122**	**100.0**	**885,602**	**100.0**	**268,880**	**100.0**	**272,511**	**100.0**

Notes:

(1) "Service fee" mainly includes fees for technical, human resources, after-sales, patent licensing, consulting and other services.

(2) "Others" mainly include sample and sample testing expenses, third-party product design fees, depreciation and amortization for sales-related assets.

Administrative Expenses

Our administrative expenses consist of employee compensation and share-based compensation for our administrative staff, professional service fee for legal consulting and advisory services, depreciation and amortization of self-owned real property, office lease, telecommunication, travel and business development expenses and other expenses. In the years ended December 31, 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our administrative expenses represented 4.5%, 3.6%, 2.9%, 3.1% and 1.5% of our revenue, respectively.

The following table sets forth a breakdown of our administrative expenses by nature, in an absolute amount and as a percentage of our total administrative expenses, for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Employee compensation	199,079	43.9	376,395	59.3	400,944	59.9	106,248	55.5	135,984	60.5
Depreciation and amortization	37,932	8.4	44,420	7.0	51,582	7.7	15,435	8.1	19,366	8.6

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
Professional service fee[(1)]	105,375	23.3	64,482	10.2	79,504	11.9	22,023	11.5	18,942	8.4
Office, telecommunication, travel and business development expenses	37,256	8.2	68,601	10.8	75,290	11.3	22,283	11.6	26,008	11.6
Share-based compensation	54,984	12.1	41,967	6.6	12,791	1.9	8,652	4.5	2,576	1.1
Others[(2)]	18,599	4.1	38,720	6.1	49,088	7.3	16,660	8.8	22,052	9.8
Total	**453,225**	**100.0**	**634,585**	**100.0**	**669,199**	**100.0**	**191,301**	**100.0**	**224,928**	**100.0**

Notes:

(1) "Professional service fee" mainly includes consulting audit fees and other consulting service fees.
(2) "Others" mainly include administrative equipment maintenance expenses, property management fees and cleaning fees.

Impairment Losses on Financial Assets

Our impairment losses on financial assets consist primarily of impairment losses for movement in loss allowance for trade and bills receivables at amortized cost, and movement in loss allowance for equity investments and other financial assets. We recorded impairment losses on financial assets of RMB1.1 million, RMB1.7 million, RMB0.7 million, RMB1.6 million and RMB2.2 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively.

Other Expenses

Our other expenses mainly consist of foreign exchange losses and fair value changes of forward contracts.

The following table sets forth a breakdown of our other expenses by nature, in an absolute amount and as a percentage of total other expenses, for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
Foreign exchange loss	19,486	95.8	61,294	81.5	39,832	33.0	–	–	107,505	50.0
Fair value change – forward contracts	–	–	3,405	4.5	76,154	63.1	37,771	97.9	105,359	49.0
Others[(1)]	855	4.2	10,539	14.0	4,614	3.9	797	2.1	2,274	1.0
Total	**20,341**	**100.0**	**75,238**	**100.0**	**120,600**	**100.0**	**38,568**	**100.0**	**215,138**	**100.0**

Note:

(1) "Others" mainly include losses on disposal of fixed assets.

Finance Costs

Our finance costs consist of (i) interest on bank and other borrowings used to support our working capital needs and (ii) interest on our lease liabilities. During the Track Record Period, fluctuations in our finance costs were primarily influenced by changes in borrowing levels and interest rate variations.

The following table sets forth a breakdown of our finance costs by nature, in an absolute amount and as a percentage of our total finance costs, for the years/periods indicated.

	For the year ended December 31,						For the four months ended April 30,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Interest on bank and other borrowings	81,278	98.9	265,352	97.8	225,432	97.9	78,136	97.8	109,789	98.6
Interest on lease liabilities	872	1.1	5,952	2.2	4,940	2.1	1,733	2.2	1,505	1.4
Total	**82,150**	**100.0**	**271,304**	**100.0**	**230,372**	**100.0**	**79,869**	**100.0**	**111,294**	**100.0**

Share of Profits/(Losses) of Associates

We recorded share of profits of associates of RMB0.4 million in 2023. We had share of losses of associates of RMB0.3 million in 2024, RMB0.2 million in 2025, nil in the four months ended April 30, 2025 and RMB35 thousand in the four months ended April 30, 2026. The fluctuations during the Track Record Period were due to the fluctuations in the results of operation of Shanghai Testrong Technologies Co., Ltd., which we had ceased to account for as an associate since June 2024, due to our renouncement of right to appoint a director of the board of this entity.

Income Tax Credit/(Expense)

Our income tax credit/(expense) primarily consists of (i) current income tax charged for the year/period, (ii) overprovision in previous years/periods, and (iii) deferred income tax. We recorded income tax credit of RMB221.0 million in 2023. We recorded income tax expense of RMB84.4 million in 2024, RMB247.2 million in 2025, RMB3.4 million and RMB1,298.0 million in the four months ended April 30, 2025 and 2026, respectively.

During the Track Record Period, certain entities within our Group enjoyed preferential tax treatments. We are subject to varying tax rates in different jurisdictions. See Note 10 to the Accountants' Report included in Appendix I to this prospectus.

In Chinese Mainland, pursuant to the Enterprise Income Tax Law and Implementation Regulation of the Enterprise Income Tax Law, the tax rate of our Company and our subsidiaries in Mainland China was 25% during the Track Record Period. Our Company enjoyed preferential tax treatments, subject to tax rate of 15% in 2023 and 2024 due to preferential tax policies for being approved as high-tech enterprises. Certain of our subsidiaries in Chinese Mainland enjoyed preferential tax treatments, mainly including tax rate of 15% due to preferential tax policies for being approved as high-tech enterprises. Certain of our subsidiaries in Chinese Mainland enjoyed other tax concessions, including tax rate of 15% due to some subsidiaries located in certain areas of Chinese Mainland. Our Company and certain of our subsidiaries in Chinese Mainland also enjoy additional tax deduction on certain of our research and development expenses relating to high-end technologies.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended April 30, 2026 Compared to Four Months Ended April 30, 2025

Revenue

Our revenue increased by 139.5% from RMB6,141.0 million for the four months ended April 30, 2025 to RMB14,706.6 million for the four months ended April 30, 2026, primarily attributable to the increase in the average selling price across all product lines during this period driven by both robust market demand against the backdrop of the surge in AI infrastructure investments and enhanced product competitiveness, despite the decrease in sales volume across all product lines due to tight supply and rising prices of key memory raw materials, including DRAM and NAND Flash wafers.

Specifically, our revenue from embedded storage products increased by 182.4% from RMB2,625.2 million for the four months ended April 30, 2025 to RMB7,413.0 million for the four months ended April 30, 2026, which was primarily due to the increase in the average selling price from RMB0.61 per GB for the four months ended April 30, 2025 to RMB1.83 per GB for the four months ended April 30, 2026, driven by the robust demand from the downstream consumer and automotive electronics markets supported by continuous product iteration. Due to tight supply and rising prices of key memory raw materials, we recorded a decrease in the sales volume of our embedded storage products from 4,330.9 million GB for the four months ended April 30, 2025 to 4,053.3 million GB for the four months ended April 30, 2026.

Our revenue from SSDs increased by 109.2% from RMB1,563.6 million for the four months ended April 30, 2025 to RMB3,270.5 million for the four months ended April 30, 2026, which was primarily due to the increase in the average selling price from RMB0.33 per GB for the four months ended April 30, 2025 to RMB1.10 per GB for the four months ended April 30, 2026, as (i) we benefited from the robust market demand supported by the surge in AI infrastructure investments; (ii) our SSDs products gained elevated market and customer acceptance due to their superior product performance; and (iii) we enhanced our global sales channels and brand image development. Due to tight supply and rising prices of key memory raw materials, we recorded a decrease in the sales volume of our SSDs products from 4,712.0 million GB for the four months ended April 30, 2025 to 2,960.9 million GB for the four months ended April 30, 2026.

Our revenue from mobile storage increased by 49.6% from RMB1,341.7 million for the four months ended April 30, 2025 to RMB2,007.7 million for the four months ended April 30, 2026, which was primarily due to the increase in the average selling price from RMB0.46 per GB for the four months ended April 30, 2025 to RMB1.09 per GB for the four months ended April 30, 2026, mainly as (i) we enhanced the competitiveness of Lexar-branded products in high-end markets by product upgrades; and (ii) we increased the stickiness of key business customers through competitive mobile storage products and secured higher-value orders from them. Due to tight supply and rising prices of key memory raw materials, we recorded a decrease in the sales volume of our mobile storage products from 2,885.8 million GB for the four months ended April 30, 2025 to 1,838.2 million GB for the four months ended April 30, 2026.

Our revenue from DIMM products increased by 232.7% from RMB585.8 million for the four months ended April 30, 2025 to RMB1,949.1 million for the four months ended April 30, 2026, which was primarily due to the increase in the average selling price from RMB16.08 per GB for the four months ended April 30, 2025 to RMB83.70 per GB for the four months ended April 30, 2026, driven by the robust market demand supported by the surge in AI infrastructure investments, which outpaced the limited supply. Due to tight supply and rising prices of key memory raw materials, we recorded a decrease in the sales volume of our DIMM products from 36.4 million GB for the four months ended April 30, 2025 to 23.3 million GB for the four months ended April 30, 2026.

Cost of Sales

Our cost of sales increased by 11.8% from RMB5,585.0 million for the four months ended April 30, 2025 to RMB6,246.7 million for the four months ended April 30, 2026, primarily attributable to increases in cost of raw materials driven by the rise in raw material prices.

Gross Profit and Gross Margin

As a result, our gross profit increased significantly from RMB556.0 million for the four months ended April 30, 2025 to RMB8,459.9 million for the four months ended April 30, 2026, and our gross margin increased from 9.1% for the four months ended April 30, 2025 to 57.5% for the four months ended April 30, 2026. The significant increase in gross profit and gross margin was

primarily due to the increased memory product prices, driven by (i) overall market demand outpacing available supply against the backdrop of the surge in AI infrastructure investments, (ii) product upgrades, and (iii) relatively lower cost of raw materials across product lines, predominantly memory wafers, as the inventories were acquired earlier at lower costs. Specifically, the gross profit margin of our embedded storage products increased from 8.3% to 57.3% due to the increased average selling price driven by the robust demand from the downstream consumer and automotive electronics markets supported by continuous product iteration. The gross profit margin of our SSDs products increased from 2.9% to 58.3% due to the increased average selling price as (i) we benefited from the robust market demand supported by the surge in AI infrastructure investments; (ii) our SSDs products gained elevated market and customer acceptance due to their superior product performance; and (iii) we enhanced our global sales channels and brand image development. The gross profit margin of our mobile storage products increased from 18.9% to 65.8% due to the increased average selling price mainly as (i) we enhanced the competitiveness of Lexar-branded products in high-end markets by product upgrades; and (ii) we increased the stickiness of key business customers through competitive mobile storage products and secured higher-value orders from them. The gross profit margin of our DIMM products increased from 6.5% to 49.7% due to the increased average selling price driven by the robust market demand supported by the surge in AI infrastructure investments, which outpaced the limited supply.

Other Income and Gains

Our other income and gains increased by 154.8% from RMB182.9 million for the four months ended April 30, 2025 to RMB466.0 million for the four months ended April 30, 2026. The increase was primarily attributable to (i) an increase in government grants of RMB179.5 million, which was primarily due to the Brazilian government subsidy to Zilia under Brazil's program to support the technological development of the semiconductor industry; and (ii) an increase in net fair value gains in equity instrument of RMB146.7 million mainly attributable to the fair value changes in our public company equity investment.

Research and Development Expenses

Our research and development expenses increased by 23.0% from RMB304.5 million for the four months ended April 30, 2025 to RMB374.6 million for the four months ended April 30, 2026, reflecting our enhanced R&D efforts in expanding R&D capabilities as well as retaining and attracting R&D talents, primarily in the areas of controller chip design and the development of enterprise-grade products.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB268.9 million for the four months ended April 30, 2025 and RMB272.5 million for the four months ended April 30, 2026.

Administrative Expenses

Our administrative expenses increased by 17.6% from RMB191.3 million for the four months ended April 30, 2025 to RMB224.9 million for the four months ended April 30, 2026, primarily attributable to higher administrative personnel costs associated with business growth, partially offset by a decrease in the professional service fee as we decreased the procurement of such services.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased by 34.6% from RMB1.6 million for the four months ended April 30, 2025 to RMB2.2 million for the four months ended April 30, 2026, primarily attributable to an increase in the balance of our trade and bills receivables in line with our business growth.

Other Expenses

Our other expenses increased significantly by 457.8% from RMB38.6 million for the four months ended April 30, 2025 to RMB215.1 million for the four months ended April 30, 2026, primarily attributable to (i) losses related to the fluctuations of foreign exchange rate; and (ii) fair value changes in forward contracts due to the fluctuations of foreign exchange rate.

Finance Costs

Our finance costs increased by 39.3% from RMB79.9 million for the four months ended April 30, 2025 to RMB111.3 million for the four months ended April 30, 2026, primarily attributable to an increase in the interest on bank and other borrowings mainly due to additional loans taken to meet the working capital needs driven by substantial growth in our business scale.

Share of Profits/(Losses) of Associates

We recorded a share of losses of associates of RMB35 thousand for the four months ended April 30, 2026, compared to nil for the four months ended April 30, 2025, primarily attributable to the net loss of our associate enterprise in the four months ended April 30, 2026.

(Loss)/Profit before Tax

As a result of the foregoing, we recorded a profit before tax of RMB7,725.2 million for the four months ended April 30, 2026, compared to a loss before tax of RMB145.8 million for the four months ended April 30, 2025.

Income Tax Credit/(Expense)

Our income tax expense increased from RMB3.4 million for the four months ended April 30, 2025 to RMB1,298.0 million for the four months ended April 30, 2026, primarily attributable to the significant increase in taxable profit for the period. Income tax expense as a percentage of our profit before income tax for the four months ended April 30, 2026 was approximately 16.8%.

(Loss)/Profit for the Period

As a result of the foregoing, we recorded a profit of RMB6,427.2 million for the four months ended April 30, 2026, compared to a loss of RMB149.2 million for the four months ended April 30, 2025.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 30.4% from RMB17,463.7 million for 2024 to RMB22,766.2 million for 2025, primarily attributable to the overall increase of revenue from all of our four product lines, which was primarily attributable to the increase in sales volume across all product lines during this period driven by both robust market demand and enhanced product competitiveness.

Specifically, our revenue from embedded storage products increased by 18.8% from RMB8,425.3 million for 2024 to RMB10,012.1 million for 2025, which was primarily due to the increase in sales volume from 11,529.6 million GB to 15,064.3 million GB during the same period mainly attributable to the robust demand from the downstream consumer and automotive electronics markets driven by continuous product iteration.

Our revenue from SSDs increased by 34.3% from RMB4,146.9 million for 2024 to RMB5,569.6 million for 2025, which was primarily due to the increase in sales volume from 10,374.7 million GB to 15,087.5 million GB during the same period as (i) our SSDs products gained elevated market and customer acceptance due to their superior product performance; and (ii) we enhance our global sales channels and brand image development.

Our revenue from mobile storage increased by 52.6% from RMB3,208.0 million for 2024 to RMB4,894.0 million for 2025, which was primarily due to the increase in sales volume from 6,354.5 million GB to 10,105.7 million GB during the same period mainly as (i) we enhanced the competitiveness of Lexar-branded products in high-end markets by product upgrades; and (ii) we increased the stickiness of key business customers through competitive mobile storage products and gained more orders from them.

Our revenue from DIMM increased by 45.2% from RMB1,527.0 million for 2024 to RMB2,216.5 million for 2025, which was primarily due to the increases in sales volume from 94.6 million GB to 107.8 million GB driven by the increased sales of our enterprise-grade products, and the increase in average selling price per GB from RMB16.14 to RMB20.56.

Cost of Sales

Our cost of sales increased by 27.0% from RMB14,704.5 million for 2024 to RMB18,673.0 million for 2025, primarily attributable to increases in cost of raw materials driven by the increase in sales volume of our products, and increase in production expenses, which is generally in line with our business growth.

Gross Profit and Gross Margin

As a result, our gross profit increased from RMB2,759.2 million in 2024 to RMB4,093.2 million in 2025, and our gross margin increased from 15.8% for 2024 to 18.0% for 2025. The increase in gross profit and gross profit margin in 2025 was primarily due to (i) increased memory product prices, driven by overall market demand outpacing available supply as a result of surging AI-related demand and product upgrades; and (ii) optimized product mix attributable to the increased revenue contribution from mobile storage products as we continued to enhance the competitiveness of Lexar-branded mobile storage products and deepen relationships with major business customers in 2025, which have the highest gross margin across our product lines and whose gross margin increased from 28.0% in 2024 to 28.8% in 2025. Moreover, the gross profit margin of our embedded storage products increased from 13.8% to 16.2% mainly due to the surging AI-related demand and the gross profit margin of our DIMM products increased from 6.6% to 12.8% mainly due to the increased average selling prices of our DIMM products driven by the tight supply of DRAM memory wafers, both of which also contributed to the increase in our overall gross profit margin.

Other Income and Gains

Our other income and gains increased by 22.2% from RMB496.0 million for 2024 to RMB606.4 million for 2025. This increase was primarily attributable to an increase in government grants of RMB268.1 million, which was primarily due to the Brazilian government subsidy to Zilia under Brazil's program to support the technological development of the semiconductor industry, partially offset by the decrease in net fair value gains in equity instrument of RMB95.2 million mainly attributable to the fair value changes in our public company equity investment.

Research and Development Expenses

Our research and development expenses increased by 15.1%, from RMB910.3 million for 2024 to RMB1,047.8 million for 2025, reflecting our enhanced R&D efforts in expanding R&D capabilities as well as retaining and attracting R&D talents, primarily in the areas of controller chip design and the development of enterprise-grade products.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 14.7%, from RMB772.1 million for 2024 to RMB885.6 million for 2025, primarily due to expanded sales efforts for our Lexar brand globally, including increased promotional activities, the increase of commissions for sales team in line with revenue growth, and growth in our sales team to support market expansion and customer acquisition initiatives.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB634.6 million for 2024 and RMB669.2 million for 2025.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased by 56.8% from RMB1.7 million for 2024 to RMB0.7 million for 2025, primarily due to the reduction in the balance of long-term trade and bills receivables in 2025 driven by our enhanced collection efforts related to trade and bills receivables.

Other Expenses

Our other expenses increased by 60.3% from RMB75.2 million for 2024 to RMB120.6 million for 2025, primarily attributed to fair value changes in forward contracts due to the fluctuations of foreign exchange rate.

Finance Costs

Our finance costs decreased by 15.1% from RMB271.3 million for 2024 to RMB230.4 million for 2025. This decrease was primarily due to a decrease in our interest on bank and other borrowings attributable to the downward trend of interest rates.

Share of Profits/(Losses) of Associates

We recorded share of losses of associates of RMB0.3 million for 2024 and RMB0.2 million for 2025, which remained relatively stable.

Profit/(Loss) before Tax

As a result of the foregoing, we recorded a profit before tax of RMB589.7 million for 2024, and RMB1,745.0 million for 2025.

Income Tax Credit/(Expense)

We recorded an income tax expense of RMB84.4 million for 2024 and RMB247.2 million for 2025. Income tax expense as a percentage of our profit before income tax was 14.3% and 14.2% for the same respective period.

Profit for the Year

As a result of the foregoing, we recorded a profit of RMB505.2 million for 2024 and RMB1,497.8 million for 2025.

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

Revenue

Our revenue increased by 72.5% from RMB10,125.1 million for 2023 to RMB17,463.7 million for 2024, attributable to the overall increase of revenue from all of our four product lines, which was primarily attributable to (i) the increase in average selling price across all product lines during this period, as the semiconductor memory product industry demonstrated an upward trend, leading to rebound in product prices, (ii) the increase in sales of our Lexar-branded products, the revenue of which increased by 45.3% from RMB2,425.8 million for 2023 to RMB3,524.6 million for 2024, benefited from its continuous global expansion strategy, and (iii) the consolidation of revenue contributed by Zilia, which increased from RMB37.2 million for December 2023 after the acquisition to RMB2,308.0 million for the year of 2024.

Specifically, our revenue from embedded storage products increased by 90.5% from RMB4,422.9 million for 2023 to RMB8,425.3 million for 2024, which was primarily due to (i) the increase in average selling price per GB from RMB0.39 to RMB0.73 during the same period, attributable to the market recovery, and (ii) the increase in sales volume from 11,399.3 million GB to 11,529.6 million GB, as a result of increase in orders from key customers in the mobile phone sector.

Our revenue from SSDs increased by 48.0% from RMB2,802.4 million for 2023 to RMB4,146.9 million for 2024, which was primarily due to the increase in average selling price per GB from RMB0.26 to RMB0.40 during the same period, benefiting from the overall recovery of the SSD sector and the increase in large orders from key customers for our eSSD products, which typically have higher average selling price per unit than consumer-grade SSDs due to their high performance, reliability and advanced features.

Our revenue from mobile storage increased by 37.8% from RMB2,327.5 million for 2023 to RMB3,208.0 million for 2024, which was primarily due to the increases in sales volume from 5,689.7 million GB to 6,354.5 million GB and average selling price per GB from RMB0.41 to RMB0.50 during the same period, both largely attributable to (i) the increased sales of mobile storage products, including PSSDs, under the Lexar brand, and (ii) the steady growth of the sales of mobile storage products to the world's leading retailers.

Our revenue from DIMM increased by 197.6% from RMB513.1 million for 2023 to RMB1,527.0 million for 2024, which was primarily due to the increases in sales volume from 45.2 million GB to 94.6 million GB and average selling price per GB from RMB11.34 to RMB16.14 during the same period, which were largely driven by the increased sales of our enterprise-grade products and products under the Lexar brand, both generally having higher average selling prices than other DIMM products.

Cost of Sales

Our cost of sales increased by 52.3% from RMB9,653.1 million for 2023 to RMB14,704.5 million for 2024, which is generally in line with our business growth. This increase in our costs of sales was primarily driven by the increase in both the quantity and the price of memory wafers we purchased.

Gross Profit and Gross Margin

As a result, our gross profit increased from RMB472.0 million in 2023 to RMB2,759.2 million in 2024, and our gross margin increased from 4.7% for 2023 to 15.8% for 2024. The relatively low gross profit and gross profit margin for 2023 was primarily due to decreased gross profit in embedded storage, SSDs and DIMM, which were impacted by the downturn in the memory product industry, exerting significant pressure on the selling prices of these products. Benefitting from the recovery of demand for and the rebound of prices of the memory products starting from late 2023, along with our strategic restocking in anticipation of this recovery at relatively lower raw material costs, we achieved a significant increase in gross profit from 2023 to 2024.

Other Income and Gains

Our other income and gains increased by 387.2% from RMB101.8 million for 2023 to RMB496.0 million for 2024. This increase was primarily due to (i) an increase in government grants of RMB79.5 million, which primarily contributed by the Brazilian government subsidy to Zilia under Brazil's Semiconductor Industry Technological Development Support Program, (ii) an increase in net gain on disposal of financial assets of RMB32.9 million, which is primarily due to the maturity of structured deposits and certificate deposits purchased by our Brazilian subsidiary, and (iii) an increase in net fair value gains on equity instruments due to the gain on deemed disposal of our equity investment in our associates, resulting from the changes of accounting treatment, with approximately RMB260.3 million attributed by Maxio Technology, a company listed on Shanghai Stock Exchange STAR Market since November 2024.

Research and Development Expenses

Our research and development expenses increased by 53.3%, from RMB593.7 million for 2023 to RMB910.3 million for 2024, reflecting our enhanced R&D efforts in expanding R&D capabilities as well as retaining and attracting R&D talents, primarily in the areas of the development of enterprise-grade products, chip design and packaging and testing expertise.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 60.2%, from RMB482.0 million for 2023 to RMB772.1 million for 2024, primarily due to expanded sales efforts for our Lexar brand globally, including increased promotional activities such as sponsoring of esports tournaments and streaming advertisements, the increase of commissions for sales team in line with revenue growth, and growth in our sales team to support market expansion and customer acquisition initiatives.

Administrative Expenses

Our administrative expenses increased by 40.0% from RMB453.2 million for 2023 to RMB634.6 million for 2024, primarily due to higher administrative personnel costs associated with business growth.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased by 51.8% from RMB1.1 million for 2023 to RMB1.7 million for 2024, primarily due to the increase in provisions made following impairment testing of trade receivable, the balance of which increased from RMB1,347.4 million as of December 31, 2023 to RMB1,604.2 million as of December 31, 2024, based on the estimated risk of loss.

Other Expenses

The substantial rise in other expenses from RMB20.3 million for 2023 to RMB75.2 million for 2024 was primarily attributed to foreign exchange losses, resulting from the fluctuations in the exchange rate between the U.S. dollar and RMB, as well as the Brazilian real and RMB.

Finance Costs

Our finance costs increased by 230.3% from RMB82.2 million for 2023 to RMB271.3 million for 2024. This increase was primarily due to (i) additional loans taken for two acquisition transactions conducted in 2023 and to meet the working capital needs driven by substantial growth in our business scale, and (ii) an increase in interest on lease liabilities resulting from Zilia's leasing of offices and factories in Brazil.

Share of Profits/(Losses) of Associates

We recorded share of losses of associates of RMB0.3 million for 2024, compared to share of profits of associates of RMB0.4 million for 2023. The difference was primarily due to the fluctuations in the results of operation of Shanghai Testrong.

(Loss)/Profit before Tax

As a result of the foregoing, we recorded a profit before tax of RMB589.7 million for 2024, compared to a loss before tax of RMB1,058.3 million for 2023.

Income Tax Credit/(Expense)

We recorded an income tax expense of RMB84.4 million for 2024, and the income tax expense as a percentage of our profit before income tax was 14.3% for the same period. We recorded an income tax credit of RMB221.0 million for 2023, primarily because we recorded loss before tax for the same period.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(in RMB thousands)			
ASSETS				
Non-current assets				
Property, plant and equipment	1,990,227	2,427,468	2,678,304	2,900,528
Right-of-use assets	263,356	255,034	238,057	231,156
Goodwill	868,661	793,980	820,182	845,560
Other intangible assets	279,854	245,771	258,958	234,993
Investment in associates	25,159	30,000	30,123	30,087
Financial assets at fair value through profit or loss	393,883	720,080	911,545	1,065,251
Deferred tax assets	446,494	537,632	503,645	281,708
Prepayments, other receivables and other assets	346,762	203,219	701,635	870,787
Total non-current assets	**4,614,396**	**5,213,184**	**6,142,449**	**6,460,070**

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(in RMB thousands)			
Current assets				
Inventories	5,893,165	7,833,153	11,677,745	21,343,686
Trade and bills receivables	1,345,301	1,671,623	2,040,417	3,642,892
Receivables financing	–	–	4,434	2,061
Prepayments, other receivables and other assets	608,034	974,113	1,368,800	2,176,267
Financial assets at fair value through profit or loss	–	179,623	38,541	2,817
Pledged deposits	18,426	10,560	9,520	8,750
Cash and cash equivalents	1,200,523	1,014,411	1,468,811	3,607,769
Total current assets	**9,065,449**	**11,683,483**	**16,608,268**	**30,784,242**
LIABILITIES				
Current liabilities				
Trade and bills payables	1,147,411	1,140,589	2,016,776	2,541,983
Contract liabilities	65,844	94,803	354,635	1,736,713
Other payables and accruals	526,816	673,492	1,034,904	687,307
Financial liabilities at fair value through profit or loss	789	–	66	39,576
Interest-bearing bank borrowings	3,170,752	5,162,691	6,112,477	6,712,917
Tax payables	5,423	129,427	119,342	889,934
Lease liabilities	16,350	22,326	25,320	25,871
Provision	–	–	60,080	77,084
Total current liabilities	**4,933,385**	**7,223,328**	**9,723,600**	**12,711,385**
Net current assets	**4,132,064**	**4,460,155**	**6,884,668**	**18,072,857**
Total assets less current liabilities	**8,746,460**	**9,673,339**	**13,027,117**	**24,532,927**
Non-current liabilities				
Interest-bearing bank borrowings	2,092,258	2,516,736	4,377,325	9,416,193
Deferred income	14,581	20,651	35,264	30,812
Deferred tax liabilities	99,965	135,156	161,358	184,501
Lease liabilities	68,203	64,420	51,232	45,724
Other payables and accruals	–	–	39,606	44,697
Provision	22,049	36,871	667	737
Total non-current liabilities	**2,297,056**	**2,773,834**	**4,665,452**	**9,722,664**
Net assets	**6,449,404**	**6,899,505**	**8,361,665**	**14,810,263**
Equity				
Share capital	412,864	415,982	419,145	419,145
Reserves	5,608,265	6,051,507	7,435,149	14,175,989
	6,021,129	6,467,489	7,854,294	14,595,134
Non-controlling interests	428,275	432,016	507,371	215,129
Total equity	**6,449,404**	**6,899,505**	**8,361,665**	**14,810,263**

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, plants and machinery, electronic equipment and construction in progress.

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Buildings	526,150	898,199	1,192,345	1,177,904
Plant and machinery	859,502	1,031,956	1,223,171	1,418,267
Electronic equipment, furniture and fixtures	125,218	144,522	115,770	124,918
Construction in progress	422,949	266,254	58,765	88,623
Leasehold improvements	49,690	81,052	84,020	86,804
Motor vehicles	6,718	5,485	4,233	4,012
Total	**1,990,227**	**2,427,468**	**2,678,304**	**2,900,528**

Our property, plant and equipment increased from RMB1,990.2 million as of December 31, 2023 to RMB2,427.5 million as of December 31, 2024, mainly attributable to the increase in buildings relating to the Phase II of Zhongshan Storage Industrial Park and addition of plant and machinery in Zhongshan Storage Industrial Park and Suzhou Packaging and Testing Production Base to support our expansion. Our property, plant and equipment further increased to RMB2,678.3 million as of December 31, 2025, mainly due to increase in buildings relating to the completion of R&D center in Shanghai, and increase in plant and machinery relating to the development and back-end manufacturing of our memory products. Our property, plant and equipment further increased to RMB2,900.5 million as of April 30, 2026, mainly due to a significant increase in the plant and machinery driven by our investments in various machinery and equipment in line with our business expansion.

We conduct thorough assessments at the end of each period within the Track Record Period to evaluate whether there are any indicators of impairment for our non-financial assets including property, plant and equipment, right-of-use assets, and other intangible assets. This evaluation is based on a comprehensive review of both internal and external sources of information. There was no evidence of significant technological obsolescence or physical damage impacting their values, and there is no observable indications that our assets value has declined during the period significantly more than expected as a result of the passage of time or normal use. No impairment indicators were identified at the end of each period within the Track Record Period and no impairment losses were recognized during the Track Record Period.

Right-of-Use Assets

The right-of-use assets primarily represent our leased buildings, equipment, and machinery for our production facilities and offices. Right-of-use assets decreased from RMB263.4 million as of December 31, 2023 to RMB255.0 million as of December 31, 2024 and RMB238.1 million as of December 31, 2025, mainly attributable to (i) the ordinary course amortization, and (ii) the gradual reduction in external leasing expenses as our self-owned properties were put into use. Our right-of-use assets remained relatively stable at RMB231.2 million as of April 30, 2026.

Goodwill

As of December 31, 2023, 2024, 2025 and April 30, 2026, our goodwill amounted to RMB868.7 million, RMB794.0 million, RMB820.2 million and RMB845.6 million, respectively. Our goodwill arose from our acquisitions of Powertech Suzhou and SMART Brazil in 2023. The decrease as of December 31, 2024 and the increase as of December 31, 2025 and April 30, 2026 were both primarily due to fluctuations in the exchange rate.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) ("**CGU**") to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Goodwill acquired through business combinations is allocated to the following CGU for impairment testing:

- Longforce Suzhou CGU; and
- Zilia Eletrônicos CGU.

Longforce Suzhou CGU

The recoverable amount of the Longforce Suzhou CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. As at the end of the years 2023, 2024, 2025 and the four months ended April 30, 2026, the pre-tax discount rate applied to the cash flow projections is 11.56%, 12.51%, 13.05% and 13.64%, respectively. The growth rate used to extrapolate the cash flows of the Longforce Suzhou CGU beyond the five-year period is 2%, 0%, 0% and 0%, respectively.

Zilia Eletrônicos CGU

The recoverable amount of the Zilia Eletrônicos CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. As at the end of the years 2023, 2024, 2025 and the four months ended April 30, 2026, the pre-tax discount rate applied to the cash flow projections is 18.87%, 15.18%, 16.70% and 19.48%, respectively. The growth rate used to extrapolate the cash flows of the Zilia Eletrônicos CGU beyond the five-year period is 3%, 0%, 0% and 0%, respectively.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	As of December 31,						As of April 30,	
	2023		2024		2025		2026	
	(RMB in thousands)							
	Longforce Suzhou	*Zilia Eletronicos*	*Longforce Suzhou*	*Zilia Eletronicos*	*Longforce Suzhou*	*Zilia Eletronicos*	*Longforce Suzhou*	*Zilia Eletronicos*
Recoverable amount . .	1,390,080	1,269,179	1,473,962	1,236,591	1,445,455	1,643,129	1,374,222	1,836,452
Carrying value including goodwill	1,201,833	1,034,937	1,328,465	1,049,450	1,263,370	1,224,285	1,256,674	1,466,167

Assumptions were used in the value in use calculation of the Longforce Suzhou and Zilia Eletrônicos CGUs for the years ended December 31, 2023, 2024, 2025 and the four months ended April 30, 2026. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount Rates: The discount rates used are before tax and reflect specific risks relating to the relevant units.

Revenue Growth Rates over the Forecast Period: The growth rates are determined based on historical experience and forecast of market development in which the CGU operate in.

Budgeted Gross Margin: The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year.

For the Longforce Suzhou CGU, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. The headroom was RMB188.2 million, RMB145.5 million, RMB182.1 million and RMB117.5 million as of December 31, 2023, 2024, 2025 and as of April 30, 2026, respectively. If the compound average revenue growth rates over the forecast period decreased from 25.26% to 21.25%, or the discount rate increased from 11.56% to 13.33%, or the weighted average gross margin over the forecast period decreased from 18.21% to 16.39%, a further impairment on goodwill would be recognized during the year ended December 31, 2023. If the compound average revenue growth rates over the forecast period decreased from 27.49% to 23.41%, or the discount rate increased from 12.51% to 14.12%, or the weighted gross margin over the forecast period decreased from 26.01% to 23.41%, a further impairment on goodwill would be recognized during the year ended December 31, 2024. If the compound average revenue growth rates over the forecast period decreased from 16.34% to 13.67%, or the discount rate increased from 13.05% to 14.56%, or the weighted gross margin over the forecast period decreased from 23.30% to 21.59%, a further impairment on goodwill would be recognized during the year ended December 31, 2025. If the compound average revenue growth rates over the forecast period decreased from 14.35% to 12.57%, or the discount rate increased from 13.64% to 14.68%, or the weighted gross margin over the forecast period decreased from 23.07% to 21.93%, a further impairment on goodwill would be recognized during the four months ended April 30, 2026.

For the Zilia Eletronicos CGU, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable mount. The headroom was RMB234.2 million, RMB187.1 million, RMB418.8 million and RMB370.3 million as of December 31, 2023, 2024, 2025 and as of April 30, 2026, respectively. If the compound average revenue growth rates over the forecast period decreased from 21.93% to 16.61%, or the discount rate increased from 18.87% to 22.30%, or the weighted average gross margin over the forecast period decreased from 14.64% to 12.88%, a further impairment on goodwill would be recognized during the year ended December 31, 2023. If the compound average revenue growth rates over the forecast period decreased from 17.27% to 12.15%, or the discount rate increased from 15.18% to 17.73%, or the weighted average gross margin over the forecast period decreased from 12.88% to 12.37%, a further impairment on goodwill would be recognized during the year ended December 31, 2024. If the compound average revenue growth rates over the forecast period decreased from 6.22% to 2.87%, or the discount rate increased from 16.70% to 21.70%, or the weighted average gross margin over the forecast period decreased from 14.33% to 12.65%, a further impairment on goodwill would be recognized during the year ended December 31, 2025. If the compound average revenue growth rates over the forecast period decreased from 7.44% to 0.56%, or the discount rate increased from 19.48% to 24.54%, or the weighted average gross margin over the forecast period decreased from 16.64% to 15.12%, a further impairment on goodwill would be recognized during the four months ended April 30, 2026.

Other Intangible Assets

Our other intangible assets primarily consist of software and intellectual properties in connection with our business operation, such as trademark and patent. Other intangible assets decreased from RMB279.9 million as of December 31, 2023 to RMB245.8 million as of December 31, 2024, mainly attributable to the amortization of intangible assets. Our other intangible assets increased to RMB259.0 million as of December 31, 2025, due to our increased investment in software. Our other intangible assets decreased to RMB235.0 million as of April 30, 2026, mainly attributable to ordinary course amortization.

Investment in Associates

Our investment in associates as of December 31, 2023 mainly related to our investment in Shanghai Testrong. Since June 2024, we no longer maintained significant influence over the operations of Shanghai Testrong and ceased to account it as an associate. As of December 31, 2024 and 2025 and April 30, 2026, our investment in associates amounted to RMB30.0 million, RMB30.1 million and RMB30.1 million, respectively, mainly attributable to our investment in Suzhou Puhua Quanxin Investment Partnership (Limited Partnership).

Financial Assets at Fair Value through Profit or Loss

We had financial assets at fair value through profit or loss (including both current and non-current portions) of RMB393.9 million, RMB899.7 million, RMB950.1 million and RMB1,068.1 million as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively, consisting of current portion of nil, RMB179.6 million, RMB38.5 million and RMB2.8 million as of the same respective dates and non-current portion of RMB393.9 million, RMB720.1 million, RMB911.5 million and RMB1,065.3 million as of the same respective dates.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current:				
Derivative financial instruments	–	17,303	2,922	–
Structured deposits and certificate deposits	–	162,320	35,619	2,817
	–	179,623	38,541	2,817
Non-current:				
Unlisted equity investments, at fair value	393,883	168,874	214,481	215,907
Listed equity investments, at fair value	–	551,206	697,064	849,344
	393,883	720,080	911,545	1,065,251
Total:	**393,883**	**899,703**	**950,086**	**1,068,068**

Our financial assets at fair value through profit or loss consisted of redeemable short-term wealth management products, mainly derivative financial instruments and structured deposits and certificate deposits, issued by banks in China and Brazil. The structured deposits and certificate deposits classified as our financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The changes in our financial assets at fair value through profit or loss during the Track Record Period were primarily due to our redemption of certain wealth management products according to our cash management strategies aimed at optimizing liquidity and returns.

Our financial assets measured at fair value through profit or loss during the Track Record Period also included our equity investment in certain unlisted and listed companies. We have dedicated personnel in place who are responsible for identifying, reviewing and pursuing strategic investments, including investments in unlisted and listed companies. We make investment decisions on a case-by-case basis based on the consideration of a number of factors, including the investee's operating history, the growth potential of the investee and the industries in which it operates, the quality of the investee's management team, as well as the investee's potential to generate synergies with our existing operations. We closely monitor the operational and financial performance of our investee companies. From time to time, we may also decide to dispose of certain or all of our equity interests in our investee companies to achieve financial returns or to align with our business focus. Our internal procedures for exit decisions are substantially similar to the procedures for investment decisions.

We follow a prudent investment approach for wealth management products, focusing on capital preservation and stable returns. Our investments are primarily in wealth management products issued by reputable banks. These products are selected for their low-risk profiles, predictable cash flows, and alignment with our overall financial strategy of optimizing liquidity management while balancing risk and return. We make investment decisions related to financial products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to the macro-economic environment, general market conditions, the risk control and credit levels of the issuing banks, our working capital needs, and the expected profit or potential loss of the investment. The investment in these assets will be subject to the compliance with Chapter 14 of the Listing Rules upon the Listing and the Global Offering.

For more information about valuation of financial assets measured at fair value through profit or loss, see Note 23 to the Accountants' Report set out in Appendix I.

Deferred Tax Assets

Our deferred tax assets primarily consist of credit impairment provisions, asset impairment provisions, deductible losses and deferred income. Our deferred tax assets increased from RMB446.5 million as of December 31, 2023 to RMB537.6 million as of December 31, 2024, primarily due to the recognition of deductible tax losses and provisions for the impairment of our inventories. Our deferred tax assets decreased to RMB503.6 million as of December 31, 2025 and RMB281.7 million as of April 30, 2026, primarily due to our utilization of subsidiaries' historical losses for tax deduction.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of prepayments for the purchase of raw materials, VAT (value-added tax) and other taxes recoverable, prepaid tax, rental deposits and deposits with suppliers. The following table sets forth the breakdown of prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current				
Prepayments	331,586	421,020	657,678	1,276,027
Value-added tax and other taxes recoverable	176,435	389,652	331,714	327,523
Prepaid tax	37,762	57,409	30,707	24,357
Deposits	19,881	12,332	11,653	12,872
Export value-added tax refund receivables	1,800	44,382	244,761	434,639
Deferred listing expenses	–	8,567	32,230	38,489
Other receivables and other assets	40,570	40,751	60,057	62,360
	608,034	974,113	1,368,800	2,176,267
Non-current				
Prepayments	191,370	95,549	298,079	243,192
Value-added tax and other taxes recoverable	115,298	66,349	366,166	597,555
Key employee insurance	17,403	17,783	17,345	16,819
Deposits	2,536	2,179	3,764	3,809
Other receivables	20,155	21,359	16,281	9,412
	346,762	203,219	701,635	870,787
Total	**954,796**	**1,177,332**	**2,070,435**	**3,047,054**

Our prepayments, other receivables and other assets (including both current and non-current portions) increased from RMB954.8 million as of December 31, 2023, to RMB1,177.3 million as of December 31, 2024, mainly due to (i) an increase in prepayments to suppliers, as we increased the procurement of raw materials to support our business expansion, (ii) an increase in prepayments for VAT tax and other taxes recoverable driven by the VAT we paid in connection with our purchase of materials, goods and equipment to support our business expansion, (iii) an increase in prepaid tax, which generally aligns with our business growth, and (iv) an increase in other receivables and other assets, mainly attributable to our acquisition of SMART Brazil and increase in housing loans to employees. Our prepayments, other receivables and other assets further increased to RMB2,070.4 million as of December 31, 2025 and RMB3,047.1 million as of April 30, 2026 mainly due to (i) an increase in prepayments to suppliers, as we increased the procurement of equipment to support our business expansion and R&D activities, (ii) an increase in prepayments for VAT and other taxes recoverable driven by higher financial credits generated under the Brazilian law, which generally aligns with our business growth, and (iii) an increase in export VAT refund receivables, which generally aligns with our increased export sales.

The non-current portion of VAT and other taxes recoverable mainly represented tax credits according to tax policy for semiconductor industry in Brazil, which was expected to be deducted from Brazil federal taxes since more than one year after the end of reporting period. The decrease in non-current portion of VAT and other taxes recoverable from RMB115.3 million as of December 31, 2023 to RMB66.3 million as of December 31, 2024 was mainly due to reclassification to current portion of such deductible VAT and other taxes on sales of products of RMB15.2 million following the acquisition of SMART Brazil.

As of June 30, 2026, RMB715.0 million, or 23.5% of our prepayments, other receivables and other assets outstanding as of April 30, 2026 had been subsequently utilized or settled.

Inventories

Our inventories primarily consist of (i) finished goods, such as semiconductor memory products that are fully back-end manufactured, tested, packaged, and ready for sale; (ii) raw materials for our semiconductor memory products, including memory wafers and controller chips; (iii) work in progress, which mainly include items still in production, such as partially assembled products, or components undergoing testing; and (iv) others, which include auxiliary materials for our semiconductor memory products.

The following table sets forth a summary of the balances of our inventories as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Finished goods	2,329,706	3,164,361	4,664,753	7,274,474
Raw materials	2,386,818	3,620,897	4,974,839	10,873,072
Work in progress	1,167,121	1,035,470	2,015,188	3,166,466
Others	9,520	12,425	22,965	29,674
Total	**5,893,165**	**7,833,153**	**11,677,745**	**21,343,686**

As of December 31, 2023, 2024, 2025 and April 30, 2026, the balance of our inventories was RMB5,893.2 million, RMB7,833.2 million and RMB11,677.7 million and RMB21,343.7 million, respectively. The increase in the balance of our inventories over time generally aligns with our business growth, and the significant increase from December 31, 2025 to April 30, 2026 was mainly driven by the sharp increase in unit cost of key raw materials during this period. As of December 31, 2023, 2024, 2025 and April 30, 2026, we recorded provision of inventories of RMB120.1 million, RMB235.9 million, RMB76.0 million and RMB80.5 million, respectively. The provision for inventory impairment is based on a detailed assessment of the net realizable value of inventory items compared to their carrying amounts.

We believe maintaining appropriate levels of inventories dynamically helps us fully address our customers' demand and achieve customer satisfaction without adversely affecting our liquidity. We have in place a set of policies and procedures to manage our inventories. For details, see "Business — Warehousing, Logistics and Inventory Management."

The following table sets forth the turnover days for inventories for the years/periods indicated.

	For the year ended December 31,			As of April 30,
	2023	2024	2025	2026
	(days)			
Inventories turnover days[(1)] . .	182.2	170.4	190.7	317.2

Note:

(1) Inventories turnover days for each year/period equals the average balance of inventories of the beginning and ending balances of inventories for that year/period divided by the corresponding cost of sales for the relevant year/period, multiplied by the number of days during such year/period (i.e. 365 days for one fiscal year or 120 days for the four months ended April 30, 2026).

Our inventories turnover days decreased from 182.2 days in 2023 to 170.4 days in 2024, mainly due to our improved inventory utilization efficiency. Our inventories turnover days increased to 190.7 days in 2025, due to enhanced stockpiling in the fourth quarter of 2025 in anticipation of robust market demand. Our inventories turnover days increased significantly to 317.2 in the four months ended April 30, 2026 mainly due to our strategic stockpiling in light of rapid increases in memory product prices, robust market demand and supply chain tensions attributable to the surge in AI infrastructure investments. Our inventory turnover days were relatively long, mainly because (i) memory wafers, our principal raw material, constitute a significant portion of our inventories. The memory wafer industry is concentrated and largely supplied by overseas manufacturers, which lengthens our procurement cycle and necessitates maintaining relatively sufficient inventory levels to secure supply, (ii) the memory industry in which we operate was in a rapid growth phase beginning in the third quarter of 2025, and our revenue scale has been expanding quickly. To support such growth, we are required to hold adequate inventories, and the increase in our inventory balance during the Track Record Period was generally aligned with the growth in our revenue, and (iii) our optimized customer mix has imposed higher requirements on our product delivery capability. In order to meet customers' demand and delivery requirements, we increased our period-end inventory reserves accordingly. According to CIC, our inventory turnover days are generally in line with industry standards.

We have implemented a series of measures to optimize our cash conversion cycle. First, while meeting customer demand, we continue to refine our inventory management policies by closely tracking market demand, strengthening sales efforts and adjusting our stocking strategies in a timely manner in line with our inventory plans, thereby improving inventory turnover. Second, we enhance customer credit management by prudently assessing customers' creditworthiness and repayment capability, adopting more stringent and reasonable credit policies, tightening control over our receivable collection periods and, where appropriate, requiring advance payments. We also maintain relatively short credit terms for distributors and, where necessary, may increase the proportion of distributor sales to accelerate cash collection. Third, we strengthen communication with suppliers to make more efficient use of supplier credit terms and consider increasing the use of notes or other non-cash settlement methods to reduce cash outflows and prepayments. Finally, we maintain stable relationships with major banks, with sufficient bank facilities available to support our working capital needs. As a result of these measures, our cash conversion cycle has shown improving trend. In particular, our contract liabilities, which primarily represent the advances received from customers to deliver our products, increased from RMB354.6 million as of December 31, 2025 to RMB1,736.7 million as of April 30, 2026, and our trade and bills receivables turnover days decreased from 40.7 days in 2023 to 31.5 days in 2024 and 29.8 days in 2025, and further to 23.2 days in the four months ended April 30, 2026.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31, 2023					
	Within 6 months	7 to 12 months	Over 1 year	Total	Less: write down of inventories	Carrying value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	2,167,516	142,754	108,278	2,418,548	(88,842)	2,329,706
Raw materials	2,197,856	103,236	109,701	2,410,793	(23,975)	2,386,818
Work in progress	1,171,021	2,741	653	1,174,415	(7,294)	1,167,121
Others	5,011	1,499	3,010	9,520	–	9,520
	5,541,404	**250,230**	**221,642**	**6,013,276**	**(120,111)**	**5,893,165**

	As of December 31, 2024					
	Within 6 months	7 to 12 months	Over 1 year	Total	Less: write down of inventories	Carrying value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	2,912,580	275,667	110,252	3,298,499	(134,138)	3,164,361
Raw materials	2,360,180	919,150	435,794	3,715,124	(94,227)	3,620,897
Work in progress	1,030,942	11,676	343	1,042,961	(7,491)	1,035,470
Others	7,112	1,154	4,159	12,425	–	12,425
	6,310,814	**1,207,647**	**550,548**	**8,069,009**	**(235,856)**	**7,833,153**

	As of December 31, 2025					
	Within 6 months	7 to 12 months	Over 1 year	Total	Less: write down of inventories	Carrying value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	4,509,036	122,398	74,814	4,706,248	(41,495)	4,664,753
Raw materials	4,467,167	310,199	228,630	5,005,996	(31,157)	4,974,839
Work in progress	2,012,373	3,601	2,535	2,018,509	(3,321)	2,015,188
Others	13,837	3,975	5,153	22,965	–	22,965
	11,002,413	**440,173**	**311,132**	**11,753,718**	**(75,973)**	**11,677,745**

	As of April 30, 2026					
	Within 6 months	7 to 12 months	Over 1 year	Total	Less: write down of inventories	Carrying value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	6,887,378	377,996	75,149	7,340,523	(66,049)	7,274,474
Raw materials	9,876,623	800,279	202,652	10,879,554	(6,482)	10,873,072
Work in progress	3,162,489	6,108	5,865	3,174,462	(7,996)	3,166,466
Others	20,031	4,229	5,414	29,674	–	29,674
	19,946,521	**1,188,612**	**289,080**	**21,424,213**	**(80,527)**	**21,343,686**

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. As of December 31, 2023, 2024, 2025 and April 30, 2026, we recorded write-down of inventories of RMB120.1 million, RMB235.9 million, RMB76.0

million and RMB80.5 million, respectively, representing approximately 2.0%, 2.9%, 0.7% and 0.4% of total inventories for the same periods, which remained at a relatively low level. Our inventories primarily consist of (i) finished goods, (ii) raw materials, and (iii) work in progress. We generally purchase raw materials based on sales demand and most of the work in progress and raw materials will be subsequently sold or utilized within a year. During the Track Record Period, the write-down of inventories was driven by fluctuations in market prices of memory wafers and semiconductor memory products, which affected the net realizable value of certain finished goods and raw materials. The write-down of inventories was relatively higher as of December 31, 2023 and 2024, primarily reflecting the downturn of the global semiconductor memory industry in 2023 and the decline in market prices. The write-down of inventories decreased as of December 31, 2025 and April 30, 2026, primarily because as the market prices of memory wafers and memory products increased, the net realizable value of our inventories raised accordingly as of the relevant dates, thereby reducing the impairment risk of such inventories. Our inventory position has not experienced any material adverse change as of the Latest Practicable Date. The changes were generally in line with market price trends. We have in place a set of policies and procedures to manage our inventories and the policies and procedures are effective. For details, see "Business — Warehousing, Logistics and Inventory Management."

We review the condition of our inventories at the end of each reporting periods and make provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with our customers and current market conditions of the semiconductor industry. We estimate the net realizable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting periods. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognized in the periods in which such estimates have been changed. We have not identified any recoverability/impairment issue for inventories given that (i) our inventories are generally backed by existing or anticipated orders from our customers and the market demand for our products is generally growing, (ii) our inventories primarily comprised our strategic stock of raw materials and finished goods with clear commercial value, (iii) our inventories were generally aged within six months during the Track Record Period, and there was no material inventory backlog, (iv) we have implemented stringent and effective inventory management measures, (v) we have made the best estimate on the net realizable value and the corresponding impairment of inventory, and (vi) the percentage of our write-down of inventories to total inventories during the Track Record Period was generally in line with the industry cycle and market price trends of semiconductor memory products. Our write-down of inventories represented a relatively higher percentage of total inventories as of December 31, 2023 and 2024, at approximately 2.0% and 2.9%, respectively, primarily reflecting the downturn of the global semiconductor memory industry and the decline in market prices during that period. Our write-down of inventories represented a relatively lower percentage of total inventories as of December 31, 2025 and April 30, 2026, at approximately 0.7% and 0.4%, respectively, as market prices of semiconductor memory products subsequently recovered. Based on the foregoing, our management believes sufficient impairment provision for our inventories has been made.

As of June 30, 2026, RMB3,790.7 million, or 17.8% of our inventories outstanding as of April 30, 2026, had been subsequently sold. Considering our production cycle and inventory turnover cycle take several months, a significant portion of the inventories on hand as of April 30, 2026 would not yet have been utilized or sold by June 30, 2026 within such short subsequent period. We believe that such subsequent utilization rate represents a relatively normal inventory consuming pace and we had not identified any material adverse changes or unusual developments in our inventory position during this period.

Trade and Bills Receivables

Our trade and bills receivables mainly consist of outstanding amounts from customers for the sale of our semiconductor memory products.

The following table sets forth the details of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Trade receivables	1,347,357	1,604,227	2,032,250	3,640,164
Bills receivables	–	70,484	11,752	8,454
Impairment	(2,056)	(3,088)	(3,585)	(5,726)
Net carrying amount	**1,345,301**	**1,671,623**	**2,040,417**	**3,642,892**

As of December 31, 2023, 2024, 2025 and April 30, 2026, the balance of our trade and bills receivables amounted to RMB1,345.3 million, RMB1,671.6 million, RMB2,040.4 million and RMB3,642.9 million, respectively. The increase in the balance of our trade and bills receivables over time generally aligns with our business growth.

As of December 31, 2023, 2024 and 2025 and April 30, 2026, we made provisions for the impairment of our trade and bills receivables of RMB2.1 million, RMB3.1 million, RMB3.6 million and RMB5.7 million, respectively. We measure loss allowances for trade and bills receivables at an amount equal to lifetime expected credit losses (ECLs), which is calculated using a provision matrix.

We generally offer customers a credit period no more than 120 days after invoicing. The following table provides an aging analysis of our trade and bills receivables, categorized by the number of days outstanding, as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 3 months	1,317,688	1,538,129	1,883,268	3,137,268
3 to 6 months	25,182	130,186	155,870	501,083
Over 6 months	2,431	3,308	1,279	4,541
Total	**1,345,301**	**1,671,623**	**2,040,417**	**3,642,892**

The following table sets forth the turnover days of our trade and bills receivables for the years/periods indicated.

	For the year ended December 31,			As of April 30,
	2023	2024	2025	2026
	(days)			
Trade and bills receivables turnover days[(1)]	40.7	31.5	29.8	23.2

Note:

(1) Trade and bills receivables turnover days for each year/period equals the average balance of trade and bills receivables of the beginning and ending balances of trade and bills receivables for that year/period divided by the corresponding total revenue for the relevant year/period, multiplied by the number of days during such year/period (i.e. 365 days for one fiscal year and 120 days for the four months ended April 30, 2026).

Our trade and bills receivables turnover days decreased from 40.7 days in 2023 to 31.5 days in 2024, primarily due to earlier payments from certain key customers. The turnover days remained relatively stable at 29.8 days in 2025. In the four months ended April 30, 2026, our trade and bills receivables turnover days decreased to 23.2 days, primarily as more customers made prepayments to ensure supply in light of the robust market demand driven by AI-related investments.

As of June 30, 2026, RMB2,900.5 million, or 79.7% of our trade and bills receivables outstanding as of April 30, 2026 had been subsequently collected. Our trade and bills receivables aged over six months are primarily related to creditworthy customers, and we have implemented stringent credit management policies and are closely monitoring the recoverability of our trade and bills receivables, so we do not believe that there are any recoverability issues with respect to our outstanding trade and bills receivables, and we believe sufficient impairment provision for our trade and bills receivables has been made.

Cash and Cash Equivalents

As of December 31, 2023, 2024, 2025 and April 30, 2026, our cash and cash equivalents amounted to RMB1,200.5 million, RMB1,014.4 million, RMB1,468.8 million, and RMB3,607.8 million, respectively. Our cash and cash equivalents primarily consist of cash held at banks and other financial institutions, readily accessible on demand to support our operational and liquidity needs.

Pledged Deposits

Our pledged deposits were deposited to banks for the issue of letter of credits. As of December 31, 2023, 2024, 2025 and April 30, 2026, our pledged deposits amounted to RMB18.4 million, RMB10.6 million, RMB9.5 million and RMB8.8 million, respectively.

Liabilities

Trade and Bills Payables

Our trade and bills payables primarily represent outstanding amounts due to third parties, including payments for our suppliers for raw materials and outsourced services include packaging, testing, SMT and assembly.

Our trade and bills payables remained stable at RMB1,147.4 million and RMB1,140.6 million as of December 31, 2023 and 2024. Our trade and bills payables increased to RMB2,016.8 million as of December 31, 2025, primarily due to increased procurement of raw materials and outsourced services to support our expanding production and business operations. Our trade and bills payables increased to RMB2,542.0 million as of April 30, 2026, primarily due to our increased purchases for strategic stockpiling in light of the robust market demand and supply chain tensions attributable to the surge in AI infrastructure investments.

The following table sets forth the aging analysis of our trade and bills payables based on the invoice date as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Less than 1 years	1,146,102	1,140,188	2,016,112	2,541,298
Over 1 year	1,309	401	664	685
Total	**1,147,411**	**1,140,589**	**2,016,776**	**2,541,983**

The following table sets forth our trade and bills payables turnover days for the years/periods indicated.

	For the year ended December 31,			As of April 30,
	2023	2024	2025	2026
	(days)			
Trade and bills payables turnover days[(1)]	34.2	28.4	30.9	43.8

Note:

(1) Trade and bills payables turnover days for each year/period equals the average balance of trade and bills payables of the beginning and ending balances of trade and bills payables for that year/period divided by total cost of sales for the relevant year/period, multiplied by the number of days during such year/period (i.e. 365 days for one fiscal year or 120 days for the four months ended April 30, 2026).

Our trade and bills payables turnover days remained relatively stable at 34.2 days in 2023, 28.4 days in 2024 and 30.9 days in 2025. Our trade and bills payables turnover days increased to 43.8 days in the four months ended April 30, 2026, primarily due to our increased purchases for strategic stockpiling around April 2026, which resulted in a higher balance of trade and bills payables that were not due for settlement as of April 30, 2026. The relatively low turnover days in 2024 was primarily due to our procurement of raw materials on a prepayment basis during the initial phase of building relationships with our certain new suppliers.

As of June 30, 2026, RMB2,436.4 million, or 95.8% of our trade and bills payables outstanding as of April 30, 2026 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of salaries and benefits payable, other payables for construction cost and purchase of property, plant and equipment and other tax payables.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current				
Salaries and benefits payables	145,888	258,186	478,688	216,105
Other tax payables	10,563	26,201	83,112	163,694
Other payables[(1)]	370,365	389,105	473,104	307,508
	526,816	673,492	1,034,904	687,307
Non-current				
Other payables[(2)]	–	–	39,606	44,697
	–	–	39,606	44,697
Total	**526,816**	**673,492**	**1,074,510**	**732,004**

Notes:

(1) Current other payables are unsecured, non-interest-bearing and repayable on demand.
(2) Non-current other payables are unsecured, non-interest-bearing and not repayable within one year.

As of December 31, 2023, 2024, 2025 and as of April 30, 2026, the balance of our other payables and accruals, current portion, amounted to RMB526.8 million, RMB673.5 million, RMB1,034.9 million and RMB687.3 million respectively. The general increase in the balance of our other payables and accruals, current portion, over time from 2023 to 2025 was primarily due to (i) the increase in salaries and benefits payables driven by the increase in the number of our employees and accrual for bonuses, (ii) the increase in other payables, mainly due to payables associated with the acquisition of SMART Brazil, as well as the construction costs and purchase of property, plant and equipment resulting from the construction of Zhongshan Storage Industrial Park and R&D center in Shanghai, and (iii) the increase in other tax payables as our profitability improved. The decrease in the balance of our other payables and accruals, current portion, from December 31, 2025 to April 30, 2026 was mainly due to a decrease in salaries and benefits payables as we finished the payment of certain accrued salaries and benefits. As of December 31, 2025 and April 30, 2026, we also had other payables, non-current portion, of RMB39.6 million and RMB44.7 million, respectively, mainly representing VAT payables arising from Zilia Eletrônicos's procurement of equipment from overseas.

As of June 30, 2026, RMB232.5 million, or 81.0% of our other payables and accruals outstanding as of April 30, 2026 had been subsequently settled.

Financial Liabilities at Fair Value through Profit or Loss

We had financial liabilities at fair value through profit or loss of RMB0.8 million, nil, RMB66 thousand and RMB39.6 million, as of December 31, 2023, 2024, 2025 and as of April 30, 2026, respectively. Our financial liabilities at fair value through profit or loss as of December 31, 2023 and 2025 and as of April 30, 2026 represent derivative financial instruments purchased by Zilia Eletrônicos, which consist of foreign currency forward contracts designed to mitigate the risk caused by foreign exchange rate fluctuations. The changes in our financial liabilities measured at fair value through profit or loss were primarily due to the fluctuations of foreign exchange rates.

Contract Liabilities

Our contract liabilities primarily represent the advances received from customers to deliver our products. Our contract liabilities increased from RMB65.8 million as of December 31, 2023 to RMB94.8 million as of December 31, 2024, and further increased to RMB354.6 million as of December 31, 2025, primarily due to increases in advances received from our customers, which generally aligns with our business expansion. Our contract liabilities significantly increased to RMB1,736.7 million, primarily due to the robust market demand driven by AI-related investments, which prompted more customers to pay advances to ensure supply.

As of June 30, 2026, RMB1,058.5 million, or 60.9% of our contract liabilities as of April 30, 2026 had been subsequently settled.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we had met our working capital and other capital requirements primarily through cash generated from our business operations, bank loans, and shareholder contributions. Following the Global Offering, we plan to finance our future capital requirements through cash generated from our business operations, the net proceeds from the Global Offering, and, if needed, additional future equity or debt financings.

We currently do not anticipate any material changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB1,200.5 million, RMB1,014.4 million, RMB1,468.8 million and RMB3,607.8 million as of December 31, 2023, 2024, 2025 and as of April 30, 2026, respectively.

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of April 30,	As of June 30,
	2023	2024	2025	2026	2026
					(unaudited)
			(RMB in thousands)		
Current assets					
Inventories	5,893,165	7,833,153	11,677,745	21,343,686	25,777,334
Trade and bills receivables	1,345,301	1,671,623	2,040,417	3,642,892	4,358,108
Receivables financing	–	–	4,434	2,061	3,189
Prepayments, other receivables and other assets	608,034	974,113	1,368,800	2,176,267	2,571,363
Financial assets at fair value through profit or loss	–	179,623	38,541	2,817	154,354
Pledged deposits	18,426	10,560	9,520	8,750	7,388
Cash and cash equivalents	1,200,523	1,014,411	1,468,811	3,607,769	3,101,289
Total current assets	**9,065,449**	**11,683,483**	**16,608,268**	**30,784,242**	**35,973,025**
Current liabilities					
Trade and bills payables	1,147,411	1,140,589	2,016,776	2,541,983	3,242,299
Contract liabilities	65,844	94,803	354,635	1,736,713	1,330,212
Other payables and accruals	526,816	673,492	1,034,904	687,307	1,031,874
Financial liabilities at fair value through profit or loss	789	–	66	39,576	–
Interest-bearing bank borrowings	3,170,752	5,162,691	6,112,477	6,712,917	6,143,109
Tax payables	5,423	129,427	119,342	889,934	1,347,333
Lease liabilities	16,350	22,326	25,320	25,871	25,537
Provision	–	–	60,080	77,084	87,344
Total current liabilities	**4,933,385**	**7,223,328**	**9,723,600**	**12,711,385**	**13,207,708**
Net current assets	**4,132,064**	**4,460,155**	**6,884,668**	**18,072,857**	**22,765,317**

Our net current assets increased from RMB18,072.9 million as of April 30, 2026 to RMB22,765.3 million as of June 30, 2026, primarily due to (i) an increase in inventories from RMB21,343.7 million as of April 30, 2026 to RMB25,777.3 million as of June 30, 2026, (ii) an increase in trade and bills receivables from RMB3,642.9 million as of April 30, 2026 to RMB4,358.1 million as of June 30, 2026, and (iii) an increase in prepayments, other receivables and other assets from RMB2,176.3 million as of April 30, 2026 to RMB2,571.4 million as of June 30, 2026. The increase in our net current assets was partially offset by (i) an increase in trade payables from RMB2,542.0 million as of April 30, 2026 to RMB3,242.3 million as of June 30, 2026, (ii) an increase in tax payables from RMB889.9 million as of April 30, 2026 to RMB1,347.3 million as of June 30, 2026, (iii) a decrease in cash and cash equivalents from RMB3,607.8 million as of April 30, 2026 to RMB3,101.3 million as of June 30, 2026, and (iv) an increase in other payables and accruals from RMB687.3 million as of April 30, 2026 to RMB1,031.9 million as of June 30, 2026.

Our net current assets increased from RMB6,884.7 million as of December 31, 2025 to RMB18,072.9 million as of April 30, 2026, primarily due to (i) an increase in inventories from RMB11,677.7 million as of December 31, 2025 to RMB21,343.7 million as of April 30, 2026, (ii) an increase in cash and cash equivalents from RMB1,468.8 million as of December 31, 2025 to RMB3,607.8 million as of April 30, 2026, and (iii) an increase in trade and bills receivables from RMB2,040.4 million as of December 31, 2025 to RMB3,642.9 million as of April 30, 2026. The increase in our net current assets was partially offset by (i) an increase in contract liabilities from RMB354.6 million as of December 31, 2025 to RMB1,736.7 million as of April 30, 2026, (ii) an increase in tax payables from RMB119.3 million as of December 31, 2025 to RMB889.9 million as of April 30, 2026, (iii) an increase in interest-bearing bank borrowings from RMB6,112.5 million as of December 31, 2025 to RMB6,712.9 million as of April 30, 2026, and (iv) an increase in trade and bills payables from RMB2,016.8 million as of December 31, 2025 to RMB2,542.0 million as of April 30, 2026.

Our net current assets increased from RMB4,460.2 million as of December 31, 2024 to RMB6,884.7 million as of December 31, 2025, primarily due to (i) an increase in inventories from RMB7,833.2 million as of December 31, 2024 to RMB11,677.7 million as of December 31, 2025, (ii) an increase in cash and cash equivalents from RMB1,014.4 million as of December 31, 2024 to RMB1,468.8 million as of December 31, 2025, (iii) an increase in prepayments, other receivables and other assets from RMB974.1 million as of December 31, 2024 to RMB1,368.8 million as of December 31, 2025, and (iv) an increase in trade and bills receivables from RMB1,671.6 million as of December 31, 2024 to RMB2,040.4 million as of December 31, 2025. The increase in our net current assets was partially offset by (i) an increase in interest-bearing bank borrowings from RMB5,162.7 million as of December 31, 2024 to RMB6,112.5 million as of December 31, 2025, (ii) an increase in trade and bills payables from RMB1,140.6 million as of December 31, 2024 to RMB2,016.8 million as of December 31, 2025, (iii) an increase in other payables and accruals from RMB673.5 million as of December 31, 2024 to RMB1,034.9 million as of December 31, 2025, and (iv) an increase in contract liabilities from RMB94.8 million as of December 31, 2024 to RMB354.6 million as of December 31, 2025.

Our net current assets increased from RMB4,132.1 million as of December 31, 2023 to RMB4,460.2 million as of December 31, 2024, primarily due to (i) an increase in inventories from RMB5,893.2 million as of December 31, 2023 to RMB7,833.2 million as of December 31, 2024, (ii) an increase in trade and bills receivables from RMB1,345.3 million as of December 31, 2023 to RMB1,671.6 million as of December 31, 2024, and (iii) an increase in prepayments, other receivables and other assets from RMB608.0 million as of December 31, 2023 to RMB974.1 million as of December 31, 2024. The increase in our net current assets was partially offset by (i) a decrease in cash and cash equivalents from RMB1,200.5 million as of December 31, 2023 to RMB1,014.4 million as of December 31, 2024, (ii) an increase in interest-bearing bank borrowings from RMB3,170.8 million as of December 31, 2023 to RMB5,162.7 million as of December 31, 2024, (iii) an increase in other payables and accruals of RMB526.8 million as of December 31, 2023 to RMB673.5 million as of December 31, 2024, and (iv) an increase in tax payable from RMB5.4 million as of December 31, 2023 to RMB129.4 million as of December 31, 2024.

Cash Flow Analysis

The following table sets forth our cash flows for the years/periods indicated.

	For the year ended December 31,			For the four months ended April 30,	
	2023	2024	2025	2025	2026
			(RMB in thousands)	*(unaudited)*	
Net cash flows from/ (used in) operating activities	(2,798,400)	(1,189,742)	(1,201,202)	89,861	(2,947,514)
Net cash flows used in investing activities	(1,661,459)	(1,101,991)	(967,920)	(127,393)	(232,058)
Net cash flows from financing activities	3,717,868	2,140,742	2,624,796	510,824	5,333,450
Net (decrease)/increase in cash and cash equivalents	(741,991)	(150,991)	455,674	473,292	2,153,878

	For the year ended December 31,			For the four months ended April 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Cash and cash equivalents at the beginning of the year/period	1,908,239	1,200,523	1,014,411	1,014,411	1,468,811
Effect of foreign exchange rate changes, net	34,275	(35,121)	(1,274)	3,896	(14,920)
Cash and cash equivalents at the end of the year/period	1,200,523	1,014,411	1,468,811	1,491,599	3,607,769

Net Cash Flows Used in Operating Activities

Net cash flows used in operating activities in the four months ended April 30, 2026 was RMB2,947.5 million, which primarily consists of profit before tax of RMB7,725.2 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of property, plant and equipment of RMB125.0 million, (ii) net fair value gains on financial assets at fair value through profit or loss of RMB112.5 million, (iii) finance costs of RMB111.3 million, and (iv) write-down of inventories to net realizable value of RMB77.3 million. The amount was further adjusted by income tax paid of RMB277.6 million and changes in working capital, primarily including (i) an increase in inventories of RMB9,743.2 million, (ii) an increase in trade and bills receivables of RMB1,604.7 million, and (iii) an increase in prepayments, other receivables and other assets of RMB1,113.6 million, partially offset by (i) an increase in contract liabilities of RMB1,382.1 million, and (ii) an increase in trade payables of RMB525.2 million.

Net cash flows used in operating activities in 2025 was RMB1,201.2 million, which primarily consists of profit before tax of RMB1,745.0 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include fair value gains on financial assets at fair value through profit or loss, net of RMB178.3 million, partially offset by (i) depreciation of property, plant and equipment of RMB348.0 million, (ii) write-down of inventories to net realizable value of RMB313.7 million and (iii) finance costs of RMB230.4 million. The amount was further adjusted by income tax paid of RMB194.7 million and changes in working capital, primarily including (i) an increase in inventories of RMB4,158.3 million, (ii) an increase in prepayments, other receivables and other assets of RMB694.0 million, and (iii) an increase in trade and bill receivables RMB369.5 million, partially offset by (i) an increase in trade payables of RMB876.2 million, (ii) an increase in other payables and accruals of RMB344.5 million and (iii) an increase in contract liabilities of RMB259.8 million.

Net cash flows used in operating activities in 2024 was RMB1,189.7 million, which primarily consists of profit before tax of RMB589.7 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) write-down of inventories to net realizable value of RMB566.3 million, (ii) depreciation of property, plant and equipment of RMB373.6 million, (iii) finance costs of RMB271.3 million and (iv) equity-settled share-based payment expenses of RMB232.2 million. The amount was further adjusted by income tax paid of RMB39.3 million and changes in working capital, primarily including (i) an increase in inventories of RMB2,506.3 million, (ii) an increase in prepayments, other receivables and other assets of RMB371.7 million, and (iii) an increase in trade and bills receivables of RMB328.1 million, partially offset by an increase in other payables and accruals of RMB241.0 million.

Net cash flows used in operating activities in 2023 was RMB2,798.4 million, which primarily consists of loss before tax of RMB1,058.3 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) write-down of inventories to net realizable value of RMB356.4 million, (ii) equity-settled share-based payment expenses of RMB198.1 million, and (iii) depreciation of property, plant and equipment of RMB88.8 million. The amount was further adjusted by income tax paid of RMB168.8 million and changes in working capital, primarily including (i) an increase in inventories of RMB2,277.9 million, (ii) an

increase in prepayments, other receivables and other assets of RMB333.4 million, and (iii) an increase in trade and bills receivables of RMB231.7 million, partially offset by (i) an increase in trade payables of RMB346.8 million, and (ii) an increase in other payables and accruals of RMB134.8 million.

To improve net operating cash outflow position, we implement a range of strategies to, among others, (i) optimize demand forecasting and inventory planning. We leverage historical sales data and demand forecasts to set minimum safety stock levels, preventing overstocking while ensuring sufficient inventory to meet fluctuating demand. Additionally, we adjust inventory strategies based on historical trends and market fluctuations, ensuring efficient stock management throughout the year; (ii) track product's storage, movement, and status and regularly review inventory turnover rates for different products to identify slow-moving or obsolete stock, taking timely actions such as discounting or liquidation to minimize obsolescence risks; (iii) maintain strict control over our outstanding receivables and regularly review the recoverability of our outstanding balances. We implement stricter payment terms for certain higher-risk customers, such as requiring upfront deposits or shorter payment intervals; and (iv) closely collaborate with suppliers to optimize procurement schedules and credit terms, which ensure timely material supplies, reducing the risk of excess inventory accumulation.

Net Cash flows Used in Investing Activities

Net cash flows used in investing activities in the four months ended April 30, 2026 was RMB232.1 million, which primarily consists of (i) purchases of financial assets at fair value through profit or loss of RMB442.6 million, and (ii) purchases of items of property, plant and equipment of RMB173.0 million, partially offset by proceeds from disposal of finance products of RMB476.6 million.

Net cash flows used in investing activities in 2025 was RMB967.9 million, which primarily consists of (i) purchases of items of property, plant and equipment of RMB744.3 million, (ii) purchases of financial assets at fair value through profit or loss of RMB692.1 million, (iii) acquisition of subsidiaries of RMB208.6 million and (iv) purchase of intangible assets of RMB100.4 million, partially offset by proceeds from disposal of finance products of RMB819.7 million.

Net cash flows used in investing activities in 2024 was RMB1,102.0 million, which primarily consists of (i) purchases of financial assets at fair value through profit or loss of RMB1,006.7 million, (ii) purchases of items of property, plant and equipment of RMB888.7 million, and (iii) purchase of intangible assets of RMB54.8 million, partially offset by proceeds from disposal of finance products of RMB845.9 million.

Net cash flows used in investing activities in 2023 was RMB1,661.5 million, which primarily consists of (i) acquisition of subsidiaries of RMB1,727.2 million, (ii) purchases of financial assets at fair value through profit or loss of RMB590.0 million, (iii) purchases of items of property, plant and equipment of RMB423.0 million, and (iv) purchase of intangible assets of RMB76.0 million, partially offset by proceeds from disposal of finance products of RMB1,150.0 million.

Net Cash Flows from Financing Activities

Net cash flows provided by financing activities in the four months ended April 30, 2026 was RMB5,333.5 million, which primarily consists of new bank and other borrowings of RMB7,953.7 million, partially offset by (i) repayment of bank and other borrowings of RMB2,343.5 million, and (ii) acquisition of non-controlling interests of RMB320.6 million.

Net cash flows provided by financing activities in 2025 was RMB2,624.8 million, which primarily consists of new bank and other borrowings of RMB9,878.4 million, partially offset by (i) repayment of bank and other borrowings of RMB7,076.5 million and (ii) interest paid of RMB234.6 million.

Net cash flows provided by financing activities in 2024 was RMB2,140.7 million, which primarily consists of new bank and other borrowings of RMB7,949.0 million, partially offset by (i) repayment of bank and other borrowings of RMB5,527.6 million, (ii) interest paid of RMB262.7 million, and (iii) dividends paid of RMB104.0 million.

Net cash flows provided by financing activities in 2023 was RMB3,717.9 million, which primarily consists of new bank borrowings of RMB6,115.0 million, partially offset by (i) repayment of bank borrowings of RMB2,301.6 million, (ii) interest paid of RMB75.3 million, (iii) payments of lease liabilities of RMB13.2 million, and (iv) share issue expenses of RMB7.0 million.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view, and the Joint Sponsors concur, that taking into account the financial resources available to us, including our cash and cash equivalents on hand, our available financing facilities and the estimated net proceeds from the Global Offering and the expected cash generated from operating activities, we have sufficient working capital for our current requirements and for the next 12 months from the date of this prospectus. Our Directors confirm that we had no material defaults in payment of trade and non-trade payables during the Track Record Period and up to the date of this prospectus.

INDEBTEDNESS

The following table sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of April 30,	As of June 30,
	2023	2024	2025	2026	2026
					(unaudited)
			(RMB in thousands)		
Interest-bearing bank borrowings					
– Non-current	2,092,258	2,516,736	4,377,325	9,416,193	10,492,603
– Current	3,170,752	5,162,691	6,112,477	6,712,917	6,143,109
Total interest-bearing bank borrowings	**5,263,010**	**7,679,427**	**10,489,802**	**16,129,110**	**16,635,712**
Lease liabilities:					
– Non-current	68,203	64,420	51,232	45,724	42,232
– Current	16,350	22,326	25,320	25,871	25,537
Total lease liabilities	**84,553**	**86,746**	**76,552**	**71,595**	**67,769**
Total	**5,347,563**	**7,766,173**	**10,566,354**	**16,200,705**	**16,703,481**

Interest-bearing Bank Borrowings

Our interest-bearing bank borrowings (including both current and non-current portions) increased from RMB5,263.0 million as of December 31, 2023 to RMB7,679.4 million as of December 31, 2024, mainly because we incurred more bank loans for acquisitions in 2023 and general corporate and working capital purposes. We further recorded RMB10,489.8 million interest-bearing bank borrowings as of December 31, 2025 and RMB16,129.1 million as of April 30, 2026, primarily to fund our increased procurement costs of raw materials due to the sharp increase in memory wafer prices during the period. Our interest-bearing bank borrowings remained relatively stable at RMB16,635.7 million as of June 30, 2026, being the most recent practicable date for determining our indebtedness. As of June 30, 2026, we had committed unutilized banking facilities of RMB16,615.6 million.

Certain of interest-bearing bank borrowings was secured by our equity interests in certain subsidiaries, buildings and trade receivables. As of December 31, 2023, 2024, 2025, April 30, 2026 and June 30, 2026, the effective interest rate of our short-term secured bank loans ranged from 2.9%-5.9% per annum, 2.5%-3.4% per annum, 0.8%-2.7% per annum, 0.8%-2.3% per annum and 0.7%-4.5% per annum, respectively. For details, including amounts of total committed and unrestricted available facilities, interest rates for each major type of borrowings and maturity analysis of financial liabilities, see Note 27 to the Accountants' Report included in Appendix I to this prospectus.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank borrowings, nor did we breach any covenants which would have a material adverse effect on our business, financial condition and results of operations during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining bank loans and other borrowings, credit facilities, or withdrawal of facilities or requests for early repayment. Our Directors confirm that there has not been any material change in our indebtedness since June 30, 2026 and up to the date of this prospectus.

We follow a prudent investment approach for wealth management products, focusing on capital preservation and stable returns. Our investments are primarily in wealth management products issued by reputable banks. These products are selected for their low-risk profiles, predictable cash flows, and alignment with our overall financial strategy of optimizing liquidity management while balancing risk and return. We make investment decisions related to financial products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to the macro-economic environment, general market conditions, the risk control and credit levels of the issuing banks, our working capital needs, and the expected profit or potential loss of the investment.

To ensure proper oversight and mitigate risks, we have established a robust internal control mechanism for managing these investments. All potential investments are subject to a rigorous evaluation process, which involves assessing the risk-return profile, the creditworthiness of the issuing bank, and compliance with our investment policies. With the authorization of the Board and the supervision by our chief financial officer, our finance department is responsible for analyzing, evaluating and determining the investment plans with respect to financial products in accordance with our cash management policies and internal approval process. Once investments are made, we conduct continuous monitoring of their performance and credit risk, with regular updates provided to senior management and the Board. Our management team has significant expertise in evaluating and managing financial investments, particularly wealth management products. Our team is well-equipped to analyze market trends, assess risks, and make informed decisions. We also remain vigilant about changes in financial markets and regulatory developments, which allows us to manage our investments proactively and effectively.

The Board is actively involved in overseeing and governing our investment activities. It approves our overall investment policy to ensure alignment with our strategic objectives and provides oversight for key decisions regarding wealth management investments. Furthermore, the Board receives regular reports on the performance and risk assessment of our investments, enabling it to provide ongoing guidance and oversight.

Save as otherwise disclosed under sections headed "— Indebtedness" and "— Contractual Obligations," as of June 30, 2026, being the latest practicable date for determining our indebtedness, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits or hire purchase commitments, debentures, mortgages, charges, guarantees or other material contingent liabilities. Save as disclosed above and the Global Offering, we do not have any material external financing plan as of the Latest Practicable Date.

As of June 30, 2026, we had committed unutilized banking facilities of RMB16,615.6 million.

Lease Liabilities

Our lease liabilities, including current and non-current portions, primarily relate to our leased office buildings, production facilities and other machinery equipment.

As of December 31, 2023, 2024, 2025, April 30, 2026 and June 30, 2026, the balance of our lease liabilities, including both current and non-current portions, was RMB84.6 million, RMB86.7 million, RMB76.6 million, RMB71.6 million and RMB67.8 million, respectively. Our lease liabilities remained relatively stable from December 31, 2023 to June 30, 2026.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily consisted of purchases of items of property, plant and equipment and purchase of intangible assets. The following table sets forth our capital expenditure for the years/periods indicated.

	For the year ended December 31,			For the four months ended April 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Purchases of items of property, plant and equipment	422,966	888,713	744,324	235,609	172,976
Purchase of intangible assets	76,021	54,833	100,448	9,195	47,815
Total	**498,987**	**943,546**	**844,772**	**244,804**	**220,791**

In 2023, 2024, 2025, and the four months ended April 30, 2025 and 2026, our capital expenditures amounted to RMB499.0 million, RMB943.5 million, RMB844.8 million, RMB244.8 million and RMB220.8 million, respectively. We funded these expenditures with cash generated from operations, equity financing and bank borrowings during the Track Record Period.

We plan to continue to make capital expenditures to support our business growth and expansion strategy. See "Future Plans and Use of Proceeds — Use of Proceeds." We intend to fund these expenditures with available financial resources, including cash generated from operations, net proceeds from the Global Offering, and potential future equity or debt financing.

CAPITAL COMMITMENTS

Our capital commitments primarily related to our capital expenditures in the purchase of items of property, plant and equipment. The following table sets forth a summary of our capital commitments as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
		(RMB in thousands)		
Contracted but not provided for:				
Purchase of items of property, plant and equipment	385,444	267,897	108,227	165,316

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025 and as of April 30, 2026, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the years/periods indicated.

	As of and for the year ended December 31,			As of and for the four months ended April 30,
	2023	2024	2025	2026
Revenue growth	21.6%	72.5%	30.4%	139.5%
Gross profit margin[1]	4.7%	15.8%	18.0%	57.5%
Current ratio[2]	1.8	1.6	1.7	2.4
Gearing ratio[3]	52.9%	59.2%	63.2%	60.2%
Debt to equity ratio[4]	112.1%	144.9%	172.1%	151.5%
Interest coverage ratio[5]	(11.9)	3.2	8.6	70.4

Notes:

(1) Gross profit margin equals gross profit divided by revenue for the year/period.
(2) Current ratio equals current assets divided by current liabilities as of the end of the year/period.
(3) Gearing ratio is calculated using total liabilities divided by total assets as of the end of the year/period and multiplied by 100%.
(4) Debt to equity ratio is calculated using total liabilities divided by total equity as of the end of the year/period and multiplied by 100%.
(5) Interest coverage ratio is calculated by dividing earnings before interest and taxes by the interest expenses for the same year/period.

Gearing Ratio

Our gearing ratio remained relatively stable at 52.9% as of December 31, 2023 and 59.2% as of December 31, 2024. Our gearing ratio increased to 63.2% as of December 31, 2025 mainly due to an increase in interest-bearing bank borrowings. Our gearing ratio remained relatively stable at 60.2% as of April 30, 2026.

Debt to Equity Ratio

Our debt to equity ratio increased from 112.1% as of December 31, 2023 to 144.9% as of December 31, 2024 and further to 172.1% as of December 31, 2025, primarily due to an increase in interest-bearing bank borrowings and trade payables. Our debt to equity ratio decreased from 172.1% as of December 31, 2025 to 151.5% as of April 30, 2026, mainly due to an increase in reserves.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 38 to the Accountants' Report included in Appendix I to this prospectus.

Our Directors are of the view that each of the related party transactions set out in Note 38 to the Accountants' Report included in Appendix I to this prospectus was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance. During the Track Record Period and up to the Latest Practicable Date, we did not have any outstanding balances due to or from our related parties that are non-trade in nature.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet commitments or arrangements.

FINANCIAL RISKS DISCLOSURE

We are exposed to various types of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to our cash and time deposits at banks and interest-bearing bank and other borrowings. For a sensitivity analysis of interest rate risk, see Note 41 of the Accountants' Report included in Appendix I to this prospectus.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our Group's financial condition and results of operations. For more information about our exposure to currency risks, how we manage such risks, and a sensitivity analysis relating to currency risks, see Note 41 of the Accountants' Report included in Appendix I to this prospectus.

Credit Risk

We trade only with recognized and creditworthy parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. We monitor receivable balances on an ongoing basis, and our exposure to bad debts is not significant. The credit risk of our other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables, and other assets, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables.

Liquidity Risk

We monitor our risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets, as well as projected cash flows from operations. For details of the maturity profile of our financial liabilities as at the end of each of the Track Record Period, based on the contractual undiscounted payments, see Note 41 to the Accountants' Report included in Appendix I to this prospectus.

DIVIDENDS

We declared cash dividend of RMB104.0 million for the year ended December 31, 2024, which had been fully distributed. We proposed cash dividend of RMB146.7 million for the year ended December 31, 2025, and interim dividend of RMB272.4 million during the four months ended April 30, 2026, both of which were subsequently approved by the Annual General Meeting of the Company on May 19, 2026, and had been fully distributed in June 2026. Save as disclosed above, after the Track Record Period and up to the date of this prospectus, we did not declare any dividends to our Shareholders. We currently do not have any dividend policy regarding a fixed dividend pay-out ratio.

Subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修訂)》), and the Articles of Association, we may pay cumulative cash dividends of any three fiscal years that account for not less than 30% of our average profits for those three fiscal years subject to certain conditions. In 2025, our Shareholder Return Plan for 2025-2027 was adopted. We have strictly implemented this plan, which specifies the decision-making process for dividend standards, dividend ratios and profit distribution policies, aiming to protect the legitimate interests of minority Shareholders.

Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, fund requirements, Shareholders' interests and any other conditions that our Board may deem relevant.

DISTRIBUTABLE RESERVES

As of April 30, 2026, our consolidated retained profit amounted to RMB9,370.8 million, which is available for distribution to our Shareholders.

LISTING EXPENSES

Our listing expenses mainly include (i) underwriting-related expenses, such as underwriting fees and commissions, and (ii) non-underwriting-related expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the Listing and the Global Offering, and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total listing expenses (based on the maximum Offer Price and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised) for the Global Offering are approximately HK$254.1 million, accounting for approximately of 4.0% of our gross proceeds. Among such estimated total listing expenses, we expect to pay underwriting-related expenses of HK$156.9 million, professional fees for our legal advisors and reporting accountants of HK$64.4 million and other fees and expenses of HK$32.8 million. An estimated amount of HK$9.8 million for our listing expenses is expected to be expensed through the income statements and the remaining amount of HK$244.3 million is expected to be recognized directly as a deduction from equity upon the Listing. In 2023, 2024, 2025 and the four months ended April 30, 2026, listing expenses charged to the income statements were nil, nil, RMB1.6 million and nil, respectively, and listing expenses amounted to nil, RMB0.2 million, RMB26.7 million and RMB7.9 million in the corresponding years/periods will be deducted from equity upon Listing.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since April 30, 2026, being the end date of our latest audited financial statements, and there has been no event since April 30, 2026 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

Unaudited Financial Information for the Six Months Ended June 30, 2026

We are a public company listed on the Shenzhen Stock Exchange and we have disclosed unaudited key financial information prepared under PRC GAAP as at and for the six months ended June 30, 2026 pursuant to the relevant PRC securities laws and regulations. We have included our unaudited interim condensed consolidated financial information prepared in accordance with IAS

34, Interim Financial Reporting, as at and for the six months ended June 30, 2026 in Appendix IA to this prospectus. Our unaudited interim condensed consolidated financial information as at and for the six months ended June 30, 2026 has been reviewed by our reporting accountant in accordance with International Accounting Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The members of the Board, including those of the Audit Committee, have received and reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2026, as set out in Appendix IA to this prospectus. We have complied with the code provisions in Part 2 of the Corporate Governance Code, except for code provision C.2.1 of part 2 of the Corporate Governance Code. See "Directors and Senior Management — Management and Corporate Governance — Corporate Governance Code" for further details. We are not in breach of our Articles of Association or laws and regulations of the PRC or other regulatory requirements as a result of not distributing such interim reports in accordance with the requirements under Rule 13.48(1) of the Listing Rules. Pursuant to the Note to Rule 13.48(1) of the Listing Rules, we do not intend to distribute a separate interim report in respect of the six months ended June 30, 2026 under the aforementioned Rule. For details, please see "Appendix IA — Unaudited Interim Condensed Consolidated Financial Information".

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss, in absolute amounts and as percentages of our revenue, for the periods indicated:

	For the six months ended June 30,			
	2025		**2026**	
	(unaudited)			
	RMB	*% of revenue*	*RMB*	*% of revenue*
	(in thousands, except percentages)			
Revenue	10,195,655	100.0	24,088,363	100.0
Cost of sales	(9,069,211)	(89.0)	(10,063,639)	(41.8)
Gross profit	**1,126,444**	**11.0**	**14,024,724**	**58.2**
Other income and gains	255,865	2.5	1,167,536	4.8
Research and development expenses	(445,739)	(4.4)	(851,432)	(3.5)
Selling and distribution expenses	(415,500)	(4.1)	(611,481)	(2.5)
Administrative expenses	(280,043)	(2.7)	(462,687)	(1.9)
Impairment losses on financial assets	(1,686)	(0.0)	(3,963)	(0.0)
Other expenses	(60,778)	(0.6)	(351,336)	(1.5)
Finance costs	(121,869)	(1.2)	(181,372)	(0.8)
Share of profits of associates	–	–	59	0.0
Profit before tax	**56,694**	**0.6**	**12,730,048**	**52.8**
Income tax expense	(15,645)	(0.2)	(2,012,398)	(8.4)
Profit for the period	**41,049**	**0.4**	**10,717,650**	**44.5**
Attributable to:				
Owners of the parent	14,766	0.1	10,576,876	43.9
Non-controlling interests	26,283	0.3	140,774	0.6

Revenue

Our revenue increased by 136.3% from RMB10,195.7 million for the six months ended June 30, 2025 to RMB24,088.4 million for the six months ended June 30, 2026, primarily attributable to the increase in the average selling price across all product lines during this period driven by both robust market demand supported by the surge in AI infrastructure investments and data center construction, as well as enhanced product competitiveness, despite the decrease in sales volume across all product lines due to tight supply and rising prices of key memory raw materials, including DRAM and NAND Flash wafers, in the first half of 2026.

Specifically, our revenue from embedded storage products increased by 170.5% from RMB4,478.4 million for the six months ended June 30, 2025 to RMB12,115.5 million for the six months ended June 30, 2026, which was primarily due to the increase in the average selling price from RMB0.63 per GB for the six months ended June 30, 2025 to RMB2.23 per GB for the six months ended June 30, 2026, driven by robust demand from the downstream consumer and automotive electronics markets, as well as the growing demand for AI-enabled smartphones, smart wearable devices and intelligent vehicles supported by continuous product iteration. Due to tight supply and rising prices of key memory raw materials, we recorded a decrease in the sales volume of our embedded storage products from 7,160.7 million GB for the six months ended June 30, 2025 to 5,427.9 million GB for the six months ended June 30, 2026.

Our revenue from SSDs increased by 113.9% from RMB2,547.4 million for the six months ended June 30, 2025 to RMB5,448.6 million for the six months ended June 30, 2026, which was primarily due to the increase in the average selling price from RMB0.38 per GB for the six months ended June 30, 2025 to RMB1.25 per GB for the six months ended June 30, 2026, as (i) we benefited from robust market demand supported by the surge in AI infrastructure investments; (ii) our SSDs products gained elevated market and customer acceptance due to their superior product performance and reliability; and (iii) we continued to enhance our global sales channels and brand image development. Due to tight supply and rising prices of key memory raw materials, we recorded a decrease in the sales volume of our SSDs products from 6,760.2 million GB for the six months ended June 30, 2025 to 4,351.3 million GB for the six months ended June 30, 2026.

Our revenue from mobile storage increased by 54.5% from RMB2,150.7 million for the six months ended June 30, 2025 to RMB3,323.5 million for the six months ended June 30, 2026, which was primarily due to the increase in the average selling price from RMB0.46 per GB for the six months ended June 30, 2025 to RMB1.25 per GB for the six months ended June 30, 2026, mainly as (i) we continued to enhance the competitiveness of Lexar-branded products in high-end markets through product upgrades; and (ii) we further increased the stickiness of key business customers through competitive mobile storage products and secured higher-value orders from them. Due to tight supply and rising prices of key memory raw materials, we recorded a decrease in the sales volume of our mobile storage products from 4,641.1 million GB for the six months ended June 30, 2025 to 2,664.8 million GB for the six months ended June 30, 2026.

Our revenue from DIMM products increased by 216.1% from RMB977.4 million for the six months ended June 30, 2025 to RMB3,089.1 million for the six months ended June 30, 2026, which was primarily due to the increase in the average selling price from RMB16.47 per GB for the six months ended June 30, 2025 to RMB93.96 per GB for the six months ended June 30, 2026, driven by the robust market demand supported by the surge in AI infrastructure investments, which outpaced the limited supply, particularly for enterprise-grade DIMM products. Due to tight supply and rising prices of key memory raw materials, we recorded a decrease in the sales volume of our DIMM products from 59.4 million GB for the six months ended June 30, 2025 to 32.9 million GB for the six months ended June 30, 2026.

Cost of Sales

Our cost of sales increased by 11.0% from RMB9,069.2 million for the six months ended June 30, 2025 to RMB10,063.6 million for the six months ended June 30, 2026, primarily due to increases in cost of raw materials driven by the rise in raw material prices.

Gross Profit and Gross Profit Margin

Our gross profit increased significantly by 1,145.1% from RMB1,126.4 million for the six months ended June 30, 2025 to RMB14,024.7 million for the six months ended June 30, 2026, and our gross profit margin increased from 11.0% to 58.2% for the same period. The significant increase in gross profit and gross profit margin was primarily due to the increased memory product prices, driven by (i) overall market demand outpacing available supply against the backdrop of the surge in AI infrastructure investments and data center construction, (ii) product upgrades, and (iii) relatively lower cost of raw materials across product lines, predominantly memory wafers, as the inventories were acquired earlier at lower costs. Specifically, the gross profit margin of our embedded storage products increased from 11.6% for the six months ended June 30, 2025 to 59.2% for the six months ended June 30, 2026, primarily due to the increased average selling price driven by robust demand from the downstream consumer and automotive electronics markets supported by continuous product iteration. The gross profit margin of our SSDs products increased from 4.7% for the six months ended June 30, 2025 to 54.0% for the six months ended June 30, 2026, primarily due to the increased average selling price as (i) we benefited from robust market demand supported by the surge in AI infrastructure investments; (ii) our SSDs products gained elevated market and customer acceptance due to their superior product performance and reliability; and (iii) we continued to enhance our global sales channels and brand image development. The gross profit margin of our mobile storage products increased from 21.5% for the six months ended June 30, 2025 to 72.6% for the six months ended June 30, 2026, primarily due to the increased average selling price mainly as (i) we continued to enhance the competitiveness of Lexar-branded products in high-end markets through product upgrades; and (ii) we further increased the stickiness of key business customers through competitive mobile storage products and secured higher-value orders from them. The gross profit margin of our DIMM products increased from 5.4% for the six months ended June 30, 2025 to 47.6% for the six months ended June 30, 2026, primarily due to the increased average selling price driven by the robust market demand supported by the surge in AI infrastructure investments, which outpaced the limited supply.

Other Income and Gains

Our other income and gains increased by 356.2% from RMB255.9 million for the six months ended June 30, 2025 to RMB1,167.5 million for the six months ended June 30, 2026. The increase was primarily due to (i) an increase in government grants of RMB276.4 million, which was primarily due to the Brazilian government subsidy to Zilia to support the technological development of the semiconductor industry in line with Zilia's growing business scale and increased R&D investments; and (ii) an increase in net fair value gains in equity instrument of RMB648.9 million mainly attributable to fair value changes in our equity investment in Maxio Technology, a company listed on Shanghai Stock Exchange STAR Market since November 2024.

Research and Development Expenses

Our research and development expenses increased by 91.0% from RMB445.7 million for the six months ended June 30, 2025 to RMB851.4 million for the six months ended June 30, 2026, reflecting our enhanced R&D efforts in expanding R&D capabilities as well as retaining and attracting R&D talents, primarily in the areas of controller chip design and the development of enterprise-grade products.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 47.2% from RMB415.5 million for the six months ended June 30, 2025 to RMB611.5 million for the six months ended June 30, 2026, primarily due to expanded sales efforts for our Lexar brand globally and the increase of commissions in line with revenue growth.

Administrative Expenses

Our administrative expenses increased by 65.3% from RMB280.0 million for the six months ended June 30, 2025 to RMB462.7 million for the six months ended June 30, 2026, primarily attributable to higher administrative personnel costs associated with business growth.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased by 135.3% from RMB1.7 million for the six months ended June 30, 2025 to RMB4.0 million for the six months ended June 30, 2026, primarily attributable to an increase in the balance of our trade and bills receivables in line with our business growth.

Other Expenses

Our other expenses increased significantly by 477.8% from RMB60.8 million for the six months ended June 30, 2025 to RMB351.3 million for the six months ended June 30, 2026, primarily attributable to (i) foreign exchange losses mainly due to the depreciation of the USD and HKD against RMB during the period; and (ii) fair value changes in forward contracts due to the fluctuations of foreign exchange rate.

Profit for the Period

As a result of the foregoing, our profit for the period increased significantly from RMB41.0 million for the six months ended June 30, 2025 to RMB10,717.7 million for the six months ended June 30, 2026.

Summary of Consolidated Statements of Financial Position

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

	As at December 31, 2025	As at June 30, 2026
		(unaudited)
	(RMB in thousands)	
Total non-current assets	6,142,449	6,904,170
Total current assets	16,608,268	35,973,025
Total assets	**22,750,717**	**42,877,195**
Total non-current liabilities	4,665,452	10,857,738
Total current liabilities	9,723,600	13,207,708
Total liabilities	**14,389,052**	**24,065,446**
Net current assets	**6,884,668**	**22,765,317**
Net assets	8,361,665	18,811,749
Share capital	419,145	423,061
Reserves	7,435,149	18,159,545
Equity attributable to owners of the parent	7,854,294	18,582,606
Non-controlling interests	507,371	229,143
Total equity	**8,361,665**	**18,811,749**

Our total assets increased by 88.5% from RMB22,750.7 million as of December 31, 2025 to RMB42,877.2 million as of June 30, 2026, primarily due to the increase in inventories and trade and bills receivables in connection with our business expansion. Our total liabilities increased by 67.2% from RMB14,389.1 million as of December 31, 2025 to RMB24,065.4 million as of June 30, 2026, primarily due to the increase in interest-bearing bank borrowings to support our business expansion, as well as increases in trade payables, contract liabilities and tax payables in line with our business growth.

Our net current assets increased by 230.7% from RMB6,884.7 million as of December 31, 2025 to RMB22,765.3 million as of June 30, 2026, primarily due to (i) an increase in inventories from RMB11,677.7 million to RMB25,777.3 million, (ii) an increase in trade and bills receivables from RMB2,040.4 million to RMB4,358.1 million, (iii) an increase in cash and cash equivalents from RMB1,468.8 million to RMB3,101.3 million, and (iv) an increase in prepayments, other receivables and other assets from RMB1,368.8 million to RMB2,571.4 million. The increase in our net current assets was partially offset by (i) an increase in tax payables from RMB119.3 million to RMB1,347.3 million, (ii) an increase in trade payables from RMB2,016.8 million to RMB3,242.3 million, and (iii) an increase in contract liabilities from RMB354.6 million to RMB1,330.2 million.

Our net assets increased by 125.0% from RMB8,361.7 million as of December 31, 2025 to RMB18,811.7 million as of June 30, 2026, mainly due to total comprehensive income of RMB10,463.4 million, partially offset by dividends declared of RMB419.1 million.

Summary of Consolidated Statements of Cash Flows

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

	For the six months ended June 30,	
	2025	2026
	(unaudited) *(RMB in thousands)*	
Net cash flows from/(used in) operating activities	692,900	(3,151,430)
Net cash flows used in investing activities	(528,251)	(552,230)
Net cash flows from financing activities	17,218	5,350,374
Net increase in cash and cash equivalents	181,867	1,646,714
Cash and cash equivalents at beginning of period	1,014,411	1,468,811
Effect of foreign exchange rate changes, net	5,371	(14,236)
Cash and cash equivalents at end of period	**1,201,649**	**3,101,289**

We recorded net cash flows used in operating activities of RMB3,151.4 million, net cash flows used in investing activities of RMB552.2 million and net cash flows from financing activities of RMB5,350.4 million for the six months ended June 30, 2026. Notwithstanding the profit recorded for the period, we recorded net cash flows used in operating activities primarily because the increases in working capital, in particular increases in inventories, trade and bills receivables and prepayments, other receivables and other assets in connection with our business growth, collectively outpaced the cash generated from our net profits.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please refer to "Appendix II — Unaudited Pro Forma Financial Information" for further details.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Cai is able to exercise approximately 41.14% voting rights in our Company through:

(i) 162,071,900 Shares held directly by him, representing approximately 37.72% voting right in our Company; and

(ii) 14,700,000 Shares held by Ms. Cai pursuant to the Concert Party Agreement, representing approximately 3.42% voting right in our Company. For further details, please refer to the section headed "History and Corporate Structure — Concert Party Arrangement" in this prospectus.

Immediately upon completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme), Mr. Cai will be directly and indirectly entitled to exercise approximately 38.79% voting rights in our Company. Therefore, each of Mr. Cai and Ms. Cai will be regarded as our group of Controlling Shareholders under the Listing Rules upon Listing.

Our Controlling Shareholders have confirmed that, as of the Latest Practicable Date, they did not have any interest in other business, apart from the business of our Company, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the Listing, taking into consideration the factors below.

Our Board consists of nine (9) Directors, including three (3) executive Directors, two (2) non-executive Directors and four (4) independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details, see "Directors and Senior Management" in this prospectus;

(c) we have appointed four (4) independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence with a view to bringing independent judgment to the decision-making process of our Board;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For details, see "— Corporate Governance" in this section.

In light of the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole.

Operational Independence

We do not rely on our Controlling Shareholders and their respective close associates for our business development, staffing, logistics, administration, finance, internal audit, IT, sales and marketing, or company secretarial functions. We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold all the requisite licenses, intellectual property rights and qualifications that are material to carry on our principal business. We also have independent access to suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of financial staff and an independent audit, accounting and financial management system.

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or their close associates.

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 Controlling Shareholders and their close associates after the Listing.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders or their associate will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) our Board consists of a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed Somerley Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the Listing.

Upon Listing, certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

RELEVANT CONNECTED PERSONS

The table below sets forth the parties that will become our connected persons and have entered into transactions with us which will constitute our continuing connected transactions upon Listing:

Jiujiang Yourong Electronics Co., Ltd.* (九江市有容電子有限公司) ("**Yourong Electronics**")	As of the Latest Practicable Date, Yourong Electronics was owned as to 51% by Mr. Cai Jinjun (蔡錦俊), who is a younger cousin of Mr. Cai and Ms. Cai (each being our Controlling Shareholder). Therefore, Yourong Electronics is a majority-controlled corporation of a deemed connected person of our Company under Rule 14A.21(1)(a) of the Listing Rules, and thus a deemed connected person of our Company under Rule 14A.21(1)(b) of the Listing Rules.

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Provision of Storage and After-sales Services by Yourong Electronics

We have entered into, and will continue to enter into post-Listing, certain agreements with Yourong Electronics for the provision of storage and after-sales services by Yourong Electronics to certain members of our Group. The service fees to be charged by Yourong Electronics have been and will be determined on normal commercial terms and negotiated on arm's length basis.

As all of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of the aforesaid transaction, which is conducted on normal commercial terms or better, are expected to be less than 0.1% on an annual basis, it will fall within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the total issued share capital of our Company was 429,668,149 A Shares of nominal value of RMB1.00 each, all of which are listed on the ChiNext Market of the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares in issue	429,668,149	100.0%

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares in issue	429,668,149	94.28%
H Shares to be issued pursuant to the Global Offering	26,077,800	5.72%
Total:	**455,745,949**	**100.0%**

Immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option is fully exercised, the Over-allotment Option is not exercised, and no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares in issue	429,668,149	93.48%
H Shares to be issued pursuant to the Global Offering	29,989,450	6.52%
Total:	**459,657,599**	**100.0%**

Immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option is not exercised and the Over-allotment Option is fully exercised but no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares in issue	429,668,149	93.48%
H Shares to be issued pursuant to the Global Offering	29,989,450	6.52%
Total:	**459,657,599**	**100.0%**

Immediately following the completion of the Global Offering, assuming both the Offer Size Adjustment Option and the Over-allotment Option are fully exercised but no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares in issue	429,668,149	92.57%
H Shares to be issued pursuant to the Global Offering	34,487,850	7.43%
Total:	**464,155,999**	**100.0%**

OUR SHARES

Our H Shares in issue upon completion of the Global Offering, and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by Chinese Mainland investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be subscribed for or traded by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by Chinese Mainland investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the Global Offering. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

Approval from holders of A Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of our Company held on January 3, 2025 and is subject to the following conditions:

(i) ***Size of the Offer.*** The proposed number of H Shares to be offered shall not exceed 20% of the total issued share capital enlarged by the H Shares to be issued pursuant to the Global Offering (before the exercise of the Over-allotment Option). The number of H Shares to be issued pursuant to the full exercise of the Over-allotment Option shall not exceed 15% of the total number of H Shares to be offered initially under the Global Offering.

(ii) ***Method of Offering.*** The method of offering shall be by way of an international offering to institutional investors and a public offer for subscription in Hong Kong.

(iii) ***Target Investors.*** The offering of H Shares will be conducted globally to target investors including but not limited to qualified offshore PRC (for the purpose of the offering, including (a) Hong Kong, (b) Macau, China, (c) Taiwan, China, and (d) foreign countries) institutional investors, corporations and individuals, qualified onshore institutional investors and other qualified investors.

(iv) ***Price Determination Basis.*** The issue price of the H Shares will be determined, among others, after due consideration of the interests of existing shareholders of our Company, acceptance of investors and the risks related to the offering, according to international practice, through the demands for orders and book building process, subject to the capital market conditions.

(v) ***Validity Period.*** The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the shareholders' meeting was held on January 3, 2025, and such validity period should be extended to the date of completion of the Global Offering if approval from competent authorities is obtained within 18 months. Since we have received a filing notice from the CSRC dated September 9, 2025, the validity period of approval from holders of A Shares has been extended accordingly.

There is no other approved offering plans for our Shares except the Global Offering.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our shareholders' general meeting is required, please refer to the section headed "Summary of the Articles of Association — Shareholders and Shareholders' General Meetings" in Appendix V to this document.

RESTRICTED SHARE INCENTIVE SCHEMES

Certain employees of our Company and our subsidiaries are eligible to subscribe in interests of our Shares through the Restricted Share Incentive Schemes. For details, please refer to the section headed "Statutory and General Information — 4. Restricted Share Incentive Schemes" in Appendix VI to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing, the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group:

				Assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised		Assuming that the Offer Size Adjustment Option and the Over-allotment Option are fully exercised	
Shareholder	**Nature of interest**	**Description of Shares**	**Number of Shares directly or indirectly held**	**Approximately % of shareholding in our A Shares immediately after the Global Offering**	**Approximately % of shareholding in the total share capital of our Company immediately after the Global Offering**	**Approximately % of shareholding in our A Shares immediately after the Global Offering**	**Approximately % of shareholding in the total share capital of our Company immediately after the Global Offering**
Mr. Cai	Beneficial owner	A Shares	162,071,900[(2)]	37.72%	35.56%	37.72%	34.92%
	Interest held jointly with another person[(1)]	A Shares	14,700,000	3.42%	3.23%	3.42%	3.17%
Ms. Cai.	Beneficial owner	A Shares	14,700,000	3.42%	3.23%	3.42%	3.17%
	Interest held jointly with another person[(1)]	A Shares	162,071,900	37.72%	35.56%	37.72%	34.92%

Notes:

(1) Pursuant to the Concert Party Agreement dated August 9, 2021, Mr. Cai and Ms. Cai agreed that they shall act in concert with respect to all matters which are subject to approval in general meetings or Board meetings of the Company, for the period since the date of the Concert Party Agreement and upon the termination of the Concert Party Agreement. For further details, please refer to the section headed "History and Corporate Structure — Concert Party Arrangement". As such, each of Mr. Cai and Ms. Cai are deemed to be interested in the Shares each other is interested in.

(2) As of the Latest Practicable Date, Mr. Cai has pledged 2,600,000 A Shares, representing approximately 0.61% of the total issued share capital of our Company, in favour of Shenzhen Zhongxiaodan Small Loan Co., Ltd.* (深圳市中小擔小額貸款有限公司), an Independent Third Party, for personal financing needs (the "**Share Pledge**"). Mr. Cai shall repay the aforesaid financing loan before September 20, 2027, and the Share Pledge shall be released upon the full repayment of such financing loan.

For further information on any other person who will be, immediately following completion of the Global Offering, directly or indirectly, interested in 10% or more of the issued voting Shares of any other member of our Group, please refer to the section headed "Statutory and General Information — 3. Further Information about our Directors — C. Disclosure of Interests — (ii) Interest in our Company's subsidiaries" in Appendix VI to this document.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 50 H Shares) that may be purchased for an aggregate amount of approximately US$151.13 million (or approximately HK$1,185.32 million, calculated based on the exchange rate as disclosed in this prospectus) and exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee (the "**Cornerstone Placing**").

Based on the Offer Price of HK$240.60 per H Share, being the maximum Offer Price, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 4,926,050 H Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Offer Size Adjustment Option is not exercised				**Assuming the Offer Size Adjustment Option is exercised in full**			
Assuming the Over-allotment Option is not exercised		**Assuming the Over-allotment Option is exercised in full**		**Assuming the Over-allotment Option is not exercised**		**Assuming the Over-allotment Option is exercised in full**	
Approximate % of the Offer Shares	*Approximate % of the total issued share capital*	*Approximate % of the Offer Shares*	*Approximate % of the total issued share capital*	*Approximate % of the Offer Shares*	*Approximate % of the total issued share capital*	*Approximate % of the Offer Shares*	*Approximate % of the total issued share capital*
18.89%	1.08%	16.43%	1.07%	16.43%	1.07%	14.28%	1.06%

We believe that the Cornerstone Placing signifies our Cornerstone Investors' confidence in our Company and its business prospect, and that the Cornerstone Placing will help to raise the profile of our Company. We became acquainted with each of the Cornerstone Investors in its ordinary course of operation through our Group's business network, or through introduction by our Company's business partners or the Overall Coordinators of the Global Offering.

The Cornerstone Placing will form part of the International Offering, and save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors, and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 19A.13A of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company; and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company. Each of (i) an affiliate of Transsion International Limited; (ii) the parent company of SDMC HK; (iii) an affiliate of Colorful Technology; (iv)

the parent company of the investment manager of AHGO SPC; and (v) Lenovo is an existing customer of our Group. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

Among the Cornerstone Investors, CITIC AM HK is a close associate of an existing minority Shareholders. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 1C(2) of Appendix F1 to the Listing Rules and paragraph 17 of Chapter 4.15 of the Guide for New Listing Applicants to permit H Shares in the International Offering to be placed to certain existing minority Shareholders and/or their close associates. For further details, see "Waivers and Exemption — Allocation of our H Shares to Existing Minority Shareholders and their Close Associates under Rule 10.04 and Paragraph 1C(2) of Appendix F1 to the Listing Rules". In addition, CITIC AM HK and CLSA Limited, being one of the Overall Coordinators and Underwriters of the Global Offering, are members of the same group of companies. Accordingly, CITIC AM HK is a connected client of CLSA Limited. The Stock Exchange has granted a consent under Paragraph 1C(1) of the Appendix F1 to the Listing Rules to permit CITIC AM HK to participate in the Global Offering as a cornerstone investor on the following basis and conditions as set out in Paragraph 6 of Chapter 4.15 of the Guide. For further details, see "Waivers and Exemption — Consent in respect of the Proposed Subscription of H Shares by a Cornerstone Investor who is a Connected Client".

Save as otherwise disclosed, to the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party; (ii) other than CITIC AM HK, none of the Cornerstone Investors is accustomed to taking instructions from our Company, the Directors, the chief executive, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) other than CITIC AM HK, none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates, each Cornerstone Investor will be utilizing its internal financial resources, financial resources of its shareholders or (in the case of Cornerstone Investors which are funds or investment managers) the assets managed for its investors as its source of funding for the subscription of the Offer Shares, and each Cornerstone Investor has sufficient funds to settle its respective investment under the Cornerstone Placing; and (iv) each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) is required for the relevant Cornerstone Placing. We further confirm that (i) none of the Cornerstone Investors has the right to nominate any Director nor has any representative on our Board; and (ii) none of the Cornerstone Investors is expected to be involved in the management of the business of our Company. In addition, to the best knowledge of our Company, save as otherwise disclosed, each of the

Cornerstone Investors is independent from each other and makes independent investment decisions. CITIC AM HK, as a discretionary investment manager for certain managed accounts, is a close associate of China Asset Management Co., Ltd. ("**CAMC**"), one of the 2025 A Share Placees, and has confirmed that (i) its decision to participate in the Global Offering as a Cornerstone Investor is independent of CAMC's participation in the 2025 A Shares Issuance; and (ii) no side agreement, bundling arrangement or other understanding exists linking CAMC' s participation in the 2025 A Shares Issuance with its participation in the Global Offering. The Overall Coordinators have also confirmed that their allocation of H Shares under the Global Offering has been, and will be, conducted entirely separately and independently of the 2025 A Shares Issuance, and that no bundling arrangement, side agreement or other understanding linking participation in the 2025 A Shares Issuance with any allocation of H Shares under the Global Offering exists. To the best knowledge of the Company, none of the Cornerstone Investor and/or its ultimate beneficial owner is a 2025 A Share Placee and/or its close associate or ultimate beneficial owner, save for CITIC AM HK being a close associate of CAMC.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's H Shares commence on the Stock Exchange. Some of the Cornerstone Investors have agreed that, our Company, the Joint Sponsors and the Overall Coordinators may in their sole discretion defer the delivery of all or part of the Offer Shares it will subscribe to on a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. Where delayed delivery takes place, (i) there would be delayed delivery of Offer Shares to some of the Cornerstone Investors based on commercial negotiations with the Cornerstone Investors, (ii) the delayed delivery date should be no later than three business days following the last day on which the Over-allotment Option may be exercised, (iii) no extra payment will be made to the relevant Cornerstone Investors for the purpose of the delayed delivery arrangement, and (iv) each of the Cornerstone Investors has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing. As such, there will not be any deferred settlement in payment by the Cornerstone Investors.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around Monday, September 7, 2026.

To the best knowledge of the Company and the Overall Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. Our Company will seek the Stock Exchange's consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their close associates will place orders in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

The table below sets forth details of the Cornerstone Placing, assuming an Offer Price of HK$240.60, being the maximum Offer Price:

			Assuming an Offer Price of HK$240.60 per H Share (being the maximum Offer Price)							
			Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Cornerstone Investor	Subscription amount[1]	Number of Offer Shares[2]	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
			Approximate % of the Offer Shares	*Approximate % of the issued share capital*	*Approximate % of the Offer Shares*	*Approximate % of the issued share capital*	*Approximate % of the Offer Shares*	*Approximate % of the issued share capital*	*Approximate % of the Offer Shares*	*Approximate % of the issued share capital*
Transsion International Limited	USD25,000,000	814,950	3.13%	0.18%	2.72%	0.18%	2.72%	0.18%	2.36%	0.18%
YuFeng										
YuFeng	USD10,000,000	325,950	1.25%	0.07%	1.09%	0.07%	1.09%	0.07%	0.95%	0.07%
YuFeng LPF	USD10,000,000	325,950	1.25%	0.07%	1.09%	0.07%	1.09%	0.07%	0.95%	0.07%
CITIC AM HK	HKD150,000,000	623,400	2.39%	0.14%	2.08%	0.14%	2.08%	0.14%	1.81%	0.13%
AHGO SPC	USD12,750,000	415,600	1.59%	0.09%	1.39%	0.09%	1.39%	0.09%	1.21%	0.09%
Lenovo	USD10,000,000	325,950	1.25%	0.07%	1.09%	0.07%	1.09%	0.07%	0.95%	0.07%
Lens Technology HK	USD10,000,000	325,950	1.25%	0.07%	1.09%	0.07%	1.09%	0.07%	0.95%	0.07%
Ingenic Semiconductor HK	USD10,000,000	325,950	1.25%	0.07%	1.09%	0.07%	1.09%	0.07%	0.95%	0.07%
Ju Yuen International	USD10,000,000	325,950	1.25%	0.07%	1.09%	0.07%	1.09%	0.07%	0.95%	0.07%
Colorful Technology	HKD75,000,000	311,700	1.20%	0.07%	1.04%	0.07%	1.04%	0.07%	0.90%	0.07%
HOSIN HK	HKD56,000,000	232,750	0.89%	0.05%	0.78%	0.05%	0.78%	0.05%	0.67%	0.05%
Huadeng Technology	USD5,000,000	162,950	0.62%	0.04%	0.54%	0.04%	0.54%	0.04%	0.47%	0.04%
Wind Sabre	USD5,000,000	162,950	0.62%	0.04%	0.54%	0.04%	0.54%	0.04%	0.47%	0.04%
CQTech	USD5,000,000	162,950	0.62%	0.04%	0.54%	0.04%	0.54%	0.04%	0.47%	0.04%
SDMC HK	HKD20,000,000	83,100	0.32%	0.02%	0.28%	0.02%	0.28%	0.02%	0.24%	0.02%
Total		**4,926,050**	**18.89%**	**1.08%**	**16.43%**	**1.07%**	**16.43%**	**1.07%**	**14.28%**	**1.06%**

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy, and to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus.

(2) Rounded down to the nearest whole board lot of 50 H Shares.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Transsion International Limited

Transsion International Limited is a limited liability company incorporated in Hong Kong on November 18, 2022 and is wholly owned by Shenzhen Tecno Technology Co., Ltd. (深圳市泰衡諾科技有限公司), which is in turn wholly owned by Shenzhen Transsion Holdings Co., Ltd. (深圳傳音控股股份有限公司) ("**Shenzhen Transsion**"), a company listed on the Shanghai Stock Exchange STAR Market (stock code: 688036.SH) and whose the ultimate controller is Mr. Zhu Zhao Jiang (竺兆江), an Independent Third Party.

Transsion International Limited is primarily engaged in R&D, consultancy and sale of electronic products, import and export of goods and technologies and after-sales maintenance services. Shenzhen Transsion is primarily engaged in the design, R&D, production, sale and brand operation of smartphones as the core intelligent terminal products.

YuFeng

YuFeng Financial Group Limited ("**YuFeng**") was established in Hong Kong in 2017 as a comprehensive financial services platform, with its ultimate beneficial owner being Xu Hongliang (許宏亮), an Independent Third Party. Other than Xu Hongliang, there is no single ultimate beneficial owner who holds more than a 30% interest in YuFeng. Its affiliate, YuFeng Capital Limited, holds Type 1, 4 and 9 licences issued by the Hong Kong Securities and Futures Commission, with ultimate beneficial owners being Lam Fu Ming (林富明), an Independent Third Party who holds 67% shareholding interest, and Xu Hongliang who holds 33% shareholding interest. YuFeng focuses on asset management in global primary and secondary markets, with investment areas covering artificial intelligence, semiconductors, digital transformation, fintech, sustainable energy and other sectors. Leveraging technology and combining top-down macroeconomic assessment with rigorous and in-depth fundamental analysis, the investment research team positions itself to capture global market opportunities and is committed to achieving long-term steady growth of assets.

As confirmed by YuFeng, its subscription for the Offer Shares as Cornerstone Investor will be conducted through (a) YuFeng itself and (b) YuFeng Project 1 Limited Partnership Fund ("**YuFeng LPF**"). YuFeng LPF is an investment fund established in Hong Kong and managed by YuFeng Capital Limited on a discretionary basis. The general partner of YuFeng LPF is YuFeng GP1 Limited, which is owned as to 67% and 33% by Lam Fu Ming and YuFeng, respectively. There is no single limited partner holding 30% or more interests in YuFeng LPF.

CITIC AM HK

CITIC Securities Asset Management (HK) Limited (中信證券資產管理(香港)有限公司) ("**CITIC AM HK**") is a wholly-owned subsidiary of CITIC Securities International Company Limited, which is a wholly-owned subsidiary of CITIC Securities Company Limited, a company listed on the Shanghai Stock Exchange (Stock Code: 600030.SH) and the Stock Exchange (Stock Code: 6030.HK).

Established on March 1, 2007, CITIC AM HK serves as the international asset management platform of CITIC Securities. As of August 2026, CITIC AM HK had assets under management exceeding US$35 billion and provided a full range of services covering equities, fixed income and money market instruments to both domestic and overseas institutional and individual investors. It is licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong. CITIC AM HK will subscribe for the Offer Shares in its capacity as the discretionary investment manager of below managed accounts: (i) CLSA CT Limited Sub Account 13, where save for the State-owned Assets Supervision and Administration Commission of Zhenjiang Municipality (鎮江市國有資產監督管理委員會) holding 53.5% interest, there is no other ultimate beneficial owner holding 30% or more interest; and (ii) CITIC Securities Asset Management (HK) Limited Client 12, where save for natural person Mr. Chen Shi (陳實), there is no other ultimate beneficial owner holding 30% or more interest. Each of the aforementioned managed accounts is an independent third party.

AHGO SPC

Admiralty Harbour Growth Opportunities SPC SP1 ("**AHGO SPC**") is a segregated portfolio of Admiralty Harbour Growth Opportunities SPC, a company incorporated under the laws of Cayman Island and is principally engaged in investment holding. AHGO SPC is managed by Admiralty Harbour Capital Limited, a company incorporated under the laws of Hong Kong and licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities in Hong Kong, on a discretionary basis. Admiralty Harbour Capital Limited is a subsidiary of TCL Technology Group Corporation (TCL科技集團股份有限公司) (000100.SZ), an Independent Third Party. Save for TCL Technology Group Corporation, being the largest investor in AHGO SPC holding 78% interests in AHGO SPC, no other single investor holding 30% or more interests in AHGO SPC.

TCL Technology Group Corporation is a prominent intelligent technology conglomerate with core businesses in semiconductor display, new energy photovoltaic and semiconductor materials, with a global business footprint across numerous countries and regions. TCL Technology Group Corporation is an existing customer of our Group.

Lenovo

Lenovo Group Limited (聯想集團有限公司) ("**Lenovo**") is a US$83 billion revenue global technology powerhouse, ranked #153 on the Fortune Global 500, and serving million of customers every day in 180 markets. Guided by its vision of "Smarter Technology for All", Lenovo is executing a Hybrid AI strategy that spans Personal AI — one personal AI, multiple devices; and Enterprise AI — helping customers turn data into insights and value. This strategy is delivered through the Group's commitment to world-class innovation and a full-stack AI portfolio, including devices (PCs, workstations, smartphones, tablets, accessories), infrastructure solutions (server, storage, edge, high performance computing and software defined infrastructure), as well as software, solutions, and services. With a global footprint spanning more than 20 research and development locations and a global supply chain that includes more than 30 manufacturing sites across 11 markets, Lenovo is widely recognized for its operational excellence. Lenovo is listed on the Hong Kong Stock Exchange under Lenovo Group Limited (stock code: 992.HK and ADR: LNVGY). Lenovo is an existing customer of our Group.

Lens Technology HK

Lens Technology (HK) Co., Limited (藍思科技(香港)有限公司) ("**Lens Technology HK**") is a company incorporated with limited liability under the laws of Hong Kong and primarily focuses on trade. As of the Latest Practicable Date, Lens Technology Co., Ltd. (藍思科技股份有限公司) (stock code: 6613.HK and 300433.SZ) was held as to approximately 53.13% by Lens Technology HK. Lens Technology HK was wholly owned by Ms. Chau Kwan Fei (周群飛). Each of Lens Technology HK and Ms. Chau Kwan Fei is an Independent Third Party.

Ingenic Semiconductor HK

Ingenic Semiconductor (HongKong) Group Limited (北京君正集成電路(香港)集團有限公司) ("**Ingenic Semiconductor HK**") was incorporated in Hong Kong in August 2006 and is a wholly-owned subsidiary of Ingenic Semiconductor Co., Ltd. (北京君正集成電路股份有限公司), a company listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300223.SZ) since May 2011 and the Stock Exchange (stock code: 3223.HK) since August 2026 ("**Ingenic**"). Ingenic is a globally leading provider of memory chips, computing chips, and analog chips, specializing in the research and development, design, and sales of high-reliability memory chips, high performance low-power computing chips, and a diverse range of analog chips. Its products are widely used in automotive electronics, industrial and medical applications, AIoT, and intelligent security sectors.

Ju Yuen International

Ju Yuen (Hong Kong) International Limited (巨源(香港)國際有限公司) ("**Ju Yuen International**") is a company incorporated in Hong Kong on March 17, 2020. It is principally engaged in the trading of household electrical appliances and serves as an overseas investment platform. Save for Mr. Lin Zuwu (林祖武) and Mr. Lin Henglong (林恒隆), each an Independent Third Party holding 59% and 31% interests in Ju Yuen International, respectively, no other single ultimate beneficial owner holds 30% or more interest in Ju Yuen International.

Colorful Technology

Colorful Technology Company Limited (七彩虹科技有限公司) ("**Colorful Technology**") is a company incorporated in Hong Kong. Colorful Technology principally engages in the trading and distribution of computer peripherals and PC hardware components. Colorful Technology is wholly owned by Mr. Wan Shan (萬山), an Independent Third Party.

HOSIN HK

HOSIN Global (HK) Electronics Co., Limited (宏芯宇電子有限公司) (the "**HOSIN HK**") was incorporated in Hong Kong on January 11, 2019, and is a wholly-owned subsidiary of HOSIN Global Electronics Co, Ltd (深圳宏芯宇電子股份有限公司) ("**HOSIN**"). Save for Mr. Wu Yisheng (吳奕盛), an Independent Third Party and the ultimate beneficial owner of HOSIN

holding approximately 36.68% voting rights in HOSIN, no other single ultimate beneficial owner holds 30% or more interest in HOSIN. HOSIN HK is primarily engaged in overseas procurement, sales and trading of memory chips and module products. As confirmed by HOSIN, HOSIN was ranked as 12th globally among all memory product enterprises, and China's second largest and the world's fifth largest independent memory product enterprise by revenue in 2025.

Huadeng Technology

Huadeng Tech Bright Investment Ltd ("**Huadeng Technology**") is a company incorporated in the British Virgin Islands. Huadeng Technology and its affiliates have a profound background in the semiconductor industry and investment. There is no single shareholder holding 30% or more interests in Huadeng Technology, and each of the shareholders of Huadeng Technology is an Independent Third Party.

Wind Sabre

Wind Sabre Fund SPC ("**Wind Sabre**") acts on behalf of and for the account of Wind Sabre Opportunities Fund SP ("**WSOF**"), which is a fund established in the Cayman Islands holding securities on a discretionary basis on behalf of its clients who are Independent Third Parties. Wind Sabre is a segregated portfolio company incorporated in the Cayman Islands with limited liability and is an Independent Third Party, and WSOF is a segregated portfolio of Wind Sabre. Wind Sabre is controlled by Wind Sabre Capital Limited as the investment manager, which is a company incorporated in Hong Kong and licensed to carry out Type 9 (asset management) regulated activities under the SFO in Hong Kong by the SFC. Well Smart Developments Limited is the only client of WSOF holding 30% more interest in WSOF. Each of Wind Sabre Capital Limited (觀博資產有限公司) and Well Smart Developments Limited is wholly owned by Mr. Tsang On Yip Patrick (曾安業), an Independent Third Party.

Wind Sabre may obtain external financing from a prime broker to finance its purchase of the Offer Shares. The loan(s), if obtained, will be on normal commercial terms after arm's length negotiations. The Offer Shares to be subscribed by Wind Sabre will not be charged to such prime broker as security for such loan(s).

CQTech

CQTech Limited (香港常青科技有限公司) ("**CQTech**") is a Hong Kong company incorporated on May 28, 2024. The scope of business of CQTech encompasses integrated circuit design and R&D, semiconductor import and export trading, and international investment and cooperation. CQTech is focused on the integrated circuit sector, specializing in growth-stage and M&A-driven investments as well as industrial operations, and actively seeks collaborations with leading domestic Chinese and international enterprises. CQTech is owned as to 35% by Guangzhou Bay Area Smart Sensor Industry Group Co., Ltd. (廣州灣區智能傳感器產業集團有限公司) ("**GZ Smart Sensor**") and 33.33% by Wuhan Donghu L.P. There is no other single ultimate beneficial owner holding 30% or more interests in CQTech.

GZ Smart Sensor is owned as to 50% by Shanghai Xingcheng Technology Co., Ltd. (上海興橙科技有限公司) ("**Shanghai Xingcheng**"), the ultimate beneficial owners of which are Chen Xiaofei (陳曉飛), an Independent Third Party holding 51% interest, and Zhang Liang (張亮), an Independent Third Party holding 49% interest. Wuhan Donghu L.P. is a limited partnership fund incorporated in the British Virgin Islands and is managed by Donghu Century Company Limited, its general partner which is wholly owned by Ai Guoqiang (艾國強), an Independent Third Party, on discretionary basis. Save for Zhou Guoqing (周國清), an Independent Third Party holding 63.73% interest in Wuhan Donghu L.P. through his wholly-owned entity Zhongmao Investment Holdings Co., Ltd. (中茂投資控股有限公司), no other single limited partner holding 30% or more interests in Wuhan Donghu L.P.

SDMC HK

SDMC Technology (Hong Kong) Limited (華曦達科技(香港)有限公司) ("**SDMC HK**") is a company incorporated in Hong Kong in 2019 and a wholly-owned subsidiary of Shenzhen SDMC Technology Co., Ltd. (深圳市華曦達科技股份有限公司) ("**SDMC**", stock code: 00901.HK). Save for Li Bo (李波), an Independent Third Party and the single largest shareholder of SDMC, no other single ultimate beneficial owner holds 30% or more interest in SDMC.

Founded in 2003, SDMC is a global leading AI Home overall solution provider, dedicated to driving the application and integration of AI technology in home space scenarios. The company provides hardware and software overall solutions to over 300 operators and retail brand customers across more than 80 countries and regions globally. Its solutions enable users to effortlessly manage and control their home environment leveraging cloud technology, the Internet of Things (IoT), and AI applications through the company's digital video devices (such as streaming devices, smart speakers, projectors, and cameras), network communication devices (such as optical network terminals, Wi-Fi routers, and cable modems), and system platforms (such as Cedar, XHome, and XMediaTV).

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Underwriting Agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;

(ii) the Offer Price having been agreed according to the Underwriting Agreements and price determination agreement among the parties thereto in connection with the Global Offering;

(iii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective acknowledgements, representations, warranties, undertakings and confirmations of relevant Cornerstone Investors under the respective Cornerstone Investment Agreements are accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreements on the part of the relevant Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

OVERVIEW

Upon Listing, our Board will consist of nine Directors, comprising three executive Directors, two non-executive Directors and four independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

DIRECTORS

The following table provides information about our Directors:

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. Cai Huabo (蔡華波先生). . .	50	Executive Director, Chairman of the Board and general manager	April 1999	September 20, 2018	Responsible for overall strategic planning and business direction and management of our Company
Mr. Li Zhixiong (李志雄先生). . .	51	Executive Director	July 2004	September 20, 2018	Responsible for strategic planning and implementation of our Company
Mr. Wang Jingyang (王景陽先生). . .	50	Executive Director	July 2009	September 20, 2018	Responsible for strategic planning and implementation of our Company
Mr. Cai Jing (蔡靖先生)	44	Non-executive Director	February 2021	February 10, 2021	Responsible for providing strategic advice on the development of our Group
Mr. Hu Yingping (胡穎平先生). . .	50	Non-executive Director	November 2022	November 11, 2022	Responsible for providing strategic advice on the development of our Group
Mr. Tang Zhongcheng (唐忠誠先生). . .	63	Independent non-executive Director	February 2021	February 10, 2021	Responsible for supervising and providing independent advice on the operation and management of our Company
Mr. Chen Weiyue (陳偉岳先生). . .	54	Independent non-executive Director	February 2021	February 10, 2021	Responsible for supervising and providing independent advice on the operation and management of our Company
Mr. Huang Zhiqiang (黃志強先生). . .	63	Independent non-executive Director	June 2024	June 14, 2024	Responsible for supervising and providing independent advice on the operation and management of our Company

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Ms. Tang Mei Shan (鄧美珊女士). . .	64	Independent non-executive Director	January 2025	January 3, 2025	Responsible for supervising and providing independent advice on the operation and management of our Company

None of our Directors and members of senior management is related to other Directors or members of senior management. Save as disclosed in this section, (i) none of our Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; (ii) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Executive Directors

Mr. Cai Huabo (蔡華波先生), aged 50, is our founder, executive Director, chairman of the Board and the general manager. Mr. Cai is primarily responsible for overall strategic planning and business direction and management of our Company, and serving as the chairman of the Strategy and ESG Committee and a member of the Remuneration and Evaluation Committee. Mr. Cai is a Controlling Shareholder.

Mr. Cai graduated from Jiujiang No. 3 Middle School* (九江市第三中學) in July 1996 and founded our Company in April 1999. He also served as the independent director of Ingenic Semiconductor Co., Ltd (北京君正集成電路股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300223.SZ), from December 2015 to January 2018. Prior to founding the Group, Mr. Cai worked as a salesperson at Shenzhen Ocean King Investment Development Co., Ltd.* (深圳市海洋王投資發展有限公司) (currently known as Ocean King Lighting Technology Co., Ltd.* (海洋王照明科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002724.SZ)) from 1996 to 1999.

Mr. Li Zhixiong (李志雄先生), aged 51, is our executive Director. Mr. Li is primarily responsible for strategic planning and implementation of our Company.

Mr. Li joined our Group in July 2004. Prior to joining our Group, Mr. Li served as an engineer in the R&D department of Fujian Shida Network Technology Co., Ltd.* (福建實達網絡科技有限公司) (currently known as Fujian Star-net Communication Co., Ltd. (福建星網銳捷通訊股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002396.SZ)) from 1998 to 2004.

Mr. Li obtained his bachelor of electronics engineering and master of electronics and communications engineering from Huazhong University of Science and Technology (華中科技大學) (formerly known as 華中理工大學) in June 1998 and June 2004, respectively. He was also awarded as "High-level professional talents in Shenzhen (local level leading talents)* (深圳市高層次專業人才(地方級領軍人才)" in April 2018.

Mr. Wang Jingyang (王景陽先生), aged 50, is our executive Director. Mr. Wang is primarily responsible for strategic planning and implementation of our Company.

Mr. Wang joined our Group in July 2009. Prior to joining our Group, Mr. Wang served as (a) a hardware engineer in the R&D department of Shanghai Cable Network Co., Ltd.* (上海市有線網絡有限公司) (currently known as Oriental Cable Network Co., Ltd. (東方有線網絡有限公司)) from 1999 to 2000; (b) a technical support engineer at the multimedia division of Huawei Technologies Co., Ltd. (華為技術有限公司) from 2000 to 2001; (c) a deputy product manager of Shanghai Yutai Electronics Co., Ltd.* (上海裕泰電子有限公司) from 2001 to 2003; (d) a product marketing manager at STMicroelectronics China Investment Co., Ltd. from 2003 to 2008; and (e) a senior marketing manager at Amlogic (Shanghai) Co., Ltd. (晶晨半導體(上海)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688099.SH), from 2008 to 2009.

Mr. Wang obtained his bachelor of electronics and information systems and master of business administration from Fudan University in July 1999 and January 2011, respectively.

Non-executive Directors

Mr. Cai Jing (蔡靖先生), aged 44, is our non-executive Director. He is primarily responsible for providing strategic advice on the development of our Group, and serving as a member of the Strategy and ESG Committee.

Mr. Cai joined our Group in February 2021 as a Director. Prior to joining our Group, Mr. Cai served as (a) a senior engineer at Flextronics (China) Electronics Equipment Co., Ltd.* (偉創力(中國)電子設備有限公司) from 2006 to 2009; (b) a technical manager at Ritt7layers (北京華瑞賽維通信技術有限公司) from 2009 to 2011; (c) a system expert at Nokia (China) Investment Co., Ltd.* (諾基亞(中國)投資有限公司) from 2011 to 2014; (d) a research analyst at Cinda Securities Co., Ltd. (信達證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601059.SH), from 2016 to 2019; and (e) the deputy director of BOC Financial Asset Investment Co., Ltd. (中銀金融資產投資有限公司) from 2019 to 2020. Mr. Cai has also been serving as a senior manager of investment business department II at SINO-IC Capital Ltd. (華芯投資管理有限責任公司) since 2020. He has been a non-executive director of SMIT Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 02239.HK), since April 2021. He is also a director of 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.SZ), since March 2021 (and was subsequently re-designated as a non-executive director since May 2024).

Mr. Cai obtained his bachelor of communication engineering from Chongqing University (重慶大學) in 2003. He further obtained a postgraduate degree of signal and information processing from Beijing University of Posts and Telecommunication (北京郵電大學) in 2005. Mr. Cai has also obtained his master of business administration from the National School of Development of Peking University (北京大學國家發展研究院) in 2016.

Mr. Hu Yingping (胡穎平先生), aged 50, is our non-executive Director. He is primarily responsible for providing strategic advice on the development of our Group.

Mr. Hu joined our Group in November 2022 as a Director. Prior to joining our Group, Mr. Hu served as (a) a software engineer at Guangzhou Southern Hi-Tech Co., Ltd.* (廣州南方高科有限公司) from 1999 to 2000; (b) a software development manager at New Century Fengzhou Communications Co., Ltd.* (新世紀風舟通信有限公司) from 2000 to 2001; (c) a number of positions at Spreadtrum Communications, Inc. (展訊通信(上海)有限公司), including a software manager, the general manager of business division and the vice president, from 2001 to 2016; and (d) a senior consulting advisor at Beijing Hua Tang Yi Chong Investment Management Co., Ltd. (北京屹唐華創投資管理有限公司) from 2016 to 2018. Mr. Hu has also been serving as (a) the partner of Yuanhe Puhua (Suzhou) Investment Management Co., Ltd.* (元禾璞華(蘇州)投資管理有限公司) since 2018; (b) a director of Suzhou Saixin Electronic Technology Co., Ltd. (蘇州賽芯電子科技股份有限公司) from 2020 to 2025; and (c) a supervisor of 3PEAK Incorporated (思瑞浦微電子科技(蘇州)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688536.SH), from November 2022 to 2025.

Mr. Hu obtained his bachelor of computer science (計算機軟件專業) from Beijing Institute of Technology (北京理工大學) in July 1999.

Independent Non-executive Directors

Mr. Tang Zhongcheng (唐忠誠先生) (with former Chinese name as 唐忠成), aged 63, is our independent non-executive Director. He is primarily responsible for supervising and providing independent advice on the operation and management of our Company, and serving as the chairman of each of the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee.

Mr. Tang joined our Group in February 2021 as an independent Director. Prior to joining our Group, Mr. Tang served as (a) a teacher at the School of Management of Huazhong Agricultural University (華中農業大學管理學院) from 1985 to 1991; (b) a number of positions at the Finance Department of Zhuhai branch office (珠海公司) of China National Electronics Import & Export Corporation (中國電子進出口總公司), including an accountant, the deputy director and the director, from 1991 to 1998; (c) a number of positions at Everbright Securities Co., Ltd. (光大證券有限公司), including the head of Shenzhen management headquarter, the head of research institute and the general manager of human resources, from 1998 to 2003; (d) the managing director of Shanghai Laide Investment Management Co., Ltd. (上海萊德投資管理有限公司) from 2003 to 2004; (e) the

secretary of the party committee and the dean of Shandong Heze Municipal Hospital* (山東菏澤市立醫院) in 2005; (f) the chief financial officer of Guanri Communication Technology (Shenzhen) Co., Ltd.* (冠日通訊科技(深圳)有限公司) in 2006; and (g) the managing director of Dongguan Jundefu Investment Management Co., Ltd.* (東莞君德富投資管理有限公司) from 2007 to 2009. Mr. Tang has also been serving as (a) a partner and supervisor of Shenzhen Co-win Venture Capital Investments Limited (深圳市同創偉業創業投資有限公司) since 2010; and (b) a director and the financial director of Shenzhen Co-win Asset Management Co., Ltd. (深圳同創偉業資產管理股份有限公司) from 2010 to June 2024, while also being the managing partner since 2010. Mr. Tang served as an independent director and a member of the audit committee of (a) Shenzhen Sea Star Technology Co., Ltd. (深圳市實益達科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002137.SZ), from September 2010 to September 2016; and (b) Zhejiang Runtu Co., Ltd. (浙江閏土股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002440.SZ), from April 2017 to August 2020. He is also (a) an independent director and the chairman of the audit committee of Sichuan Chuantou Energy Co., Ltd. (四川川投能源股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600674.SH), since May 2024; and (b) an independent director and a member of the audit committee of Hunan Tv & Broadcast Intermediary Co., Ltd. (湖南電廣傳媒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000917.SZ) since March 2026.

Mr. Tang obtained his bachelor of accounting from Nanjing Institute of Food Economics* (南京糧食經濟學院) (currently known as Nanjing University of Finance & Economics (南京財經大學)) in June 1985. He further obtained a postgraduate degree of accounting from Nankai University (南開大學) in June 1990. In addition, Mr. Tang obtained his master of executive business administration from Cheung Kong Graduate School of Business (長江商學院) in October 2015. He also obtained the qualification of senior accountant (高級會計師) from the Accounting Series Senior Professional and Technical Position Evaluation Committee of China Everbright (Group) Corporation (中國光大(集團)總公司會計系列高級專業技術職務評審委員會) in September 2002.

Mr. Tang was a general partner of Beijing Junfu Growth and Entrepreneurship Investment Center (Limited Partnership)* (北京君富成長創業投資中心(有限合夥)), a limited partnership established in the PRC on July 14, 2010, and did not have any business operation since its establishment. Its business license was revoked as a result of the failure to conduct annual inspection as required under the relevant PRC laws and regulations. Mr. Tang confirmed that (i) the said limited partnership was solvent immediately prior to the revocation of business license; (ii) there was no wrongful act on his part leading to revocation of business license of the said limited partnership; (iii) he is not aware of any actual or potential claim which has been or could potentially be made against him as a result of revocation of business license of the said limited partnership; and (iv) no misconduct or misfeasance had been involved on his part in the revocation of business license of the said limited partnership.

Mr. Chen Weiyue (陳偉岳先生), aged 54, is our independent non-executive Director. He is primarily responsible for supervising and providing independent advice on the operation and management of our Company, and serving as a member of each of the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee.

Mr. Chen joined our Group in February 2021 as an independent Director. Prior to joining our Group, Mr. Chen served as (a) a number of positions at Shantou Hongye (Group) Co., Ltd. (汕頭宏業(集團)股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000689.SZ), including the head of securities department, from 1992 to 2002; and (b) a number of positions at Shenzhen Agricultural Products Co. Ltd. (深圳市農產品股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000061.SZ), including an executive officer (公司主管) and the office manager (辦公室負責人), from 2002 to 2004. In addition, Mr. Chen has been serving at SD & Partners (廣東晟典律師事務所) since March 2004 from an associate to a partner, and has been subsequently promoted to a senior partner. He has served as an independent director of (a) Wedge Industrial Co., Ltd. (萬澤實業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000534.SZ), from August 2013 to March 2019; and (b) Shenzhen Kedali Industry Co., Ltd. (深圳市科達利實業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002850.SZ), from July 2017 to December 2023.

Mr. Chen obtained his bachelor of international economics and trading from the University of International Business and Economics (對外經濟貿易大學) in December 2002. He further obtained a postgraduate degree of civil and commercial law from Renmin University of China (中國人民大學) in June 2011. Mr. Chen is a qualified lawyer in the PRC since March 2004.

Mr. Huang Zhiqiang (黃志強先生), aged 63, is our independent non-executive Director. He is primarily responsible for supervising and providing independent advice on the operation and management of our Company, and serving as a member of the Strategy and ESG Committee.

Mr. Huang joined our Group in June 2024 as an independent Director. Prior to joining our Group, Mr. Huang served as (a) a project manager at China National Electronics Import & Export Corporation (中國電子進出口總公司) from 1985 to 1991; (b) the senior business expert (資深商務專家) at the commercial division of the U.S. Embassy in the PRC (美國駐華使館商務處) from 1992 to 2000; (c) the government and public affairs officer at China HP Co., Ltd. (中國惠普有限公司) from 2000 to 2006; (d) the general manager of government affairs at Lenovo Group Ltd. (聯想集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 00992.HK), from 2006 to 2008; (e) vice president of government affairs at Sony Ericsson Mobile Communications (China) Co., Ltd. (索尼愛立信移動通信(中國)有限公司) from 2008 to 2012; and (f) the deputy general manager of Greater China Government and Public Relations at Advanced Micro Devices (CHINA) Co., Ltd. (超威半導體(中國)有限公司) from 2013 to 2022.

Mr. Huang obtained his bachelor of electronic physics from Xi'an Jiaotong University (西安交通大學) in 1985.

Ms. Tang Mei Shan (鄧美珊女士), aged 64, was appointed as an independent non-executive Director in January 2025, and is primarily responsible for supervising and providing independent advice on the operation and management of our Company.

Ms. Tang served at PricewaterhouseCoopers from July 1986 to October 1993 with the last position as a tax manager. From November 1993 to June 2025, she served at the listed group, CITIC Limited, which is a company listed on the Hong Kong Stock Exchange (stock code: 00267.HK), with the last position as Assistant Director — Tax at CITIC Pacific Limited. Ms. Tang has also served as the independent non-executive director of Aux Electric Co., Ltd, a company listed on the Main Board of the Stock Exchange (stock code: 2580.HK), since June 5, 2026, and a joint company secretary of Huaneng Power International, Inc., a company listed on the Main Board of the Stock Exchange (stock code: 902.HK), since July 17, 2026.

Ms. Tang obtained her Postgraduate Diploma in Laws, Postgraduate Certificate in Laws and Bachelor of Laws from University of London in August 2010, December 2007 and August 2001, respectively. She also obtained her Master of Arts in International Accounting from City University of Hong Kong in November 1997.

Ms. Tang has been a fellow member of The Chartered Association of Certified Accountants, Hong Kong Institute of Certified Public Accountants, The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute since October 1994, March 1999, June 2017 and June 2017, respectively.

COURT INCIDENT

Mr. Cai was involved as a witness (but not a defendant) in a bribery case in the PRC in 2018 (the "**Incident**"), providing testimonial evidence to assist with the investigation against a third party, Mr. Ji Zhen (紀震) ("**Mr. Ji**"), the then deputy district head of Shenzhen Nanshan District responsible for science and technology (深圳市南山區主管科技的副區長). Pursuant to the relevant court judgements of Mr. Ji ("**Court Judgments**") in 2017 and 2018;

(a) In early 2013, Mr. Cai, the founder, director, chairman, general manager and controlling shareholder of our Company and responsible for daily operation and management of our Company, was first approached by Mr. Ji to encourage our Company to apply for government funding (the "**SZ Nanshan Innovation Funding**") to finance a project relating to the design and industrialization of high-capacity storage controller chips (the "**Project**"). On February 25, 2013, our Company submitted the application for the SZ Nanshan Innovation Funding (the "**Funding Application**") to the Shenzhen Nanshan Innovation Bureau (南山區科技創新局) ("**SZNIB**"). In August 2013, SZNIB completed the internal approval procedures in relation to the SZ Nanshan Innovation Funding and approved the Funding Application where Mr. Ji served as one of the approvers in the application process. On October 30, 2013, SZNIB entered into an agreement with an amount of RMB3,000,000 with our Company in relation to the Project, and such RMB3,000,000 was received by our Company on November 7, 2013. On August 19, 2014, the internal audit of SZNIB noticed that there was a RMB1,000,000 discrepancy between the application amount of the Funding Application (i.e. RMB2,000,000) and the approved funding (i.e. RMB3,000,000), and our Company returned RMB1,000,000 to SZNIB on February 5, 2015. The Project was completed in 2015.

(b) In October 2013, Mr. Ji solicited Mr. Cai to provide assistance to a start-up company, namely Shenzhen Huade Innovation Technology Co., Ltd. (深圳市華德創新科技有限公司) ("**Shenzhen Huade**") with one of Mr. Ji's students serving as its general manager,

by outsourcing certain SSD testing work of our Company to Shenzhen Huade. Hence, on November 27, 2013, our Company entered into an agreement (the "**Shenzhen Huade Contract**") with Shenzhen Huade to procure solid-state drive testing services for a contract amount of RMB1,000,000 (the "**Contract Amount**") and settled the Contract Amount on January 6, 2014 in order to maintain a good terms with Mr. Ji without offending him given Mr. Ji was the then deputy district head of Shenzhen Nanshan District responsible for science and technology; and in the belief that Shenzhen Huade shall be able to provide the services under the Shenzhen Huade Contract. However, no services had been provided by Shenzhen Huade pursuant to the Shenzhen Huade Contract after the settlement of the Contract Amount by our Company. During the process of following up with Shenzhen Huade on the performance of the Shenzhen Huade Contract, our Company discovered that Shenzhen Huade seemingly did not have the capability or willingness to perform the Shenzhen Huade Contract. Such findings were then reported to Mr. Cai by a former responsible officer who was then responsible for the Shenzhen Huade Contract. As confirmed by Mr. Cai, it was after settlement of the Contract Amount by our Company that he realized that Shenzhen Huade was not going to perform the Shenzhen Huade Contract and the Contract Amount was in fact a payment made to Mr. Ji. Pursuant to the Court Judgments, Shenzhen Huade turned out to be a company incorporated by Mr. Ji's students and relatives at the instruction of Mr. Ji in May 2013, and Mr. Ji was the actual controller of Shenzhen Huade controlling and managing all business activities of Shenzhen Huade. The decision not to pursue recovery of the Contract Amount and not to report the Incident to the relevant authorities in the PRC at the time was mainly because (a) Mr. Cai, after realizing Shenzhen Huade was not going to perform the Shenzhen Huade Contract, was of the reckoning that Mr. Ji was demanding RMB1 million from the Company in this manner and it was impractical to recover such amount already transferred; and (b) given Mr. Ji was the then deputy district head of Shenzhen Nanshan District responsible for science technology and therefore it was important to maintain a good terms with him without offending him.

Mr. Ji was convicted in June 2018 of seeking benefits for, and accepting bribes from, certain entities and individuals, including the Contract Amount indirectly from our Company. Neither our Company nor Mr. Cai was prosecuted or convicted as a result of the Incident.

Our Company believes that the involvement of Mr. Cai in the Incident shall not impact (a) Mr. Cai's suitability as a director of our Company under Rules 3.08 and 3.09 of the Listing Rules; and (b) the suitability for listing of our Company pursuant to Rule 8.04 of the Listing Rules, taking into account the following reasons:

(a) **The Incident happened more than 12 years ago and our Company has since strengthened internal control and corporate governance structure:** The Incident happened more than 12 years ago when we were a private, small-scale company with limited operations and market presence. It does not in any way represent the operational sophistication of our Company or the robust internal control and corporate governance that we have since implemented. Since the Incident, we have enhanced our internal control system and instigated a supervision and risk management team to prevent similar incidents in the future. These enhancements include but not limited to (i) adopting an anti-bribery and anti-corruption management policy which, among other things, defines the circumstances constituting commercial bribery and corruption, and sets out guidelines on legitimate business conduct; (ii) adopting certification policy to require suppliers to enter into a series of agreements with our Group prior to engagement which cover, among others, quality assurance, commercial integrity and business partner code of conduct; (iii) establishing internal reporting channels for employees and relevant stakeholders to report suspected bribery, corruption or other misconduct on an anonymous basis; and (iv) conducting regular training for employees (including management of the Group) on compliance and risk management to heighten awareness of potential red flags in supplier and service provider relationships. See "Business — Risk Management and Internal Control" for further details. In addition, the Incident was an isolated incident, and no recurrence of similar Incident has ever happened to our Company or Mr. Cai.

(b) **The Incident has no material impact on our Company's operations, financial condition or investor decision-making:** Both the SZ Nanshan Innovation Funding and the Contract Amount are immaterial to our Company as (a) the SZ Nanshan Innovation Funding (i.e. RMB2,000,000) represented approximately 1.02% and 1.36% of the total assets and net assets of the Company based on its audited financial statements for the year ended December 31, 2013, respectively; and (b) the Contract Amount represented approximately 0.51% and 0.68% of the total assets and net assets of the Company based on its audited financial statements for the year ended December 31, 2013, respectively.

(c) **Good regulatory compliance record since the listing of our Company on the Shenzhen Stock Exchange:** Our Company has been listing on the Shenzhen Stock Exchange since August 2022 ("**A-Share Listing**") with an initial market capital at the time of approximately RMB40 billion. The scale and magnitude of operations have increased exponentially to a market capitalization of approximately RMB163.56 billion as of the Latest Practicable Date. As advised by our PRC Legal Advisor, our Company has complied with all applicable laws and regulations in relation to its listing on the Shenzhen Stock Exchange in all material respects since the A-Share Listing in August 2022 up to the Latest Practicable Date. In addition, Mr. Cai has been a director of our Company and he has not been subject to any administrative penalties or regulatory enquiries or investigations since the A-Share Listing. Therefore, we have had a good regulatory compliance record since the A-Share Listing and have not been involved in any similar incident which further demonstrates the commitment and the result of the enhanced internal control and corporate governance measures. In addition, the Incident was in the public domain and the facts and conclusion of the Incident are widely available including our A-Share Listing document. By virtue of the A-Share Listing, our Company have been subject to extensive regulatory review, ongoing supervision and ongoing disclosure obligations and sustain public and market scrutiny in the PRC, which provides additional assurance as to the corporate governance standard of our Company and the suitability of the relevant individual (i.e. Mr. Cai).

Based on the due diligence conducted by the Joint Sponsors on the Incident, including, among other things, interviewing Mr. Cai, the former officer of the Company who was then responsible for SZ Nanshan Innovation Funding and Shenzhen Huade Contract and the Company's PRC Legal Advisor, reviewing the relevant court judgments, reviewing the working letter issued by the competent procuratorate authority, confirming that no case has been filed for investigation or prosecution against Mr. Cai or the Company, reviewing the certificate of no criminal record issued by the competent public security authority for Mr. Cai, obtaining PRC legal opinions, conducting independent background checks and reviewing the Company's A-Share listing documents, the Joint Sponsors are satisfied with (a) Mr. Cai's suitability as a director of our Company under Rules 3.08 and 3.09 of the Listing Rules; and (b) the suitability for listing of our Company pursuant to Rule 8.04 of the Listing Rules as stated above.

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company (other than our executive Directors):

Name	Age	Position	Date of joining our Group	Roles and responsibilities
Mr. Zhu Yu (朱宇先生)	52	Deputy general manager	July 2016	Responsible for finance, investments and capital market activities of our Company
Mr. Gao Xichun (高喜春先生)	51	Deputy general manager	August 2020	Responsible for the R&D of our Group
Mr. Xu Gangling (許剛翎先生)	44	Deputy general manager and the board secretary	April 2018	Responsible for Board related matters, capital markets, and corporate governance of our Group
Mr. Ma Qingrong (馬慶容先生)	49	Deputy general manager	January 2021	Responsible for the micro storage business

Name	Age	Position	Date of joining our Group	Roles and responsibilities
Mr. Huang Qiang (黃強先生)	50	Deputy general manager	April 2017	Responsible for the embedded storage business
Ms. Li Yuhua (黎玉華女士).	38	Financial controller	November 2017	Responsible for the management of finance of our Group

For the biographies of our executive Directors, including Mr. Cai, Mr. Li Zhixiong and Mr. Wang Jingyang, please refer to the section headed "— Directors — Executive Directors" above.

Mr. Zhu Yu (朱宇先生), aged 52, is our deputy general manager. He is primarily responsible for finance, investments and capital market activities of our Company.

Mr. Zhu joined our Group in July 2016. Prior to joining our Group, Mr. Zhu served as (a) the head of finance at the Yongqing Oscilloscope Factory (永青示波器廠) of Guiyang Instrument Industry Co., Ltd.* (貴陽儀器儀表工業公司) from 1997 to 2003; (b) the financial director of Guizhou Hongtai Property Development Co., Ltd.* (貴州宏泰物業發展有限公司) from 2003 to 2005; (c) the general manager of the group finance department of Huabao International Holdings Limited (華寶國際控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 00336.HK), from 2005 to 2014; (d) the financial director of Shenzhen Fangduoduo Network Technology Co., Ltd.* (深圳市房多多網絡科技有限公司) from 2014 to 2015; and (e) the financial director of Shenzhen Cowin Asset Management Limited (深圳同創偉業資產管理股份有限公司) from 2015 to 2016.

Mr. Zhu obtained his bachelor of applied geophysics from Xi'an Engineering College* (西安工程學院) (currently known as Chang'An University (長安大學) in July 1997.

Mr. Gao Xichun (高喜春先生), aged 51, is our deputy general manager. He is primarily responsible for the R&D of our Group. Mr. Gao joined our Group in August 2020. Prior to joining our Group, he served as (a) an engineer at Shanghai Aviation Industry (Group) Co., Ltd.* (上海航空工業(集團)有限公司) from 1996 to 1999; (b) a number of positions at Hitachi Zosen Information Systems Co., Ltd. (日本日立造船信息系統株式會社), including a senior engineer and a project manager, from 1999 to 2001; and (c) a number of positions at Unisoc (Shanghai) Technologies Co., Ltd. (紫光展銳(上海)科技有限公司), including a manager, a director, vice president, and senior vice president, from 2001 to 2020. Mr. Gao obtained his bachelor of aircraft manufacturing from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in July 1996.

Mr. Xu Gangling (許剛翎先生), aged 44, is our deputy general manager and board secretary. He is primarily responsible for Board related matters, capital markets, and corporate governance of our Group. Mr. Xu joined our Group in April 2018. Prior to joining our Group, he has served as (a) a trainee solicitor and subsequently become an associate at the Shenzhen branch of Guangdong Junxin Law Office (廣東君信律師事務所) from 2006 to 2008; (b) a legal consultant at Shenzhen Xunlei Networking Technologies, Co., Ltd. (深圳市迅雷網絡技術有限公司), a company listed on the Nasdaq Stock Market (XNET), from 2008 to 2009; (c) an associate solicitor at Guangdong Xinqiao Law Firm* (廣東信橋律師事務所) from 2009 to 2010; (d) a risk control manager, the deputy general manager of the risk management office and the president of the office of the board of directors at Huabao International Holdings Limited (華寶國際控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 00336.HK), from 2010 to 2013; and (e) a senior legal manager, the head of legal department, the legal director and the director of the CEO office at Tonly Electronics Holdings Limited (通力電子控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 01249.HK), from 2013 to 2018.

Mr. Xu obtained his bachelor of law and a postgraduate degree of economic law from the Law School of XiangTan University (湘潭大學法學院) in June 2003 and June 2006, respectively.

Mr. Ma Qingrong (馬慶容先生), aged 49, is our deputy general manager. He is primarily responsible for the micro storage business. Mr. Ma join our Group in January 2021. Prior to joining our Group, he has served as (a) a product director at Shanghai Fudan Microelectronics Group Co., Ltd. (上海復旦微電子集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688385.SH), from 1999 to 2018; and (b) the deputy general manager at Shanghai Xiaosai Information Technology Co., Ltd.* (上海驍賽信息科技有限公司) from 2019 to 2020.

Mr. Ma obtained his bachelor of science in electronics and information systems and master of science in microelectronics and solid-state electronics from Fudan University in July 1999 and January 2008, respectively.

Mr. Huang Qiang (黃強先生), aged 50, is our deputy general manager. He is primarily responsible for the embedded storage business. Mr. Huang join our Group in April 2017. Prior to joining our Group, he has served as (a) a R&D engineer at Nokia Shanghai Bell Co., Ltd. (上海諾基亞貝爾股份有限公司) from 1998 to 2003; (b) a sales manager at STMicroelectronics China Investment Co., Ltd. from 2003 to 2007; (c) a marketing director at the Shanghai branch of Ren Feisuo Semiconductor (China) Co., Ltd.* (任飛索半導體(中國)有限公司) from 2007 to 2015; and (d) the deputy general manager at Dosilicon Co., Ltd. (東芯半導體股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688110.SH), from 2015 to 2016.

Mr. Huang obtained his degree of applied electronics from Shanghai Jiao Tong University (上海交通大學) in 1998.

Ms. Li Yuhua (黎玉華女士), aged 38, is our financial controller. She is primarily responsible for the management of finance of our Group. Ms. Li joined our Group in November 2017. Prior to joining our Group, she has served as (a) a senior accountant at the Shenzhen branch of Ernst & Young Hua Ming Certified Public Accountants (Special General Partnership) from 2011 to 2015; and (b) the finance manager of Shenzhen Fangduoduo Network Technology Co., Ltd (深圳市房多多網絡科技有限公司) from 2015 to 2017. Ms. Li obtained her bachelor's degree in Accounting from Shenzhen University (深圳大學) in June 2011.

JOINT COMPANY SECRETARIES

Mr. Xu Gangling (許剛翎先生) has been appointed as our joint company secretary. Please refer to the section headed "— Senior Management" above for Mr. Xu's biography.

Ms. Choy Fung Yee (蔡鳳儀女士) has been appointed as our joint company secretary. Ms. Choy is a practising solicitor in Hong Kong and currently a partner of the Hong Kong solicitors firm Ronald Tong & Co. She obtained a Bachelor of Laws Degree in 2006 and a Postgraduate Certificate in Laws in 2007 from the University of Hong Kong, and was admitted as a solicitor of the High Court of Hong Kong in 2009. She has rich experience in corporate commercial, intellectual property and company secretarial aspects and is also a notary public in Hong Kong. Ms. Choy is currently the joint company secretary of TCL Electronics Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 01070.HK).

The Company abolished the supervisory committee on August 21, 2025.

CONFIRMATION FROM OUR DIRECTORS

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 in December 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

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 the Company or its subsidiaries or any connection with any core connected person of the 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/her appointments.

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

As of the Latest Practicable Date, none of our Directors had interests in any business, which competes directly or indirectly with our business for the purpose of Rule 8.10(2) of the Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

We have established four committees under the Board in accordance with the relevant laws and regulations in Chinese Mainland, the Articles and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and ESG Committee. The functions of the four committees are summarized as follows:

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises three members, namely Mr. Tang Zhongcheng, Mr. Chen Weiyue and Mr. Hu Yingping, with Mr. Tang Zhongcheng as the chairperson of the Audit Committee with appropriate qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Evaluation Committee

We have established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Evaluation Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Evaluation Committee comprises three members, namely Mr. Tang Zhongcheng, Mr. Chen Weiyue and Mr. Cai, with Mr. Tang Zhongcheng as the chairperson of the Remuneration and Evaluation Committee.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Code on Corporate Governance. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and senior management and management of Board succession. The Nomination Committee comprises three members, namely Mr. Tang Zhongcheng, Mr. Chen Weiyue and Mr. Cai, with Mr. Tang Zhongcheng as the chairperson of the Nomination Committee. On March 19, 2025, the Board has resolved to appoint Ms. Tang Mei Shan as a member of the Nomination Committee, which will be effective upon Listing.

Strategy and ESG Committee

We have established a Strategy and ESG Committee with written terms of reference. The primary duties of the Strategy and ESG Committee are to (a) make recommendations to our Board on the long-term development strategy and major investments and projects of our Company; and (b) to support the Board to formulate ESG policy and strategies, assess the performance of our ESG measures, evaluate the effectiveness of our ESG strategy and continuously monitor ESG progress. The Strategy and ESG Committee comprises three members, namely Mr. Cai, Mr. Cai Jing and Mr. Huang Zhiqiang, with Mr. Cai as the chairperson of the Strategy and ESG Committee.

Corporate Governance Code

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code after the Listing, save that Mr. Cai will serve as both our chairman and chief executive officer as discussed below.

Pursuant to code provision C.2.1 of part 2 of the Corporate Governance Code, companies listed on the Hong Kong Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and the general manager (same nature as chief executive) of our Company and Mr. Cai currently performs these two roles. The Board believes that vesting the roles of both chairman and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The 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. The Board will continue to review and consider splitting the roles of chairman of the Board and the general manager of our Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. In particular, our Company currently has one female Director in the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have six non-executive Directors, including four independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. Pursuant to the board diversity policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

REMUNERATION

Our Directors and senior management receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation, pension schemes contribution and other benefits in kind.

The aggregate remuneration (including fees, salaries, allowances, benefits in kind and pension scheme contributions) for our Directors and former Directors for the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026 were approximately RMB2.95 million, RMB4.63 million, RMB4.73 million and RMB1.01 million, respectively.

For the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026, the total emoluments paid to the five highest paid individuals by us amounted to RMB33.52 million, RMB39.13 million, RMB32.83 million and RMB8.41 million, respectively.

For the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026, no payment was made by us to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. None of the Directors waived their remuneration during the relevant period.

Save as disclosed above and in the sections headed "Financial Information," "Accountants' Report" and "Statutory and General Information," no other payments have been paid or are payable in respect of the Track Record Period to our Directors and senior management by our Group. Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending December 31, 2026 to be approximately RMB5.11 million.

COMPLIANCE ADVISOR

We have appointed Somerley 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 requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company, among others, in the following circumstances:

a. before the publication of any regulatory announcement, circular, or financial report;

b. where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

c. where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

d. where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the compliance advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

RESTRICTED SHARE INCENTIVE SCHEMES

2023 Restricted Share Incentive Scheme

Our Company adopted the 2023 Restricted Share Incentive Scheme on April 11, 2023 to (a) improve our Group's incentive mechanism; (b) attract and retain talents; (c) incentivize our Group's core employees; and (d) align the interests of the Shareholders with the interests of the Group and the core employees in order to ensure the achievement of our Group's development strategy and operation targets. As of the Latest Practicable Date, all restricted Shares under the 2023 Restricted Share Incentive Scheme have been granted to 339 grantees, and none of the grantees are Directors. For further details of the 2023 Restricted Share incentive Scheme, please refer to the section headed "Statutory and General Information — 4. Restricted Share Incentive Schemes — 2023 Restricted Share Incentive Scheme" in Appendix VI to this prospectus.

2026 Restricted Share Incentive Scheme

Our Company adopted the 2026 Restricted Share Incentive Scheme on May 19, 2026 to (a) improve our Group's incentive mechanism; (b) attract and retain talents; (c) incentivize our Group's core employees; and (d) align the interests of the Shareholders with the interests of the Group and the core employees in order to ensure the achievement of our Group's development strategy and operation targets. As of the Latest Practicable Date, approximately 95.96% of the 2026 Restricted Share Awards have been granted to 637 grantees, and none of the grantees are Directors save for Mr. Wang Jingyang (王景陽先生). For further details of the 2026 Restricted Share incentive Scheme, please refer to the section headed "Statutory and General Information — 4. Restricted Share Incentive Schemes — 2026 Restricted Share Incentive Scheme" in Appendix VI to this prospectus.

FUTURE PLANS

See the section headed "Business — Our Growth Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$6,020.2 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, at the Offer Price of HK$240.6 per H Share (being the maximum Offer Price).

In line with our strategies, we plan to apply the net proceeds from the Global Offering in the following amounts and manner:

(a) approximately 78.3% of the net proceeds, or approximately HK$4,711.2 million, will be used for enhancing our independent R&D and innovation capabilities in key areas, including chip design and advanced memory product development, for projects different from those to be funded by the proceeds from the 2025 A Shares Issuance. For details, see "Business — Our Growth Strategies — Continue to Invest in Critical Technology and Capture Opportunities in Edge AI" in this prospectus. More specifically,

    (i) approximately 43.2%, or HK$2,599.3 million, is expected to be used to maintain and expand our R&D team within the semiconductor memory products industry, with a focus on controller chip and small-capacity memory chip design, innovative edge AI memory products (such as innovative storage solutions that integrate both DRAM and NAND Flash, AILPBGA (a high-bandwidth, compact embedded memory chip designed for space- and power-constrained edge AI inference devices), and automotive grade and industrial grade memory products. We plan to increase the number of R&D staff with extensive work experience in targeted areas over the next five years. More specifically, we plan to expand our R&D team by a net increase of approximately 50 to 70 personnel each year from 2026 to 2030. We look for candidates with a strong academic background, generally a bachelor's, master's or doctoral degree in microelectronics, electronic engineering, computer science, materials science or related disciplines from recognized universities in the PRC or overseas, and experienced in chip design, firmware development, product development, chip testing and validation, reliability engineering, application engineering in relation to memory products.

    Our R&D targets include developing high-end, as well as cost and energy efficient version of consumer-grade memory chips, enterprise-grade memory chip targeting data-center and server applications, automotive-grade UFS 5.1 memory chips, unified storage solutions that integrate DDR and NAND Flash to support edge AI training and inference, and continuous iteration of our small-capacity SLC products. Subject to actual R&D progress, we expect to commence tape-out and mass production of these products progressively from 2027 to 2030.

    (ii) approximately 18.9%, or HK$1,137.2 million, is expected to be used to purchase (a) R&D equipment, including automatic testing equipment for controller chip and Flash memory, automatic wafer probe stations and burn-in systems from back-end manufacturing equipment suppliers such as Advantest, Teradyne and ASMPT, environmental test chambers (such as high-low temperature test chamber) and related measurement instruments (such as oscilloscope) from international and domestic suppliers; (b) relevant software licenses necessary for chip design, such as EDA tools and related IPs from international and domestically leading EDA tool and IP vendors; and (c) cover tape-out costs for our self-designed chips, with relevant services mainly provided by globally leading semiconductor foundries.

(iii) approximately 10.8%, or HK$649.8 million, will be used to finance the establishment of an R&D center in Shenzhen. The funds are expected to be used for the acquisition of a building and related decoration works. Given that we are headquartered in Shenzhen and that the city has a deep talent pool in the semiconductor industry, we believe establishing an R&D center there will enable us to attract higher-quality R&D talent and enhance collaboration with our existing business operations. As of the Latest Practicable Date, we had not identified any specific property for the R&D center purpose.

(iv) approximately 5.4%, or HK$324.9 million, is expected to be used for consulting service fees in relation to the engagement of independent third-party professional organizations in the fields of semiconductor memory, quality control and project management to provide consulting services, such as to review and optimise our chip and system architecture designs for new generations of memory chips and provide technical advice on automotive grade, industrial grade and high-end consumer grade product design.

(b) approximately 11.7%, or HK$707.0 million, will be allocated for strategic investments and/or acquisition to further strengthen our overall competitive position. We plan to identify and pursue opportunities involving companies whose capabilities or business can create strong synergies with, or serve as valuable complements to, our existing capabilities or market coverage. Specifically, our potential investment and acquisition targets are expected to include: (i) upstream companies possessing business capabilities that complement or strengthen our own, such as chip design houses with self-developed IP portfolios, enabling us to achieve greater business synergy, or other emerging integrated circuit enterprises that align with industry development trends; or (ii) memory product companies that can strengthen our presence in specific jurisdictional markets or application scenarios, thereby expanding our customer base, facilitating entry into new application scenarios and seizing new growth opportunities. In terms of size and location, for investment targets, we intend to focus on mid-sized companies located in Chinese mainland or other Asian jurisdictions, Europe, the United States or Brazil, typically with (i) registered capital of approximately RMB10 million to RMB100 million, (ii) a workforce of around 500 to 1,500 employees, or (iii) annual revenue of more than US$10 million; and for acquisition targets, we intend to focus on small to mid-sized companies located in Chinese mainland or other Asian jurisdictions, Brazil, Europe or the United Kingdom, typically with (i) registered capital of approximately RMB10 million to RMB50 million, (ii) a workforce of around 100 to 500 employees, or (iii) annual revenue of more than US$10 million. We also expect the management team of the target should have knowledge and extensive relevant experience in the semiconductor memory industry.

We have conducted a cost-and-benefit analysis in formulating our acquisition and investment strategy. For potential acquisitions and investments in chip design houses, particularly those with self-developed IP, we expect the main benefits to include broadening our internal IP library, reducing our ongoing IP licensing and related R&D costs, accelerating our new product development and enhancing our competitiveness over the medium to long term by increasing our control over key technologies. For potential acquisitions and investments in memory product companies in overseas and other regional markets, we expect the main benefits to include faster access to local customers and channels through the targets' established sales networks and local teams, better provision of localized products and services, and increased operating scale and economies of scale in procurement, manufacturing and logistics. We intend to prioritize acquisitions and investments in chip design houses, particularly those based in the Chinese mainland, in the near to medium term (within approximately the next three years), and, subject to market conditions and the availability of suitable targets, to pursue strategic investments or acquisitions in memory product companies in the medium to longer term (in the next three to five years).

According to CIC, it is estimated that there are over 30 chip design houses and over 120 memory product companies that meet our selection criteria set forth above for potential acquisitions and investments. As of the Latest Practicable Date, we had not identified any specific targets for acquisitions or investments, or entered into any investment agreement, to which we will apply these proceeds.

(c) approximately 10% of the net proceeds, or approximately HK$602.0 million, is expected to be used for working capital and other general corporate purposes.

The table below sets forth the expected implementation timetable of our planned use of our proceeds for the purposes listed above, which is subject to changes based on our actual needs and market conditions at the relevant time:

	Period from the Listing to December 31,	Year ended December 31,				
	2026	2027	2028	2029	2030	Total
Enhancement of R&D and innovation capabilities	203.2	1,298.3	1,031.3	1,041.3	1,137.1	4,711.2
Strategic investments and/or acquisition[(1)]	67.4	159.9	159.9	159.9	159.9	707.0
Working capital and general corporate purposes	44.4	139.4	139.4	139.4	139.4	602.0
Total	**315.0**	**1,597.6**	**1,330.6**	**1,340.6**	**1,436.4**	**6,020.2**

Note:

(1) The implementation timeline for strategic investments and/or acquisition depends on investment and acquisition opportunities and the selection process based on our selection criteria.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund these activities with available financial resources, including cash available on hands, bank and other borrowings and potential future equity financing.

In the event that the Offer Size Adjustment Option and the Over-allotment Option is exercised in full, we will receive net proceeds of HK$7,992.9 million (after deducting the estimated underwriting commissions and other fees and expenses payable by us in connection with the Global Offering and assuming an Offer Price of HK$240.6 per Share, being the maximum Offer Price). To the extent that the net proceeds from the Global Offering are either more or less than expected (including as a result of the Offer Price being fixed below the maximum Offer Price, or the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option), we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we will only deposit the net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with all applicable disclosure requirements as mandated by the Listing Rules.

HONG KONG UNDERWRITERS

CLSA Limited
Citigroup Global Markets Asia Limited
China Securities (International) Corporate Finance Company Limited
ABCI Securities Company Limited
Futu Securities International (Hong Kong) Limited
Tiger Brokers (HK) Global Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. The Global Offering comprises the Hong Kong Public Offering of initially 2,607,800 Hong Kong Offer Shares and the International Offering of initially 23,470,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Offer Size Adjustment Option and the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 2,607,800 Hong Kong Offer Shares (subject to reallocation) for subscription by way of the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares pursuant to the Global Offering (including the H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not having been withdrawn; and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to apply or procure applications, on the terms and conditions of this prospectus, for their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering. The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Sponsors and the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled, in their sole and absolute discretion and by giving notice in writing to our Company, to terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

(i) there develops, occurs, exists or comes into force:

(a) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent authority in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the British Virgin Islands, the United Kingdom, the European Union (or any member thereof), Japan, Singapore, Brazil, or other jurisdictions relevant to the Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**");

(b) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, taxation, equity securities or currency exchange rate or controls or

any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdiction, or affecting an investment in the Offer Shares;

(c) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions;

(d) the imposition or declaration of any moratorium, suspension or limitation (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (1) the trading in H Shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (2) the trading in any securities of the Company listed or quoted on a stock exchange or an over-the-counter market;

(e) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(f) other than with the prior written consent of the Sponsor-Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the Prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;

(g) the commencement by any authority or other regulatory or political body or organization of any public action or investigation against a Group Company or a director or a senior management member of any Group Company or announcing an intention to take any such action;

(h) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any Group Company or any of the Controlling Shareholders or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction;

(i) any valid demand by creditors for payment or repayment of indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity;

(j) any non-compliance of the Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules or any other applicable laws;

(k) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Controlling Shareholder or any Director or senior management members as named in the Prospectus;

(l) any contravention by any Group Company or any Director of the Listing Rules or applicable laws;

(m) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus,

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters): (A) has or will or may have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company or the Group as a whole; (B) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; (C) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering, or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the offering documents as defined in the Hong Kong Underwriting Agreement; or (D) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(ii) there has come to the notice of the Joint Sponsors and the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:

(a) any statement contained in any of the offering documents (as defined in the Hong Kong Underwriting Agreement), the operative documents (as defined in the Hong Kong Underwriting Agreement), the CSRC filings (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the "**Global Offering Documents**") was, when it was issued, or has become untrue, incorrect, incomplete, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith;

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, constitute a material omission or misstatement in any Global Offering Document;

(c) any breach of, or any event or circumstance rendering untrue or incomplete or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by our Company or the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement or the Cornerstone Investment Agreements;

(d) any event, act or omission which gives rise or is likely to give rise to any liability of any of the indemnifying parties pursuant to the indemnities in the Hong Kong Underwriting Agreement;

(e) any breach of any of the obligations or undertakings imposed upon our Company or any member of the Controlling Shareholders or any cornerstone investor (as applicable) under the Hong Kong Underwriting Agreement, the International Underwriting Agreement or the Cornerstone Investment Agreements;

(f) there is any change or development involving a prospective change, constituting or having a material adverse effect;

(g) that the chairman of the Board, any Director or any member of senior management of our Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office;

(h) any Director or any member of senior management of our Company named in this prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company;

(i) our Company withdraws the Prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering;

(j) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Offer Size Adjustment Option and the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;

(k) any person has withdrawn its consent to the issue of the Prospectus or to the issue of any of the Hong Kong Public Offering Documents with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(l) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including the Offer Size Adjustment Option Shares and the Over-allotment Option Shares) pursuant to the terms of the Global Offering;

(m) any person has withdrawn or sought to withdraw its consent to being named in any of the Offering Documents or to the issue of any of the Offering Documents;

(n) an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group;

(o) (A) the notice of acceptance of the CSRC Filings issued by the CSRC and/or the results of the CSRC Filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Sponsor-Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC Filings pursuant to the CSRC Rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC Filings with the CSRC Rules or any other applicable laws; or

(p) that (1) a material portion of the orders placed or confirmed in the bookbuilding process or (2) any investment commitment made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled, or with respect to which the payment of the relevant orders and/or investment commitment has not been received or settled in the stipulated time and manner or otherwise.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant

to the Global Offering (including the exercise of the Over-allotment Option and the Offer Size Adjustment Option), (b) pursuant to the Restricted Share Incentive Schemes, (c) pursuant to any capitalization issue, capital reduction or consolidation or sub-division of shares, or (d) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to us and to the Stock Exchange that, except pursuant to the Global Offering (including the Offer Size Adjustment Option and the Over-allotment Option), he/she shall not, and shall procure that the relevant registered holders of the Shares in which he/she is beneficially interested shall not, directly or indirectly: (a) in the period commencing on the date by reference to which disclosure of his/her shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he is shown by this prospectus to be the beneficial owner (as defined in the Listing Rules (the "**Relevant Securities**")); and (b) in the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that, he/she would cease to be our controlling shareholder.

In addition, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have also irrevocably undertaken to the Stock Exchange and us that, within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, he will: (a) when he/she pledges or charges any Shares or securities of our Company beneficially owned by him/her in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of securities so pledged or charged; and (b) when he receives any indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform us in writing of any such indications.

We will inform the Stock Exchange as soon as we have been informed of the above matters (if any) by our Controlling Shareholders and announce such as soon as possible after being so informed by our Controlling Shareholders.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries not to, without the prior written consent of the Joint Sponsors and the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the last date of the six months after the Listing Date (the "**First Six-Month Period**"):

(i) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of our Company (except for the repurchase of A Shares pursuant to the Board resolution on August 7, 2026 as disclosed in this prospectus)), or deposit any share capital or other securities of our Company with a depositary in connection with the issue of depositary receipts; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any

warrants or other rights to purchase, any Shares); (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or (iv) offer to or agree to do any of the foregoing specified in paragraphs (i), (ii) or (iii) or announce any intention to do so, in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six-Month Period), provided that the foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Global Offering (including pursuant to the Offer Size Adjustment Option and the Over-allotment Option).

Our Company further agrees that, in the event our Company is allowed to enter into any of the transactions described in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company. The Controlling Shareholders undertake to each of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the undertakings in the paragraph above.

Undertakings by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has undertaken to each of our Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Joint Sponsors and the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) during the First Six-Month Period, our Controlling Shareholders will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for him/her and the companies controlled by him/her will not: (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of our Company or any interest therein; (iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) or (ii) above; or (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six-Month Period;

(b) during the Second Six-Month Period, our Controlling Shareholders will not enter into any of the transactions specified in paragraphs (a)(i), (ii) or (iii) above or offer to or agree to contract to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he/she will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or a member of a group of the controlling shareholders of our Company or would together with the other Controlling Shareholders cease to be "Controlling Shareholders" of our Company; and (c) until the expiry of the Second Six-Month Period, in the event that our Controlling Shareholders enter into any of the transactions specified in paragraphs (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction, he/she will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of our Company.

The restrictions set forth above shall not prevent our Controlling Shareholders from (i) purchasing additional Shares or other securities of our Company and disposing of such additional Shares or securities in accordance with the Listing Rules, provided that any such purchase or disposal does not contravene the lock-up arrangements referred to above or the compliance by our

Company with the minimum public float requirements under the Listing Rules, and (ii) using the Shares or other securities of our Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, provided that (A) the relevant Controlling Shareholder will immediately inform our Company, the Joint Sponsors and the Sponsor-Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities of our Company so pledged or charged, and (B) when the relevant Controlling Shareholder receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of our Company will be disposed of, the relevant Controlling Shareholder will immediately inform our Company, the Joint Sponsors and the Sponsor-Overall Coordinators of such indications. Our Company has undertaken that upon receiving such information in writing from the Controlling Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, the SFO and/or any other applicable law, notify the Stock Exchange and/or other relevant authorities, and make a public disclosure in relation to such information by way of an announcement.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the Controlling Shareholders, the Joint Sponsors, the Sponsor-Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement and subject to the Offer Size Adjustment Option and the Over-allotment Option, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for, or to purchase, their respective proportions of the International Offer Shares being offered under the International Offering (subject to, among other, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed. Our Company has agreed to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

Offer Size Adjustment Option

The Offer Size Adjustment Option is exercisable by the Sponsor-Overall Coordinators on or before the second Business Day prior to the Listing Date and will lapse immediately thereafter, pursuant to which the Company may allot and issue up to an aggregate of 3,911,650 additional Offer Shares, representing approximately 15.0% of the Offer Shares initially being offered under the Global Offering at the Offer Price to cover any excess demand in the International Offering. The Offer Size Adjustment Option provides flexibility to increase the number of Offer Shares available for purchase under the International Offering to cover additional market demand in the International Offering. See "Structure of the Global Offering — Offer Size Adjustment Option" for further details.

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sponsor-Overall Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 3,911,650 additional H Shares, representing approximately 15.0% of the Offer Shares initially being offered under the Global Offering, assuming the Offer Size Adjustment Option is not exercised, or up to an aggregate of 4,498,400 H Shares, representing not more than 15.0% of the number of Offer Shares available under the Global Offering assuming the Offer Size Adjustment Option is exercised in full, at the Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-allotment Option."

UNDERWRITING COMMISSIONS AND LISTING EXPENSES

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission equal to 1.7% of the aggregate Offer Price payable for the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees (the "**Fixed Fees**"). Our Company may, at our sole and absolute discretion, pay to one or more Underwriters or Capital Market Intermediaries an additional incentive fee up to 0.8% of the Offer

Price payable for the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) (the "**Discretionary Fees**"). The ratio of the Fixed Fees and the Discretionary Fees (if fully paid) payable to all Underwriters and Capital Market Intermediaries is therefore approximately 61.4:38.6. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters. Each of the Joint Sponsors is entitled to sponsor fee in the amount of US$750,000.

The aggregate underwriting commissions and fees (including the incentive fees and assuming full payment), together with the Stock Exchange listing fees, the SFC transaction levy, AFRC transaction levy the Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to be approximately HK$242.4 million (assuming an Offer Price of HK$240.60 per Offer Share (being the maximum Offer Price), the full payment of the discretionary incentive fee and no exercise of the Offer Size Adjustment Option and the Over-allotment Option) in aggregate, and are to be borne by us.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that each of the Underwriters and the Capital Market Intermediaries of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates, may individually undertake, and which do not form part of the underwriting process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following: (a) under the agreement among the Syndicate Members, all of them must not make bids or purchases or effect any other transactions (including but not limited to issuing any option or derivative or structured product which has, as its underlying asset, any Offer Shares), whether in the open market or otherwise, for the purpose of or with a view to creating actual, or apparent, active trading in the Offer Shares or raising, stabilizing or maintaining the price of the Offer Shares to or at levels other than those which might otherwise prevail in the open market; and (b) all of them must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation. The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing. In relation to issues by the Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases. These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares, and the volatility of the H Shares' share price, and the extent to which this occurs from day to day cannot be estimated.

UNDERWRITERS' AND CAPITAL MARKET INTERMEDIARIES' INTEREST IN OUR GROUP

Except as disclosed in this prospectus and the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Underwriters and the Capital Market Intermediaries has any shareholding interest in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group. Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

JOINT SPONSORS' INDEPENDENCE

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises: (i) the Hong Kong Public Offering of initially 2,607,800 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in "— The Hong Kong Public Offering" below in this section; and (ii) the International Offering of initially 23,470,000 Offer Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option) (a) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur, as described in "— The International Offering" below in this section. Investors may either apply for the Hong Kong Offer Shares under the Hong Kong Public Offering, or apply for or indicate an interest for the International Offer Shares under the International Offering, but may not do both.

The 26,077,800 Offer Shares in the Global Offering will represent approximately 5.7% of our enlarged share capital immediately after the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 6.5% (assuming the Offer Size Adjustment Option is not exercised) or 7.4% (assuming the Offer Size Adjustment Option is exercised in full) of the enlarged issued share capital the Company immediately following the completion of the Global Offering. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting" in this prospectus. The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in "— The Hong Kong Public Offering — Reallocation" below in this section.

References in this prospectus to applications, application or subscription monies or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Our Company is initially offering 2,607,800 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 0.57% of our Company's enlarged share capital immediately after completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised). The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Hong Kong Public Offering is subject to the conditions as set out in "— Conditions of the Global Offering" below in this section.

Allocation

Allocation of the Hong Kong Offer Shares to applicants under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools (subject to reallocation at odd lot size): pool A and pool B, both of which are available on an equitable basis to successful applicants with any odd board lots being allocated to pool A:

Pool A:..... the Offer Shares will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less; and

Pool B:..... the Offer Shares will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly.

For the purpose of this subsection only, the "subscription price" for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 1,303,900 Hong Kong Offer Shares (being approximately 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sponsor-Overall Coordinators. Subject to the allocation cap described in the subsequent paragraph, the Sponsor-Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Sponsor-Overall Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sponsor-Overall Coordinators deem appropriate. In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 1,303,850 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 3,911,650 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering (before exercise of the Offer Size Adjustment Option and the Over-allotment Option) in accordance with Chapter 4.14 of the Guide for New Listing Applicants. In the circumstance where the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are undersubscribed, there will be no reallocation from the International Offering to the Hong Kong Public Offering, and no over-allocation of H Shares to the Hong Kong Public Offering.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide and the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Monday, September 7, 2026.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application under the International Offering is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the maximum Offer Price of HK$240.60 per H Share in addition to any brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$12,151.32 for one board lot of 50 H Shares. If the Offer Price, as finally determined in the manner described in the sub-section headed "— Pricing and Allocation" in this section below, is less than the maximum Offer Price of HK$240.60 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above and, the Offer Size Adjustment Option and the Over-allotment Option, our Company will be initially offering for subscription under the International Offering 23,470,000 Offer Shares, representing approximately 90% of the Offer Shares initially available under the Global Offering and approximately 5.15% of our enlarged issued share capital immediately after completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

Allocation

The International Offering will include selective marketing of the International Offer Shares to QIBs in the United States in accordance with Rule 144A and institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares in other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Allocation of International Offer Shares pursuant to the International Offering will be determined by the Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) and will be based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole. The Sponsor-Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered the International Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sponsor-Overall Coordinators so as to allow it to identify the relevant application under the International Offering and to ensure that they are excluded from any application of the Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the sub-section headed "— The Hong Kong Public Offering — Reallocation" above, the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option in whole or in part, and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OFFER SIZE ADJUSTMENT OPTION

In order to provide flexibility to increase the number of Offer Shares available for purchase under the International Offering to cover additional market demand in the International Offering, the Company is expected to grant an Offer Size Adjustment Option to the International Underwriters, which is exercisable by the Sponsor-Overall Coordinators (for themselves and on behalf of the International Underwriters) on or before the second Business Day prior to the Listing Date and will lapse immediately thereafter, pursuant to which the Company may allot and issue up to an aggregate of 3,911,650 additional Offer Shares (representing approximately 15.0% of the Offer Shares initially being offered under the Global Offering) at the Offer Price to cover any excess demand in the International Offering. If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.85% of our issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

In considering whether to exercise the Offer Size Adjustment Option, the Company and the Sponsor-Overall Coordinators will take into account a number of factors, including, among other things: (i) whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover: (a) the total number of Offer Shares, which represents the aggregate of the Offer Shares initially available under the Global Offering and the additional Offer Shares upon any exercise of the Offer Size Adjustment Option; and (b) the corresponding number of Shares under the Over-allotment Option; (ii) the prices at which prospective professional and institutional investors have indicated they would be prepared to acquire the Offer Shares in the course of the book-building process; (iii) the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of the Company and its Shareholders as a whole; and (iv) general market conditions.

The dilution effect of the Offer Size Adjustment Option (assuming the Over-allotment Option is not exercised) is set out below:

Number of H Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option (the "Original Subscribers")	Approximate percentage of total issued share capital held by the Original Subscribers before the exercise of the Offer Size Adjustment Option	Number of H Shares issued under the Global Offering after the full exercise of the Offer Size Adjustment Option	Approximate percentage of total issued share capital held by the Original Subscribers after the full exercise of the Offer Size Adjustment Option
26,077,800	5.72	29,989,450	5.67

The Offer Size Adjustment Option will not be used for price stabilization purposes and will not be subject to the provisions of the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). The Offer Size Adjustment Option will be in addition to the Over-allotment Option. If the Offer Size Adjustment Option is exercised in full, the additional net proceeds received from the placing of the additional Shares allotted and issued will be allocated in accordance with the allocations as disclosed in the section headed "Future Plans and Use of Proceeds" in this prospectus, on a pro rata basis. The Company will disclose in its allotment results announcement if and to what extent the Offer Size Adjustment Option has been exercised, or will confirm that if the Offer Size Adjustment Option has not been exercised by the second Business Day prior to the Listing Date, it will lapse and cannot be exercised at any future date.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Sponsor-Overall Coordinators (on behalf of the International Underwriters). Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sponsor-Overall Coordinators (on behalf of the International Underwriters) at anytime from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 3,911,650 additional H Shares, representing approximately 15.0% of the Offer Shares initially being offered under the Global Offering, assuming the Offer Size Adjustment Option is not exercised, or up to an aggregate of 4,498,400 H Shares, representing not more than 15.0% of the total number of Offer Shares available under the Global Offering, assuming the Offer Size Adjustment Option is exercised in full, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any. If the Offer Size Adjustment Option is not exercised and Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.85% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering. If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the additional Offer Shares to be issued pursuant to the Over-allotment Option will represent approximately 0.97% of the total Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, a decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager through its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares for a limited period after the Listing Date at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager through its affiliates of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager through its affiliates may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager through its affiliates will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, **provided that** they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager through its affiliates or any person acting for it to conduct any such stabilizing action, which if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager through its affiliates or any person acting for it, (b) may be discontinued at any time, and (c) is required to be brought to an end

within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold and transferred pursuant to the exercise of the Over-allotment Option, namely, 3,911,650 Offer Shares (assuming the Offer Size Adjustment Option is not exercised), or 4,498,400 Offer Shares (assuming the Offer Size Adjustment Option is exercised in full), each representing approximately 15.0% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Offer Size Adjustment Option and/or the Over-allotment Option are exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include: (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares; (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price of the H Shares; (c) subscribing, or agreeing to subscribe, for the H Shares to be sold and transferred pursuant to the exercise of the Over-allotment Option in order to close out any position established under (a) or (b) above; (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares; (e) selling or agreeing to sell any H Shares to liquidate any position established as a result of those purchases; and (f) offering or attempting to do anything described in (b), (c), (d) and (e) above. Stabilizing actions by the Stabilizing Manager through its affiliates, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

Prospective applications for investors in the Offer Shares should note that: (a) as a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager through its affiliates, or any person acting for it, may maintain a long position in the H Shares; (b) the size of the long position, and the period for which the Stabilizing Manager through its affiliates, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager through its affiliates and is uncertain; (c) liquidation of any such long position by the Stabilizing Manager through its affiliates and selling in the open market may lead to a decline in the market price of the H Shares; (d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period, which begins on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and their market price, could fall after the end of the stabilizing period. These activities by the Stabilizing Manager through its affiliates may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market; (e) any stabilizing action taken by the Stabilizing Manager through its affiliates, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period; and (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at a price at or below the Offer Price and therefore at or below the price paid by applicants for, or investors in, the Offer Shares. An announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or before Friday, September 4, 2026, by agreement between the Sponsor-Overall Coordinators and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

We will determine the Offer Price by reference to, among other factors, the closing prices of the A Shares on the Shenzhen Stock Exchange on the last trading day on or before the Price Determination Date (which is accessible to the Shareholders and potential investors at **https://www.szse.cn/market/trend/index.html?code=301308**), and the Offer Price will not be more than HK$240.60. The historical prices of our A Shares and trading volume on Shenzhen Stock Exchange are set out below.

Period	High	Low	ADTV[(1)]
	(RMB)	*(RMB)*	*(A shares)*
Year ended December 31, 2023	121.38	61.50	5,331,698
Year ended December 31, 2024	106.64	63.44	6,949,969
Year ended December 31, 2025	326.21	70.75	11,340,502
Year of 2026 (up to the Latest Practicable Date)	723.10	262.90	18,779,216

Note:

(1) Average daily trading volume ("**ADTV**") represents daily average number of our A Shares traded over the relevant period rounded to the nearest share.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$240.60 for each Hong Kong Offer Share together with brokerage of 1%, a Stock Exchange trading fee of 0.00565%, a SFC transaction levy of 0.0027% and an AFRC transaction levy of 0.00015%.

The Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the prior consent of our Company, reduce the number of Offer Shares and/or the Offer Price below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a situation, our Company will, as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, post a notice on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of our Company (**www.longsys.com**) (the contents of the website do not form a part of this prospectus). Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any notice of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company and the Sponsor-Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) will under no circumstances be set outside the Offer Price stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price is reduced, the Company will issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

The final Offer Price, the indication of the level of interest in the International Offering, the basis of allotment of the Offer Shares available under the Hong Kong Public Offering and the results of allocations in the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus.

UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date. The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Hong Kong Offer Shares is conditional on, among others: (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued (including any H Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option) pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date; (b) the Offer Price having been agreed between the Sponsor-Overall Coordinators and our Company; (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and (d) the obligations of the Hong Kong Underwriters and the Capital Market Intermediaries under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters and the Capital Market Intermediaries under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus. If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinators and our Company on or before 12:00 noon on Friday, September 4, 2026, the Global Offering will not proceed and will lapse. The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse, and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.longsys.com**) on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set forth in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued by us pursuant to the Global Offering. Except that we have applied for the Listing on the Stock Exchange, no part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, September 8, 2026, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, September 8, 2026. Our H Shares will be traded in board lots of 50 H Shares each and the stock code of the H Shares is 09976.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

*This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "HKEXnews > New Listings > New Listing Information" section, and our website at **www.longsys.com**.*

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **White Form eIPO** service only).*

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director, a Supervisor or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 am on Monday, August 31, 2026 and end at 12:00 noon on Thursday, September 3, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application channel	Platform	Target investors	Application time
White Form eIPO service .	**www.eipo.com.hk**	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, August 31, 2026 to 11:30 a.m. on Thursday, September 3, 2026, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, September 3, 2026, Hong Kong time.

Application channel	Platform	Target investors	Application time
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit **electronic application instructions** on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For individual/Joint applicants	For corporate applicants
• Full name(s)[2] as shown on your identity document	• Full name(s)[2] as shown on your identity document
• Identity document's issuing country or jurisdiction	• Identity document's issuing country or jurisdiction
• Identity document type, with order of priority: i. HKID card; or ii. National identification document; or iii. Passport; and	• Identity document type, with order of priority: i. LEI registration document; or ii. Certificate of incorporation; or iii. Business registration certificate; or iv. Other equivalent document; and
• Identity document number	• Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size . . . . . : 50 Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/ successful allotment . . . . : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK$240.60 per Share. If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to prefund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application
	HK$		*HK$*		*HK$*		*HK$*
50	12,151.32	600	145,815.88	7,000	1,701,185.16	80,000	19,442,116.08
100	24,302.65	700	170,118.52	8,000	1,944,211.61	90,000	21,872,380.59
150	36,453.96	800	194,421.17	9,000	2,187,238.07	100,000	24,302,645.10
200	48,605.29	900	218,723.80	10,000	2,430,264.51	200,000	48,605,290.20
250	60,756.61	1,000	243,026.45	20,000	4,860,529.02	300,000	72,907,935.30
300	72,907.94	2,000	486,052.90	30,000	7,290,793.54	400,000	97,210,580.40
350	85,059.26	3,000	729,079.35	40,000	9,721,058.05	500,000	121,513,225.50
400	97,210.58	4,000	972,105.80	50,000	12,151,322.56	750,000	182,269,838.26
450	109,361.90	5,000	1,215,132.25	60,000	14,581,587.05	1,000,000	243,026,451.00
500	121,513.23	6,000	1,458,158.71	70,000	17,011,851.56	1,303,900[1]	316,882,189.47

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Relevant Persons[1], the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes" and "— G. Personal Data — 4. Transfer of personal data" in this section;

1 Relevant Persons would include the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediates and any of their or the Company's respective directors, supervisors, officers, employees, partners, agents or representatives and any other parties involved in the Global Offering.

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial shareholder(s) or existing Shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the H Share Registrar or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through **White Form eIPO** service or **HKSCC EIPO** channel:		
Website	The designated results of allocation at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function.	24 hours, from 11:00 p.m. Monday, September 7, 2026 to 12:00 midnight on Sunday, September 13, 2026 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.longsys.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, September 7, 2026 (Hong Kong time).
Telephone	+852 2862 8555 — the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., on Tuesday, September 8, 2026, Wednesday, September 9, 2026, Thursday, September 10, 2026 and Friday, September 11, 2026 (Hong Kong time)
For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, September 4, 2026 (Hong Kong time).		

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, September 4, 2026 on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.longsys.com** by no later than 11:00 p.m. on Monday, September 7, 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	HKSCC EIPO channel
Despatch/collection of Share certificate[2]		
For application of 1,000,000 Hong Kong Offer Shares or more	**Collection in person:** from the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account
	Time: from 9:00 a.m. to 1:00 p.m. on Tuesday, September 8, 2026 (Hong Kong time)	No action by you is required
	If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop.	
	Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.	
	Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	
For application of less than 1,000,000 Hong Kong Offer Shares	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk	
	Time: Monday, September 7, 2026	

2 Except in the event of any Severe Weather Signals (as defined below) in force in Hong Kong on the business day before the Listing Date rendering it impossible for the relevant share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— E. Severe Weather Arrangements" in this section.

	White Form eIPO service	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, September 8, 2026	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	**White Form** e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, September 3, 2026 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 3, 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.longsys.com** of the revised timetable.

If a Severe Weather Signal is hoisted on Monday, September 7, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository's service counter so that they would be available for trading on Tuesday, September 8, 2026.

If a Severe Weather Signal is hoisted on Tuesday, September 8, 2026: for application of 1,000,000 Hong Kong Offer Shares or more, you may collect your Share certificate and/or refund cheque (if applicable) in person from the H Share Registrar's office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, September 8, 2026 or on Wednesday, September 9, 2026).

If a Severe Weather Signal is hoisted on Monday, September 7, 2026: for application of less than 1,000,000 Hong Kong Offer Shares the despatch of physical H Share certificate(s) and/or refund cheque (if applicable) will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, September 7, 2026 or on Tuesday, September 8, 2026).

Prospective investors should be aware that if they choose to receive physical share certificates issued in their own name, there may be a delay in receiving the share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the Collection of Your Personal Data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;

- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of Personal Data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisors, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of Personal Data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and Correction of Personal Data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN LONGSYS ELECTRONICS CO., LTD, CITIC SECURITIES (HONG KONG) LIMITED AND CITIGROUP GLOBAL MARKETS ASIA LIMITED

Introduction

We report on the historical financial information of Shenzhen Longsys Electronics Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-102, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024, 2025 and the four months ended 30 April 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024, 2025 and the four months ended 30 April 2026 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-102 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 31 August 2026 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public

Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024, 2025 and the four months ended 30 April 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2025 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim 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 Interim 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 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
31 August 2026

I HISTORICAL FINANCIAL INFORMATION

Preparation Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	5	10,125,112	17,463,650	22,766,170	6,141,001	14,706,621
Cost of sales		(9,653,091)	(14,704,494)	(18,673,002)	(5,584,991)	(6,246,745)
Gross profit		472,021	2,759,156	4,093,168	556,010	8,459,876
Other income and gains	5	101,821	496,048	606,368	182,912	466,026
Research and development expenses		(593,654)	(910,301)	(1,047,824)	(304,502)	(374,595)
Selling and distribution expenses		(481,980)	(772,122)	(885,602)	(268,880)	(272,511)
Administrative expenses		(453,225)	(634,585)	(669,199)	(191,301)	(224,928)
Impairment losses on financial assets		(1,141)	(1,732)	(749)	(1,639)	(2,206)
Other expenses		(20,341)	(75,238)	(120,600)	(38,568)	(215,138)
Finance costs	6	(82,150)	(271,304)	(230,372)	(79,869)	(111,294)
Share of profits/(losses) of associates		371	(266)	(225)	–	(35)
(LOSS)/PROFIT BEFORE TAX	7	(1,058,278)	589,656	1,744,965	(145,837)	7,725,195
Income tax credit/(expense)	10	221,022	(84,425)	(247,194)	(3,385)	(1,298,032)
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(837,256)	505,231	1,497,771	(149,222)	6,427,163
Attributable to:						
Owners of the parent		(827,809)	498,684	1,423,298	(165,985)	6,300,282
Non-controlling interests		(9,447)	6,547	74,473	16,763	126,881
		(837,256)	505,231	1,497,771	(149,222)	6,427,163
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12					
Basic (RMB)		(2.01)	1.20	3.41	(0.40)	15.03
Diluted (RMB)		(2.01)	1.20	3.38	(0.40)	14.91

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR/PERIOD	(837,256)	505,231	1,497,771	(149,222)	6,427,163
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	11,578	(292,124)	82,996	138,567	(4,556)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	11,578	(292,124)	82,996	138,567	(4,556)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD	(825,678)	213,107	1,580,767	(10,655)	6,422,607
Attributable to:					
Owners of the parent	(816,231)	209,366	1,505,412	(28,388)	6,292,592
Non-controlling interests	(9,447)	3,741	75,355	17,733	130,015
	(825,678)	213,107	1,580,767	(10,655)	6,422,607

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 April
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	1,990,227	2,427,468	2,678,304	2,900,528
Right-of-use assets	*14*	263,356	255,034	238,057	231,156
Goodwill	*15*	868,661	793,980	820,182	845,560
Other intangible assets	*16*	279,854	245,771	258,958	234,993
Investment in associates	*17*	25,159	30,000	30,123	30,087
Financial assets at fair value through profit or loss	*23*	393,883	720,080	911,545	1,065,251
Deferred tax assets	*18*	446,494	537,632	503,645	281,708
Prepayments, other receivables and other assets	*22*	346,762	203,219	701,635	870,787
Total non-current assets		4,614,396	5,213,184	6,142,449	6,460,070
CURRENT ASSETS					
Inventories	*19*	5,893,165	7,833,153	11,677,745	21,343,686
Trade and bills receivables	*20*	1,345,301	1,671,623	2,040,417	3,642,892
Receivables financing	*21*	–	–	4,434	2,061
Prepayments, other receivables and other assets	*22*	608,034	974,113	1,368,800	2,176,267
Financial assets at fair value through profit or loss	*23*	–	179,623	38,541	2,817
Pledged deposits	*24*	18,426	10,560	9,520	8,750
Cash and cash equivalents	*24*	1,200,523	1,014,411	1,468,811	3,607,769
Total current assets		9,065,449	11,683,483	16,608,268	30,784,242
CURRENT LIABILITIES					
Trade payables	*25*	1,147,411	1,140,589	2,016,776	2,541,983
Contract liabilities	*28*	65,844	94,803	354,635	1,736,713
Other payables and accruals	*26*	526,816	673,492	1,034,904	687,307
Financial liabilities at fair value through profit or loss	*23*	789	–	66	39,576
Interest-bearing bank borrowings	*27*	3,170,752	5,162,691	6,112,477	6,712,917
Tax payables		5,423	129,427	119,342	889,934
Lease liabilities	*14*	16,350	22,326	25,320	25,871
Provision	*30*	–	–	60,080	77,084
Total current liabilities		4,933,385	7,223,328	9,723,600	12,711,385
NET CURRENT ASSETS		4,132,064	4,460,155	6,884,668	18,072,857
TOTAL ASSETS LESS CURRENT LIABILITIES		8,746,460	9,673,339	13,027,117	24,532,927

	Notes	As at 31 December			As at 30 April
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*27*	2,092,258	2,516,736	4,377,325	9,416,193
Deferred income	*29*	14,581	20,651	35,264	30,812
Deferred tax liabilities	*18*	99,965	135,156	161,358	184,501
Lease liabilities	*14*	68,203	64,420	51,232	45,724
Other payables and accruals	*26*	–	–	39,606	44,697
Provision	*30*	22,049	36,871	667	737
Total non-current liabilities		2,297,056	2,773,834	4,665,452	9,722,664
Net assets		6,449,404	6,899,505	8,361,665	14,810,263
EQUITY					
Equity attributable to owners of the parent					
Share capital	*31*	412,864	415,982	419,145	419,145
Reserves	*32*	5,608,265	6,051,507	7,435,149	14,175,989
		6,021,129	6,467,489	7,854,294	14,595,134
Non-controlling interests		428,275	432,016	507,371	215,129
Total equity		6,449,404	6,899,505	8,361,665	14,810,263

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Statutory surplus reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	RMB'000 (note 31)	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	412,864	3,879,139	–	137,013	51,792	2,157,945	6,638,753	–	6,638,753
Loss for the year	–	–	–	–	–	(827,809)	(827,809)	(9,447)	(837,256)
Other comprehensive income for the year:									
Foreign currency translation	–	–	–	11,578	–	–	11,578	–	11,578
Total comprehensive income/(loss) for the year	–	–	–	11,578	–	(827,809)	(816,231)	(9,447)	(825,678)
Share-based payments	–	–	198,607	–	–	–	198,607	–	198,607
Transfer from retained earnings	–	–	–	–	10,708	(10,708)	–	–	–
Non-controlling interests arising from acquisition of subsidiaries *(note 34)*	–	–	–	–	–	–	–	437,722	437,722
At 31 December 2023	412,864	3,879,139	198,607	148,591	62,500	1,319,428	6,021,129	428,275	6,449,404

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Statutory surplus reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	RMB'000 (note 31)	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	412,864	3,879,139	198,607	148,591	62,500	1,319,428	6,021,129	428,275	6,449,404
Profit for the year	–	–	–	–	–	498,684	498,684	6,547	505,231
Other comprehensive loss for the year:									
Foreign currency translation	–	–	–	(289,318)	–	–	(289,318)	(2,806)	(292,124)
Total comprehensive (loss)/income for the year	–	–	–	(289,318)	–	498,684	209,366	3,741	213,107
Issuance of shares upon exercising of share-based payment scheme *(note 33)*	3,118	269,615	(159,824)	–	–	–	112,909	–	112,909
Share-based payments	–	–	231,647	–	–	–	231,647	–	231,647
Repurchase of restricted share units cancelled during the year	–	–	(3,567)	–	–	–	(3,567)	–	(3,567)
Dividends declared *(note 11)*	–	–	–	–	–	(103,995)	(103,995)	–	(103,995)
At 31 December 2024	415,982	4,148,754	266,863	(140,727)	62,500	1,714,117	6,467,489	432,016	6,899,505

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Statutory surplus reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	RMB'000 (note 31)	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	415,982	4,148,754	266,863	(140,727)	62,500	1,714,117	6,467,489	432,016	6,899,505
Profit for the year	–	–	–	–	–	1,423,298	1,423,298	74,473	1,497,771
Other comprehensive income for the year:									
Foreign currency translation	–	–	–	82,114	–	–	82,114	882	82,996
Total comprehensive income for the year	–	–	–	82,114	–	1,423,298	1,505,412	75,355	1,580,767
Issuance of shares upon exercising of share-based payment scheme *(note 33)*	3,163	257,886	(147,250)	–	–	–	113,799	–	113,799
Share-based payments	–	–	91,481	–	–	–	91,481	–	91,481
Acquisition of non-controlling interests	–	(323,887)	–	–	–	–	(323,887)	–	(323,887)
Transfer from retained earnings	–	–	–	–	2,066	(2,066)	–	–	–
At 31 December 2025	419,145	4,082,753	211,094	(58,613)	64,566	3,135,349	7,854,294	507,371	8,361,665

Period ended 30 April 2025

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Statutory surplus reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	RMB'000 (note 31)	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	415,982	4,148,754	266,863	(140,727)	62,500	1,714,117	6,467,489	432,016	6,899,505
Profit for the period	–	–	–	–	–	(165,985)	(165,985)	16,763	(149,222)
Other comprehensive income for the period:									
Foreign currency translation	–	–	–	137,597	–	–	137,597	970	138,567
Total comprehensive income for the period	–	–	–	137,597	–	(165,985)	(28,388)	17,733	(10,655)
Share-based payments	–	–	44,496	–	–	–	44,496	–	44,496
At 30 April 2025 (unaudited)	415,982	4,148,754	311,359	(3,130)	62,500	1,548,132	6,483,597	449,749	6,933,346

Period ended 30 April 2026

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Statutory surplus reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	RMB'000 (note 31)	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000 (note 32)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	419,145	4,082,753	211,094	(58,613)	64,566	3,135,349	7,854,294	507,371	8,361,665
Profit for the period	–	–	–	–	–	6,300,282	6,300,282	126,881	6,427,163
Other comprehensive income for the period:									
Foreign currency translation	–	–	–	(7,690)	–	–	(7,690)	3,134	(4,556)
Total comprehensive income for the period	–	–	–	(7,690)	–	6,300,282	6,292,592	130,015	6,422,607
Issuance of shares upon exercising of share-based payment scheme	–	(6,409)	–	–	–	–	(6,409)	6,409	–
Share-based payments	–	–	20,950	–	–	–	20,950	–	20,950
Acquisition of non-controlling interests	–	433,707	–	–	–	–	433,707	(428,666)	5,041
Transfer from retained earnings	–	–	–	–	64,824	(64,824)	–	–	–
At 30 April 2026	419,145	4,510,051	232,044	(66,303)	129,390	9,370,807	14,595,134	215,129	14,810,263

* These reserve accounts represent the total reserves of RMB5,608,265,000, RMB6,051,507,000, RMB7,435,149,000, RMB6,067,615,000, RMB14,175,989,000 in the consolidated statements of financial position as at 31 December 2023, 2024, 2025 and 30 April 2025 and 2026, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
(Loss)/profit before tax		(1,058,278)	589,656	1,744,965	(145,837)	7,725,195
Adjustments for:						
Bank interest income	*5*	(34,084)	(16,874)	(19,081)	(4,441)	(4,747)
Finance costs	*6*	82,150	271,304	230,372	79,869	111,294
Write-down of inventories to net realisable value	*7*	356,363	566,297	313,661	116,935	77,256
Depreciation of property, plant and equipment	*7, 13*	88,848	373,614	348,037	107,089	125,014
Depreciation of right-of-use assets	*7, 14(a)*	15,611	32,275	36,482	12,377	10,981
Amortisation of other intangible assets	*7, 16*	29,943	51,899	60,939	17,279	23,706
Loss/(gain) on disposal of items of property, plant and equipment and other intangible assets	*7*	732	(1,474)	(5,259)	(438)	(15,733)
Impairment of trade receivables, net	*7*	1,141	1,732	749	1,639	2,206
Equity-settled share-based payment expenses	*33*	198,081	232,173	91,481	44,496	20,950
(Gain)/loss on disposal of financial assets/liabilities, net		(71)	(33,013)	56,434	11,880	60,703
Dividend income received from an equity investment measured at fair value through profit or loss	*5*	(70)	(210)	(193)	–	–
Fair value gains on financial assets at fair value through profit or loss, net		(39,168)	(306,765)	(178,258)	15,771	(112,483)
Gain on deemed disposal of investment in an associate	*5*	–	(14,095)	–	–	–
Share of (profit)/loss of associates		(371)	266	225	–	35
		(359,173)	1,746,785	2,680,554	256,619	8,024,377

	Notes	Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Increase in inventories		(2,277,880)	(2,506,285)	(4,158,253)	(455,044)	(9,743,197)
(Increase)/decrease in restricted cash		(9,461)	7,866	1,040	(11,527)	770
Increase in trade and bill receivables		(231,694)	(328,054)	(369,480)	(322,859)	(1,604,681)
(Increase)/decrease in receivable financing		–	–	(4,434)	–	2,373
(Increase)/decrease in prepayments, other receivables and other assets		(333,354)	(371,654)	(694,010)	213,755	(1,113,559)
Increase/(decrease) in trade payables		346,785	(6,822)	876,187	276,792	525,207
Increase in contract liabilities		50,237	28,959	259,832	227,813	1,382,078
Increase/(decrease) in other payables and accruals		134,772	241,014	344,471	(152,346)	(160,642)
Increase in deferred income		10,226	6,070	14,613	7,789	(4,452)
Increase in provision		5,880	14,822	23,876	51,964	17,074
Cash used in operations		(2,663,662)	(1,167,299)	(1,025,604)	92,956	(2,674,652)
Interest received		34,084	16,874	19,081	4,441	4,747
Income tax paid		(168,822)	(39,317)	(194,679)	(7,536)	(277,609)
Net cash flows (used)/from in operating activities		(2,798,400)	(1,189,742)	(1,201,202)	89,861	(2,947,514)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(422,966)	(888,713)	(744,324)	(235,609)	(172,976)
Purchase of intangible assets		(76,021)	(54,833)	(100,448)	(9,195)	(47,815)
Purchases of financial assets at fair value through profit or loss		(590,000)	(1,006,725)	(692,107)	(282,190)	(442,559)
Purchase of equity in an associate		–	(30,000)	(348)	–	–
Proceeds from disposal of items of property, plant and equipment and other intangible assets		1	7,224	14,114	7,383	15,428
Proceeds from disposal of finance products		1,150,000	845,874	819,661	404,098	476,567
Investment income/(loss) from financial assets at fair value through profit or loss		4,705	33,219	(55,855)	(11,880)	(60,703)
Acquisition of subsidiaries	*34*	(1,727,178)	(8,037)	(208,613)	–	–
Net cash flows used in investing activities		(1,661,459)	(1,101,991)	(967,920)	(127,393)	(232,058)

	Notes	Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank and other borrowings		6,114,978	7,949,040	9,878,402	2,106,274	7,953,704
Repayment of bank and other borrowings		(2,301,614)	(5,527,600)	(7,076,456)	(1,580,996)	(2,343,503)
Cash received under the subsidiary's employee stock ownership plan		–	–	7,102	–	12,970
Acquisition of non-controlling interests		–	–	–	–	(320,612)
Payments of lease liabilities	*14(b)*	(13,211)	(25,494)	(34,794)	(11,715)	(10,921)
Share issue expenses		(6,950)	–	(28,623)	(20,476)	(10,240)
Issuance of shares upon exercising of the share-based payment scheme		–	112,909	113,799	86,485	142,466
Repurchase of restricted share units cancelled during the year/period		–	(1,424)	–	–	–
Dividends paid	*11*	–	(103,995)	–	–	–
Interest paid		(75,335)	(262,694)	(234,634)	(68,748)	(90,414)
Net cash flows from financing activities		3,717,868	2,140,742	2,624,796	510,824	5,333,450
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(741,991)	(150,991)	455,674	473,292	2,153,878
Cash and cash equivalents at beginning of year/period		1,908,239	1,200,523	1,014,411	1,014,411	1,468,811
Effect of foreign exchange rate changes, net		34,275	(35,121)	(1,274)	3,896	(14,920)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	*24*	1,200,523	1,014,411	1,468,811	1,491,599	3,607,769
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*24*	1,218,949	1,024,971	1,478,331	1,513,686	3,616,519
Less: Restricted deposits		(18,426)	(10,560)	(9,520)	(22,087)	(8,750)
Cash and cash equivalents as stated in the consolidated statements of financial position		1,200,523	1,014,411	1,468,811	1,491,599	3,607,769

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 30 April
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Investments in subsidiaries	*42*	2,284,382	2,515,432	2,590,885	2,608,710
Property, plant and equipment	*13*	15,063	22,995	22,305	23,243
Right-of-use assets	*14*	–	14,280	10,348	9,037
Other intangible assets	*16*	9,602	8,742	14,814	15,623
Deferred tax assets	*18*	10,332	36,609	46,815	8,696
Financial assets at fair value through profit or loss	*23*	10,870	5,250	21,449	25,341
Prepayments, other receivables and other assets	*22*	5,534	9,526	8,597	9,029
Total non-current assets		2,335,783	2,612,834	2,715,213	2,699,679
CURRENT ASSETS					
Inventories	*19*	1,022,694	955,833	693,170	1,398,962
Trade and bills receivables	*20*	1,245,071	2,718,710	1,493,435	2,862,845
Prepayments, other receivables and other assets	*22*	3,442,986	6,173,015	8,322,296	10,956,231
Financial assets at fair value through profit or loss	*23*	–	727	–	–
Pledged deposits	*24*	–	–	–	154
Cash and cash equivalents	*24*	195,248	298,183	470,252	570,603
Total current assets		5,905,999	10,146,468	10,979,153	15,788,795
CURRENT LIABILITIES					
Trade and bills payables	*25*	159,789	1,951,245	1,383,512	2,043,052
Other payables and accruals	*26*	68,810	319,374	273,874	640,880
Contract liabilities	*28*	2,443	1,513	53,257	294,000
Interest-bearing bank borrowings	*27*	1,175,866	3,120,382	2,967,586	2,797,577
Tax payables		1,990	–	–	64,275
Lease liabilities	*14*	–	4,076	4,440	4,315
Total current liabilities		1,408,898	5,396,590	4,682,669	5,844,099
NET CURRENT ASSETS		4,497,101	4,749,878	6,296,484	9,944,696
TOTAL ASSETS LESS CURRENT LIABILITIES		6,832,884	7,362,712	9,011,697	12,644,375
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*27*	1,975,800	2,284,700	3,708,248	6,672,998
Lease liabilities	*14*	–	11,911	7,471	6,136
Deferred tax liabilities	*18*	895	134	4,073	5,043
Total non-current liabilities		1,976,695	2,296,745	3,719,792	6,684,177
Net assets		4,856,189	5,065,967	5,291,905	5,960,198
EQUITY					
Share capital	*31*	412,864	415,982	419,145	419,145
Reserves	*32*	4,443,325	4,649,985	4,872,760	5,541,053
Total equity		4,856,189	5,065,967	5,291,905	5,960,198

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in Shenzhen, the People's Republic of China (the "PRC") on 27 April 1999. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the ChiNext market of the Shenzhen Stock Exchange (stock code: 301308) on 5 August 2022. The registered office address of the Company is Floor 20, 22, 23, B Tower, Horoy Qianhai Finance Centre Centre Phase II, No. 5059, Tinghai Avenue, Qianhai, Shenzhen, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were principally engaged in the research and development, design, packaging and testing, back-end manufacturing (SMT and assembly) and sales of semiconductor memory application products.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Company's principal subsidiaries are set out below:

Name	*Notes*	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Zhongshan Longsys Electronics Co., Limited* (中山市江波龍電子有限公司)	*(a)*	Chinese Mainland, 12 October 2015	RMB850,000,000	100%	–	Research and development, testing and sales of storage products
Lexar Electronics (Shenzhen) Co., Ltd.* (雷克沙電子(深圳)有限公司)	*(a)*	Chinese Mainland, 24 November 2015	RMB30,000,000	100%	–	Sales of storage products
MESTOR Electronics (HK) Co., Limited (Formerly known as: Damai Electronics (HK) Limited)	*(b)*	Hong Kong, 10 May 2016	HKD10,000	–	100%	Sales and procurement of storage products
Longsys Electronics (HK) Co., Limited (江波龍電子(香港)有限公司	*(b)*	Hong Kong, 19 April 2013	HKD62,500,000	–	100%	Sales and procurement of storage products
Lexar Co., Limited （雷克沙有限公司）	*(b)*	Hong Kong, 14 September 2017	HKD1,000,000	–	100%	Sales of storage products
Shanghai Longsys Digital Technology Co., Limited* (上海江波龍數字技術有限公司)	*(c)*	Chinese Mainland, 3 July 2020	RMB736,000,000	–	100%	Research and development of storage products
Shanghai Longsys Storage Technology Co., Limited* (上海江波龍存儲技術有限公司)	*(c)*	Chinese Mainland, 29 May 2020	RMB1,136,000,000	100%	–	Procurement of raw materials
Zilia Technologies Indústria e Comércio de Componentes Eletrônicos Ltda. (Formerly known as: SMART Modular Technologies do Brasil-Indústria e Comércio de Componentes Ltda.) ("Zilia Eletrônicos")**	*(d)*	Brazil, 19 October 2009	BRL479,815,000	–	100%	Back-end manufacturing and sales of universal storage products

Name	Notes	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Zilia Technologies Indústria de Componentes Semicondutores Ltda. (Formerly known as: SMART Modular Technologies Indústria de Componentes Eletrônicos Ltda.) ("Zilia Semicondutores")**	*(d)*	Brazil, 5 February 2004	BRL383,538,000	–	100%	Back-end manufacturing and sales of universal storage products
Longforce Technology (Suzhou) Co., Ltd.*/** (Formerly known as: Powertech Technology (Suzhou) Ltd.) (元成科技(蘇州)有限公司) (Formerly known as: 力成科技(蘇州)有限公司)	*(e)*	Chinese Mainland, 31 August 1995	USD100,000,000	–	70%	Packaging and testing of storage products
Lexar Europe B.V.**	*(f)*	the Netherlands 13 February 2020	EUR216,000,000	–	100%	Business promotion and provision after-sales services
Xizang Yuanshi Venture Capital Management Co., Ltd.* (西藏遠識創業投資管理有限公司)	*(g)*	Chinese Mainland, 17 March 2017	RMB50,000,000	100%	–	Investment holding
Lexar International	*(h)*	United States of America, 4 October 2017	USD1,000,000	–	100%	Sales of storage products

Notes:

(a) The statutory financial statements of these entities for the years ended 31 December 2023, 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Shenzhen Yue Hua Certified Public Accountants (General Partnership) (深圳岳華會計師事務所(普通合夥)), certified public accountants registered in the PRC.

(b) The statutory financial statements of these entities for the years ended 31 December 2023, 2024 and 2025 prepared in accordance with Hong Kong Financial Reporting Standards were audited by Yeung & Mok CPA Limited, a certified public accounting firm registered in Hong Kong.

(c) The statutory financial statements of these entities for the years ended 31 December 2023, 2024 and 2025 prepared under PRC GAAP were audited by Shanghai Acumen Certified Public Accountants Co., Ltd. (上海歐柯盟會計師事務所有限公司), certified public accountants registered in the PRC.

(d) These entities were acquired by the Group during 2023. The statutory financial statements of these entities for the years ended 31 December 2023, 2024 and 2025 prepared in accordance with International Financial Reporting Standards were audited by ERNST & YOUNG Auditores Independentes S.S.Ltda., a certified public accounting firm registered in Brazil.

(e) This entity was acquired by the Group during 2023. The statutory financial statements of this entity for the year ended 31 December 2023 prepared under PRC GAAP were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC. The statutory financial statements of this entity for the year ended 31 December 2024 and 2025 prepared under PRC GAAP were audited by Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

(f) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared under the Dutch Standard 4410 were audited by Grant Thornton Accountants en Adviseurs B.V., a certified public accounting firm registered in the Netherlands.

(g) The entity has not appointed auditors to issue statutory financial statements for the year ended 31 December 2023.The statutory financial statements of this entity for the year ended 31 December 2024 and 2025 prepared under PRC GAAP were audited by Shenzhen Yue Hua Certified Public Accountants (General Partnership) (深圳岳華會計師事務所(普通合夥)), certified public accountants registered in the PRC.

(h) This entity has not appointed auditors to issue statutory financial statements for the years ended 31 December 2023, 2024 and 2025.

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

** Certain equity interests of these subsidiaries were pledged for the Group's interest-bearing bank borrowings (note 27).

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting periods commencing from 1 January 2026, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
Annual Improvements to IFRS	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10

1 Effective for annual/reporting periods beginning on or after 1 January 2027
2 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the consolidated financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss, statements of other comprehensive income and statements of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Interests in subsidiaries

Interests in subsidiaries are stated in the statement of financial position of the Company at cost less impairment loss, if any.

Investment in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in associates is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates are included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investment in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of the associates is included as part of the Group's investment in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its certain financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the periods in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any amortisation/depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

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

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the periods in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Buildings	1.36%-33.33%
Plant and machinery	9.00%-30.00%
Electronic equipment, Furniture and fixtures	9.00%-30.00%
Motor vehicles	18.00%-45.00%

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year/period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year/period end.

Patents and trademarks

Purchased patents and trademarks are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 20 years.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Machinery equipment	3 years
Buildings	2 to 23 years
Leasehold land	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the periods in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the periods generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Financial assets at fair value through other comprehensive income (debt instruments)

For receivables financing, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables.

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

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of materials consigned for processing, work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

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

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

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

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sales of products

Revenue from the sales of products is recognised at the point in time when control of the asset is transferred to the customers, generally on acceptance of the delivered products.

Some contracts for the sales of products provide customers with volume rebates, giving rise to variable consideration.

Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the periods exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The expected value method or the most likely amount method is used to best estimate the variable consideration for the expected future rebates. The variable consideration is estimated at the end of each reporting period and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(b) Provision of technical, packaging and testing services

Revenue from the provision of technical service is recognised over time, using the output method to determine the progress forwards the complete satisfaction of the performance obligation, because the customer simultaneously receives and consumes the benefits provided by the Group. For packaging and testing service, if the performance obligation is not satisfied over time, the revenue is recognised at a point in time upon completion of the provision of services.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The valuation method used to determine the share awards is disclosed in note 33 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting periods have expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the canceled award and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

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

Housing fund and other social insurances — Chinese Mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan and other social insurance plans operated by the local municipal government. Contributions to these plans by the Group are expensed as incurred.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

All borrowing costs are expensed in the periods in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends and interim dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed dividends are disclosed in the note 11 to the Historical Financial Information.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting periods and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the semiconductor industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on aging for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the Historical Financial Information.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in note 15 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in the note 40 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in note 18 to the Historical Financial Information.

Depreciation

The Group calculates the depreciation of items of property, plant and equipment on the straight-line basis over their estimated useful lives after taking into account their estimated residual value, estimated useful lives, commencing from the date the items of property, plant and equipment are placed into use. The estimated useful lives reflect the directors' estimate of the period that the Group intends to derive future economic benefits from the use of the Group's items of property, plant and equipment.

Provisions for warranty

The Group makes reasonable estimates on warranty fee rates in respect of contract groups with similar characteristics based on the historic data and current conditions of warranty, taking into consideration all relevant information such as product improvements and market changes, among others. The estimate of the warranty fee rate may not be equal to the actual warranty fee rate in the future. The Group reassesses the warranty fee rates at least annually at least on each balance sheet date and determines its estimated liabilities based on the reassessed warranty fee rates.

4. OPERATING SEGMENT INFORMATION

The Group manages its business as a whole for the purpose of making decision on resource allocation and performance assessment, therefore, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Chinese Mainland	2,318,702	5,038,831	7,547,874	1,823,286	4,426,493
Other countries/regions	7,806,410	12,424,819	15,218,296	4,317,715	10,280,128
	10,125,112	17,463,650	22,766,170	6,141,001	14,706,621

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

(b) Non-current assets

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Chinese Mainland	2,391,866	2,259,929	2,523,624	2,354,409	2,526,491
Other countries/regions	1,382,153	1,695,543	2,188,490	1,779,643	2,577,780
	3,774,019	3,955,472	4,712,114	4,134,052	5,104,271

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the Group's revenue during the Relevant Periods are set out below:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Customer A	1,110,406	2,444,236	N/A*	620,001	N/A*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue from contracts with customers	10,124,959	17,463,597	22,765,629	6,140,908	14,706,111
Revenue from other sources					
Rental income	153	53	541	93	510
Total	10,125,112	17,463,650	22,766,170	6,141,001	14,706,621

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Types of goods or services					
Sale of products	10,065,969	17,307,185	22,692,215	6,139,911	14,702,234
Provision of services	58,990	156,412	73,414	997	3,877
Total	10,124,959	17,463,597	22,765,629	6,140,908	14,706,111
Geographical markets					
Chinese Mainland	2,318,702	5,038,778	7,547,333	1,823,193	4,425,984
Other countries/regions	7,806,257	12,424,819	15,218,296	4,317,715	10,280,127
Total	10,124,959	17,463,597	22,765,629	6,140,908	14,706,111
Timing of revenue recognition					
Products transferred and services provided at a point in time	10,123,800	17,455,241	22,760,054	6,139,911	14,702,234
Services transferred over time	1,159	8,356	5,575	997	3,877
Total	10,124,959	17,463,597	22,765,629	6,140,908	14,706,111

The following table shows the amounts of revenue recognised in the current reporting periods that were included in the contract liabilities at the beginning of the reporting periods:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting periods:					
Sales of products	15,607	65,844	94,803	94,803	354,635

(b) Performance obligations

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

Sales of products

The performance obligation is satisfied upon the acceptance of delivered products and payment is mainly due within 7 to 120 days from delivery or made in advance. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

The rendering of services

For technical services, revenue is recognised over time. For packaging and testing services, revenue is recognised at a point in time upon completion of the provision of services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised as revenue within one year.

Other income and gains

An analysis of other income and gains, net is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Other income					
Interest income	34,084	16,874	19,081	4,441	4,747
Government grants*	25,394	104,895	373,005	107,955	287,473
Dividend income	70	210	193	–	–
Others	3,034	13,567	7,482	7,274	775
Total other income	62,582	135,546	399,761	119,670	292,995
Gains					
Gain on disposal of items of property, plant and equipment	–	3,224	8,629	948	15,893
Gain on deemed disposal of investment in an associate	–	14,095	–	–	–
Gain on disposal of financial assets/ liabilities, net	71	33,013	4,516	1,940	2,947
Fair value gains, net:					
Structured deposits and certificate deposits	2,780	6,158	1,997	1,159	486
Equity instrument	36,046	286,709	191,465	7,020	153,705
Derivative financial instruments	342	17,303	–	–	–
Foreign exchange gains, net	–	–	–	52,175	–
Total gains	39,239	360,502	206,607	63,242	173,031
Total other income and gains	101,821	496,048	606,368	182,912	466,026

* The Group has received certain government grants related to assets and income. Government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest on lease liabilities	872	5,952	4,940	1,733	1,505
Interest on bank and other borrowings	81,278	265,352	225,432	78,136	109,789
Total	82,150	271,304	230,372	79,869	111,294

7. PROFIT/(LOSS) BEFORE TAX

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

	Notes	Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of inventories sold and services provided*		9,653,091	14,704,494	18,673,002	5,584,991	6,246,745
Depreciation of property, plant and equipment**	*13*	88,848	373,614	348,037	107,089	125,014
Depreciation of right-of-use assets**	*14(a)*	15,611	32,275	36,482	12,377	10,981
Research and development costs		593,654	910,301	1,047,824	304,502	374,595
Amortisation of intangible assets**	*16*	29,943	51,899	60,939	17,279	23,706
Loss/(gain) on disposal of property, plant and equipment and other intangible assets, net***		732	(1,474)	(5,259)	(438)	(15,733)
Lease payments not included in the measurement of lease liabilities	*14(c)*	8,588	4,446	4,707	1,209	1,467
Auditor's remuneration		4,321	5,835	7,142	2,381	1,963
Listing expenses		–	–	1,610	380	–
Foreign exchange differences, net***		19,486	61,294	39,832	(52,174)	107,506
Impairment of trade receivables, net	*20*	1,141	1,732	749	1,639	2,206
Write-down of inventories to net realisable value****		356,363	566,297	313,661	116,935	77,256
Product warranty provision****	*30*	14,978	37,605	50,416	14,606	25,995
Employee benefit expense (excluding directors', chief executives' and supervisors' remuneration *(note 8)*):						
Wages and salaries		616,488	1,167,943	1,395,766	398,126	425,046
Pension scheme contributions		63,854	117,649	133,728	4,536	48,535
Staff welfare expenses		30,698	74,187	81,519	19,939	29,038
Share-based payment expenses		198,081	232,173	91,481	44,496	20,950
Total		909,121	1,591,952	1,702,494	467,097	523,569

* The amounts disclosed for cost of inventories sold and services provided included the write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment, amortisation of intangible assets and right-of-use assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses", and "Research and development expenses" in profit or loss.

*** The amounts are included in "other income and gains" and "other expense" in profit or loss.

**** The amounts are included in "cost of sales" in profit or loss.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

Directors', chief executive's and supervisors' remuneration are set out below:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	360	480	640	212	268
Other emoluments:					
Salaries, allowances and benefits in kind	3,575	5,974	5,254	1,566	651
Pension scheme contributions	629	583	483	195	95
Subtotal	4,204	6,557	5,737	1,761	746
Total	4,564	7,037	6,377	1,973	1,014

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Pension Scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Mr. Cai Huabo *(i)*	–	134	65	199
Mr. Li Zhixiong *(ii)*	–	170	59	229
Mr. Wang Jingyang *(iii)*	–	422	143	565
Mr. Zhu Yu *(iv)*	–	1,491	101	1,592
Subtotal	–	2,217	368	2,585
Non-executive directors:				
Mr. Cai Jing *(v)**	–	–	–	–
Mr. Hu Yingping *(vi)**	–	–	–	–
Subtotal	–	–	–	–
Independent non-executive directors:				
Mr. Chen Weiyue *(vii)*	120	–	–	120
Mr. Jason Zheng *(vii)*	120	–	–	120
Mr. Tang Zhongcheng *(vii)*	120	–	–	120
Subtotal	360	–	–	360
Supervisors:				
Mr. Gao Wei *(viii)*	–	608	100	708
Ms. Jin Hongmei *(viii)*	–	442	91	533
Mr. Tang Kangqiang *(viii)*	–	308	70	378
Subtotal	–	1,358	261	1,619
Total	360	3,575	629	4,564

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Pension Scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Mr. Cai Huabo *(i)*	–	792	42	834
Mr. Li Zhixiong *(ii)*	–	180	46	226
Mr. Wang Jingyang *(iii)*	–	1,451	133	1,584
Mr. Zhu Yu *(iv)*	–	1,400	104	1,504
Subtotal	–	3,823	325	4,148
Non-executive directors:				
Mr. Cai Jing *(v)**	–	–	–	–
Mr. Hu Yingping *(vi)**	–	–	–	–
Subtotal	–	–	–	–
Independent non-executive directors:				
Mr. Chen Weiyue *(vii)*	160	–	–	160
Mr. Jason Zheng *(vii)*	73	–	–	73
Mr. Tang Zhongcheng *(vii)*	160	–	–	160
Mr. Huang Zhiqiang *(vii)*	87	–	–	87
Subtotal	480	–	–	480
Supervisors:				
Mr. Gao Wei *(viii)*	–	1,006	102	1,108
Ms. Jin Hongmei *(viii)*	–	235	42	277
Mr. Tang Kangqiang *(viii)*	–	233	18	251
Ms. Meng Meng *(viii)*	–	184	41	225
Ms. Zhang Jihong *(viii)*	–	493	55	548
Subtotal	–	2,151	258	2,409
Total	480	5,974	583	7,037

Year ended 31 December 2025

	Fees	Salaries, allowances and benefits in kind	Pension Scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Mr. Cai Huabo *(i)*	–	1,012	113	1,125
Mr. Li Zhixiong *(ii)*	–	180	48	228
Mr. Wang Jingyang *(iii)*	–	2,613	121	2,734
Subtotal	–	3,805	282	4,087
Non-executive directors:				
Mr. Cai Jing *(v)**	–	–	–	–
Mr. Hu Yingping *(vi)**	–	–	–	–
Subtotal	–	–	–	–
Independent non-executive directors:				
Mr. Chen Weiyue *(vii)*	160	–	–	160
Mr. Tang Zhongcheng *(vii)*	160	–	–	160
Mr. Huang Zhiqiang *(vii)*	160	–	–	160
Ms. Tang Mei Shan *(vii)*	160	–	–	160
Subtotal	640	–	–	640

	Fees	Salaries, allowances and benefits in kind	Pension Scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors:				
Mr. Gao Wei (viii)	–	598	75	673
Ms. Meng Meng (viii)	–	190	53	243
Ms. Zhang Jihong (viii)	–	661	73	734
Subtotal	–	1,449	201	1,650
Total	640	5,254	483	6,377

Period ended 30 April 2025 (Unaudited)

	Fees	Salaries, allowances and benefits in kind	Pension Scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Mr. Cai Huabo *(i)*	–	337	38	375
Mr. Li Zhixiong *(ii)*	–	60	16	76
Mr. Wang Jingyang *(iii)*	–	254	40	294
Subtotal	–	651	94	745
Non-executive directors:				
Mr. Cai Jing *(v)*	–	–	–	–
Mr. Hu Yingping *(vi)*	–	–	–	–
Subtotal	–	–	–	–
Independent non-executive directors:				
Mr. Chen Weiyue *(vii)*	53	–	–	53
Mr. Tang Zhongcheng *(vii)*	53	–	–	53
Mr. Huang Zhiqiang *(vii)*	53	–	–	53
Ms. Tang Mei Shan *(vii)*	53	–	–	53
Subtotal	212	–	–	212
Supervisors:				
Mr. Gao Wei *(viii)*	–	374	38	412
Ms. Meng Meng *(viii)*	–	95	26	121
Ms. Zhang Jihong *(viii)*	–	446	37	483
Subtotal	–	915	101	1,016
Total	212	1,566	195	1,973

Period ended 30 April 2026

	Fees	Salaries, allowances and benefits in kind	Pension Scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Mr. Cai Huabo *(i)*	–	337	38	375
Mr. Li Zhixiong *(ii)*	–	60	17	77
Mr. Wang Jingyang *(iii)*	–	254	40	294
Subtotal	–	651	95	746

	Fees	Salaries, allowances and benefits in kind	Pension Scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-executive directors:				
Mr. Cai Jing *(v)*	–	–	–	–
Mr. Hu Yingping *(vi)*	–	–	–	–
Subtotal	–	–	–	–
Independent non-executive directors:				
Mr. Chen Weiyue *(vii)*	67	–	–	67
Mr. Tang Zhongcheng *(vii)*	67	–	–	67
Mr. Huang Zhiqiang *(vii)*	67	–	–	67
Ms. Tang Mei Shan *(vii)*	67	–	–	67
Subtotal	268	–	–	268
Total	268	651	95	1,014

Notes:

(i) Mr. Cai Huabo was appointed as an executive director of the Company with effect from September 2018 and was re-designated with effect from 14 June 2024. Mr. Cai Huabo was also serving as the chief executive officer of the Company and the chairman of the board of directors.

(ii) Mr. Li Zhixiong was appointed as an executive director of the Company with effect from September 2018 and was re-designated with effect from 14 June 2024.

(iii) Mr. Wang Jingyang was appointed as an executive director of the Company with effect from September 2018 and was re-designated with effect from 14 June 2024.

(iv) Mr. Zhu Yu was appointed as an executive director of the Company with effect from 1 September 2018 and was re-designated with effect from 14 June 2024. Mr. Zhu Yu resigned as an executive director of the Company on 17 December 2024. Mr. Zhu Yu also served as the chief financial officer of the Company from 20 September 2018 to 28 December 2025.

(v) Mr. Cai Jing was appointed as a non-executive director of the Company with effect from 10 February 2021 and was re-designated as a non-executive director of the Company with effect from 14 June 2024.

(vi) Mr. Hu Yingping was appointed as a non-executive director of the Company with effect from November 2022.

(vii) Mr. Chen Weiyue was appointed as an independent non-executive director of the Company with effect from February 2021 to June 2027. Mr. Jason Zheng was appointed as an independent non-executive director of the Company with effect from March 2021 to June 2024. Mr. Tang Zhongcheng was appointed as an independent non-executive director of the Company with effect from February 2021 to June 2027. Mr. Huang Zhiqiang was appointed as an independent non-executive director of the Company with effect from June 2024 to June 2027. Ms. Tang Mei Shan was appointed as an independent non-executive director of the Company with effect from January 2025 to June 2027.

(viii) Mr. Gao Wei was appointed as a supervisor of the Company with effect from February 2021 to July 2025. Ms. Jin Hongmei was appointed as a supervisor of the Company with effect from February 2021 to June 2024. Mr. Tang Kangqiang was appointed as a supervisor of the Company with effect from February 2021 to June 2024. Ms. Meng Meng was appointed as a supervisor of the Company with effect from June 2024 to July 2025. Ms. Zhang Jihong was appointed as a supervisor of the Company with effect from June 2024 to July 2025.

* The Company's non-executive directors did not receive any remunerations from the Group, which is based on the Group's policy on directors' remuneration and common practice for A share listed companies.

There was no arrangement under which a director or the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods include nil director, chief executive and supervisor. Details of the remuneration of the five highest paid employees who are neither a director, chief executive nor supervisor of the Company during the Relevant Periods are as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	11,432	15,364	22,179	9,528	7,300
Pension scheme contributions	662	765	775	354	553
Share-based payment expenses	21,421	23,002	9,876	3,852	557
	33,515	39,131	32,830	13,734	8,410

The numbers of non-directors, highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
				(Unaudited)	
HK$1,000,001 to HK$1,500,000	–	–	–	–	3
HK$1,500,001 to HK$2,000,000	–	–	–	1	1
HK$2,000,001 to HK$2,500,000	–	–	–	2	–
HK$2,500,001 to HK$3,000,000	–	–	–	1	–
HK$4,000,001 to HK$4,500,000	–	–	–	–	1
HK$5,500,001 to HK$6,000,000	1	–	1	1	–
HK$6,000,001 to HK$6,500,000	–	–	2	–	–
HK$6,500,001 to HK$7,000,000	1	1	–	–	–
HK$7,000,001 to HK$7,500,000	1	1	–	–	–
HK$7,500,001 to HK$8,000,000	1	–	–	–	–
HK$8,000,001 to HK$8,500,000	–	1	–	–	–
HK$8,500,001 to HK$9,000,000	–	–	2	–	–
HK$9,000,001 to HK$9,500,000	1	–	–	–	–
HK$9,500,001 to HK$10,000,000	–	1	–	–	–
HK$10,000,001 to HK$11,000,000	–	1	–	–	–
Total	5	5	5	5	5

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(a) Chinese Mainland

Under the Corporate Income Tax Law of PRC (the "CIT Law") and Implementation Regulation of the CIT Law, the CIT rate of PRC subsidiaries was 25% during the Relevant Periods except those subject to tax concession set out below.

According to the Administrative Measures for Determination of High and New Tech Enterprises, which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation and became effective on January 1, 2016, an enterprise recognised as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the CIT Law. Zhongshan Longsys Electronics Co., Limited and Longforce Technology (Suzhou) Co., Ltd. are subject to a

preferential income tax rate of 15% from 2023 to 30 April 2026. The Company is subject to a preferential income tax rate of 15% from 2021 to 2024. Shanghai Longsys Digital Technology Co., Limited is subject to a preferential income tax rate of 15% from 2024 to 30 April 2026. Shanghai Longmem Microelectronics Technology Co., Ltd. is subject to a preferential income tax rate of 15% from 2025 to 30 April 2026.

Pursuant to Caishui [2011] No. 58 "Circular of the Ministry of Finance, the State Administration of Taxation, the General Administration of Customs on Issues Relating to Preferential Tax Policies for the Development of the Western Region", Xizang Yuanshi Venture Capital Management Co., Ltd. operated in the western region of Chinese Mainland are subject to a preferential income tax rate of 15% from 2021 to 2030.

According to the relevant requirements of the Notice of the Ministry of Finance and the State Administration of Taxation on the Enterprise Income Tax Policy of Key Industries in the New Area of China (Shanghai) Pilot Free Trade Zone (Finance Tax [2020] No. 38) and the Administrative Measures for the Identification of Preferential Income Tax Qualification of Key Industries in the New Area of China (Shanghai) Pilot Free Trade Zone [2020] No. 12), after the preliminary examination, expert review and joint review organised by the relevant competent authorities, the relevant company will collect the income tax at a reduced rate of 15% within 5 years from the date of establishment. Shanghai Longmem Microelectronics Technology Co., Ltd. enjoyed a preferential income tax rate of 15% from 2020 to 2024. Shanghai Longsys Digital Technology Co., Limited enjoyed a preferential income tax rate of 15% from 2020 to 2023.

(b) Hong Kong

Pursuant to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, the two-tiered profits tax rates regime will be applicable to any year of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

(c) United States of America

The Group's entities incorporated in USA are subject to the federal corporate tax rate of 21%. The state income tax rate remains within the range from 1% to 10%.

(d) Europe

The Group's entities incorporated in Europe, are subject to the corporate income tax at a rate ranging from 11% to 33%.

(e) Brazil

Income taxes in Brazil consist of Corporate Income Tax ("IRPJ") and Social Contribution Tax on Net Profit ("CSLL"), which applies to the entities' taxable profit. According to Brazilian tax legislation, IRPJ and CSLL are assessed and paid by each legal entity and not on a consolidated basis.

Zilia Eletronicos obtained final approval from the tax authorities of the Manaus Free Trade Zone for a 75% reduction in the income tax rate for memory module operations and enjoyed a preferential income tax rate of 15.25% for the years ended 31 December 2023, 2024, 2025 and the four months ended 30 April 2025 and 2026, respectively.

Zilia Semicondutores was qualified to pay only social contribution tax at 9% since there is a 100% reduction in the income tax rate levied on profit from activities under the tax incentive regime for the years ended 31 December 2023, 2024, 2025 and the four months ended 30 April 2025 and 2026, respectively.

(f) Korea

The Group's subsidiary incorporated in Korea is subject to income tax on its assessable profits, with the profits to 200 million KRW is taxed at 10%, the portion between 200 million KRW and 2 billion KRW is taxed at 20%, and any amount exceeding 2 billion KRW is taxed at 25%.

(g) Taiwan, China

The Group's subsidiaries incorporated in Taiwan, China were subject to income tax on its assessable profits, with the first NT$120,000 of assessable profits being exempted from the income tax and the remaining assessable profits being taxed at 20%.

The income tax expense/(credit) of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current tax:					
Charge for the year/period	25,246	124,993	183,937	30,012	977,096
(Over)/under provision in prior years/periods	(3,405)	6,898	(1,418)	–	86
Pillar Two income taxes – current tax*	–	9,007	4,486	–	75,770
Deferred tax *(note 18)*	(242,863)	(56,473)	60,189	(26,627)	245,080
Total tax (credit)/charge for the year/period	(221,022)	84,425	247,194	3,385	1,298,032

* The current tax expense mainly relates to Brazil's low-taxed profits, which is expected to be collected by Netherlands tax authority under Pillar Two Income Inclusion Rule ("IIR").

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rate for the jurisdiction in which the Group's major operating activities are domiciled to the tax expense/(credit) at the effective tax rate is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
(Loss)/profit before tax	(1,058,278)	589,656	1,744,965	(145,837)	7,725,195
Tax at the statutory tax rates (25%)	(264,570)	147,414	436,241	(36,459)	1,931,299
Effect of preferential lower tax rates entitled	86,083	(91,615)	(204,758)	(12,906)	(615,559)
Adjustments in respect of current tax of previous periods	(3,405)	6,898	(1,418)	–	86
Income not subject to tax	(11)	(166)	(48)	(135)	–
Expenses not deductible for tax	25,926	38,189	12,434	4,210	4,585
Additional deductible allowance for qualified research and development expenses*	(69,055)	(106,539)	(113,364)	(24,911)	(44,694)
Tax losses not recognised	5,112	81,296	159,668	75,375	41,194
Pillar Two income taxes	–	9,007	4,486	–	75,770
Tax losses utilised from previous periods	(1,102)	(59)	(21,730)	(1,789)	(94,649)
Effect on opening deferred tax if increase in applicable tax rates	–	–	(24,317)	–	–
Tax (credit)/charge at the Group's effective rate	(221,022)	84,425	247,194	3,385	1,298,032

* Based on Announcement [2022] No. 28 of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology on 22 September 2022, the enterprises originally eligible for an additional 75% deduction of eligible R&D expenses can further enjoy an increased super deduction ratio of 100% from 1 October 2022 to 31 December 2022 (i.e. the fourth quarter of 2022). Furthermore, based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for an additional 100% deduction of eligible R&D expenses from 1 January 2023. The Group's certain subsidiaries has claimed such additional super deduction during the Relevant Periods.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the additional Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been in effect in certain jurisdictions, i.e. Germany, Netherlands, Korea, Japan, Brazil.

The Group has performed an assessment of its exposure to Pillar Two income taxes based on the information available regarding the Group's financial performance in 2024, 2025, and the four months ended 30 April 2025 and 2026. As such, the information used is not entirely representative of the actual circumstances in 2024, 2025, and the four months ended 30 April 2025 and 2026. Based on the assessment, the Group has identified potential exposure from the subsidiaries in respect of profits earned in Brazil where the Pillar Two effective tax rate is below 15% due to certain income exclusions and incentives received by them. The potential top-up tax exposure could be collected by Netherlands tax authority under Pillar Two Income Inclusion Rule ("IIR") as Netherlands' Pillar two legislation has been in effect as at 31 December 2024. In this regard, the Group provided Pillar Two income tax expenses amounted to RMB9,007,000, RMB4,486,000, nil and RMB75,770,000 for the years ended 31 December 2024, 2025, and the four months ended 30 April 2025 and 2026, respectively.

11. DIVIDENDS

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interim dividends	–	103,995	–	–	–
Proposed Interim dividends	–	–	–	–	272,444
Proposed Final dividends	–	–	146,701	–	–
Total	–	103,995	146,701	–	272,444

The 2024 interim dividends of RMB0.25 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the relevant record date were approved by the Extraordinary General Meeting of the Company.

The proposed 2025 final dividends of RMB0.35 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the relevant record date were subsequently approved by the Annual General Meeting of the Company on 19 May 2026.

The proposed 2026 interim dividends of RMB0.64 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the relevant record date were subsequently approved by the Annual General Meeting of the Company on 19 May 2026.

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the year/period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods.

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/profit for the year/period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in outstanding during the year/period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
(Loss)/earnings					
(Loss)/earnings attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation . .	(827,809)	498,684	1,423,298	(165,985)	6,300,282
Shares					
Weighted average number of ordinary shares outstanding during the year/period, used in the basic (loss)/earnings per share calculation ('000)	412,864	414,423	417,827	415,982	419,145
Effect of dilution-weighted average number of ordinary shares:					
Restricted shares	1,190	2,526	3,798	3,474	3,479
Weighted average number of ordinary shares used in the diluted (loss)/earnings per share calculation ('000)	414,054	416,949	421,625	419,456	422,624

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023							
Cost	354,447	109,652	143,956	2,919	123,034	13,800	747,808
Accumulated depreciation	(21,786)	(19,787)	(57,044)	(2,486)	–	(4,069)	(105,172)
Net carrying amount . .	332,661	89,865	86,912	433	123,034	9,731	642,636
At 1 January 2023, net of accumulated depreciation	332,661	89,865	86,912	433	123,034	9,731	642,636
Additions	–	82,676	42,291	945	281,060	690	407,662
Acquisition of subsidiaries *(note 34)*	207,500	728,840	22,252	5,648	20,916	43,416	1,028,572
Disposals	(31)	(2,398)	(390)	–	–	–	(2,819)
Depreciation provided during the year *(note 7)*	(15,026)	(42,919)	(26,097)	(325)	–	(4,481)	(88,848)
Transfers.	1,046	711	222	–	(2,027)	–	(48)
Exchange realignment. .	–	2,727	28	17	(34)	334	3,072
At 31 December 2023, net of accumulated depreciation	526,150	859,502	125,218	6,718	422,949	49,690	1,990,227

	Buildings	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023							
Cost	562,960	921,499	205,259	9,531	422,949	58,240	2,180,438
Accumulated depreciation	(36,810)	(61,997)	(80,041)	(2,813)	–	(8,550)	(190,211)
Net carrying amount	526,150	859,502	125,218	6,718	422,949	49,690	1,990,227

	Buildings	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024							
Cost	562,960	921,499	205,259	9,531	422,949	58,240	2,180,438
Accumulated depreciation	(36,810)	(61,997)	(80,041)	(2,813)	–	(8,550)	(190,211)
Net carrying amount	526,150	859,502	125,218	6,718	422,949	49,690	1,990,227
At 1 January 2024, net of accumulated depreciation	526,150	859,502	125,218	6,718	422,949	49,690	1,990,227
Additions	57,353	266,003	58,294	2,799	388,520	144,265	917,234
Disposals	–	(3,211)	(961)	(649)	–	–	(4,821)
Depreciation provided during the year *(note 7)*	(34,659)	(185,423)	(40,832)	(2,697)	–	(110,003)	(373,614)
Transfers	349,355	185,438	3,709	–	(543,912)	5,410	–
Exchange realignment	–	(90,353)	(906)	(686)	(1,303)	(8,310)	(101,558)
At 31 December 2024, net of accumulated depreciation	898,199	1,031,956	144,522	5,485	266,254	81,052	2,427,468
At 31 December 2024							
Cost	969,668	1,221,802	260,078	7,029	266,254	199,605	2,924,436
Accumulated depreciation	(71,469)	(189,846)	(115,556)	(1,544)	–	(118,553)	(496,968)
Net carrying amount	898,199	1,031,956	144,522	5,485	266,254	81,052	2,427,468

	Buildings	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025							
Cost	969,668	1,221,802	260,078	7,029	266,254	199,605	2,924,436
Accumulated depreciation	(71,469)	(189,846)	(115,556)	(1,544)	–	(118,553)	(496,968)
Net carrying amount	898,199	1,031,956	144,522	5,485	266,254	81,052	2,427,468

	Buildings	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025, net of accumulated depreciation	898,199	1,031,956	144,522	5,485	266,254	81,052	2,427,468
Additions	–	340,765	39,943	1,501	163,329	21,366	566,904
Disposals	(47)	(5,979)	(3,774)	(192)	–	–	(9,992)
Depreciation provided during the year *(note 7)*	(37,593)	(251,963)	(31,411)	(2,924)	–	(24,146)	(348,037)
Transfers	331,786	34,215	2,693	–	(370,998)	2,304	–
Reclassification to plant and machinery	–	36,852	(36,818)	(34)	–	–	–
Exchange realignment	–	37,325	615	397	180	3,444	41,961
At 31 December 2025, net of accumulated depreciation	1,192,345	1,223,171	115,770	4,233	58,765	84,020	2,678,304
At 31 December 2025							
Cost	1,301,346	1,692,577	218,020	8,020	58,765	226,719	3,505,447
Accumulated depreciation	(109,001)	(469,406)	(102,250)	(3,787)	–	(142,699)	(827,143)
Net carrying amount	1,192,345	1,223,171	115,770	4,233	58,765	84,020	2,678,304

	Buildings	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 April 2026							
At 1 January 2026							
Cost	1,301,346	1,692,577	218,020	8,020	58,765	226,719	3,505,447
Accumulated depreciation	(109,001)	(469,406)	(102,250)	(3,787)	–	(142,699)	(827,143)
Net carrying amount	1,192,345	1,223,171	115,770	4,233	58,765	84,020	2,678,304
At 1 January 2026, net of accumulated depreciation	1,192,345	1,223,171	115,770	4,233	58,765	84,020	2,678,304
Additions	–	199,882	21,908	–	74,085	7,048	302,923
Disposals	–	(2,451)	(498)	–	–	–	(2,949)
Depreciation provided during the period *(note 7)*	(14,471)	(88,084)	(13,337)	(491)	–	(8,631)	(125,014)
Transfers	30	43,394	537	–	(44,617)	656	–
Exchange realignment	–	42,355	538	270	390	3,711	47,264
At 30 April 2026, net of accumulated depreciation	1,177,904	1,418,267	124,918	4,012	88,623	86,804	2,900,528
At 30 April 2026							
Cost	1,301,376	1,930,543	234,821	8,530	88,623	238,134	3,802,027
Accumulated depreciation	(123,472)	(512,276)	(109,903)	(4,518)	–	(151,330)	(901,499)
Net carrying amount	1,177,904	1,418,267	124,918	4,012	88,623	86,804	2,900,528

Impairment testing of non-financial assets

We conduct thorough assessments at the end of each period within the Track Record Period to evaluate whether there are any indicators of impairment for our non-financial assets including property, plant and equipment, right-of-use assets, and other intangible assets. This evaluation is based on a comprehensive review of both internal and external sources of information. With no evidence of significant technological obsolescence or physical damage impacting their values, and there is no observable indications that the Group's assets value has declined during the period significantly more than expected as a result of the passage of time or normal use.

The net loss in 2023 was primarily attributable to the semiconductor memory product market experienced cyclical fluctuations, which was temporary and subsequently continued to turn into profit position in 2024, 2025 and the four months ended 30 April 2026. Therefore, no impairment indicators were identified at the end of each period within the Track Record Period and no impairment losses were recognized during the Track Record Period.

The Company

	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023					
Cost	8,266	43,607	2,915	–	54,788
Accumulated depreciation	(5,182)	(31,047)	(2,486)	–	(38,715)
Net carrying amount	3,084	12,560	429	–	16,073
At 1 January 2023, net of accumulated depreciation	3,084	12,560	429	–	16,073
Additions	284	3,799	335	224	4,642
Disposals	(121)	(363)	–	–	(484)
Depreciation provided during the year	(948)	(4,069)	(114)	(37)	(5,168)
At 31 December 2023, net of accumulated depreciation	2,299	11,927	650	187	15,063
At 31 December 2023					
Cost	7,726	44,109	3,250	224	55,309
Accumulated depreciation	(5,427)	(32,182)	(2,600)	(37)	(40,246)
Net carrying amount	2,299	11,927	650	187	15,063

	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024					
Cost	7,726	44,109	3,250	224	55,309
Accumulated depreciation	(5,427)	(32,182)	(2,600)	(37)	(40,246)
Net carrying amount	2,299	11,927	650	187	15,063

	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024, net of accumulated depreciation	2,299	11,927	650	187	15,063
Additions	–	4,217	476	12,783	17,476
Disposals	(592)	(4,354)	(173)	–	(5,119)
Depreciation provided during the year	(724)	(2,691)	(129)	(881)	(4,425)
At 31 December 2024, net of accumulated depreciation	983	9,099	824	12,089	22,995
At 31 December 2024					
Cost	3,008	28,071	1,193	13,007	45,279
Accumulated depreciation	(2,025)	(18,972)	(369)	(918)	(22,284)
Net carrying amount	983	9,099	824	12,089	22,995

	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025					
Cost	3,008	28,071	1,193	13,007	45,279
Accumulated depreciation	(2,025)	(18,972)	(369)	(918)	(22,284)
Net carrying amount	983	9,099	824	12,089	22,995
At 1 January 2025, net of accumulated depreciation	983	9,099	824	12,089	22,995
Additions	1,070	5,348	–	–	6,418
Disposals	(82)	(536)	(213)	–	(831)
Depreciation provided during the year	(708)	(2,687)	(221)	(2,661)	(6,277)
Reclassification to plant and machinery	1,468	(1,468)	–	–	–
At 31 December 2025, net of accumulated depreciation	2,731	9,756	390	9,428	22,305
At 31 December 2025					
Cost	11,566	20,896	476	13,007	45,945
Accumulated depreciation	(8,835)	(11,140)	(86)	(3,579)	(23,640)
Net carrying amount	2,731	9,756	390	9,428	22,305

	Plant and machinery	Electronic equipment, Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 April 2026					
At 1 January 2026					
Cost	11,566	20,896	476	13,007	45,945
Accumulated depreciation	(8,835)	(11,140)	(86)	(3,579)	(23,640)
Net carrying amount	2,731	9,756	390	9,428	22,305
At 1 January 2026, net of accumulated depreciation	2,731	9,756	390	9,428	22,305
Additions	294	3,054	–	–	3,348
Disposals	(146)	(22)	–	–	(168)
Depreciation provided during the period	(167)	(1,159)	(29)	(887)	(2,242)
At 30 April 2026, net of accumulated depreciation	2,712	11,629	361	8,541	23,243
At 30 April 2026					
Cost	13,626	36,169	670	13,007	63,472
Accumulated depreciation	(10,914)	(24,540)	(309)	(4,466)	(40,229)
Net carrying amount	2,712	11,629	361	8,541	23,243

Certain of the Group's buildings with a net carrying amount of approximately RMB25,997,000, RMB25,392,000, RMB24,788,000 and RMB24,586,000 were pledged to secure general banking facilities granted to the Group as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively (note 27).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings and other machinery equipment used in its operations. Leases of land generally have lease terms of 50 years, while buildings generally have lease terms between 1 and 13 years.

Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Buildings	Machinery equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	64,022	11,798	–	75,820
Additions	–	37,720	–	37,720
Acquisition of subsidiaries *(note 34)*	123,885	41,108	134	165,127
Depreciation charge *(note 7)*	(2,721)	(12,873)	(17)	(15,611)
Exchange realignment	–	300	–	300

	Leasehold land	Buildings	Machinery equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023 and 1 January 2024	185,186	78,053	117	263,356
Additions	–	31,034	–	31,034
Depreciation charge *(note 7)*	(6,759)	(25,410)	(106)	(32,275)
Exchange realignment	–	(7,070)	(11)	(7,081)
At 31 December 2024 and 1 January 2025	178,427	76,607	–	255,034
Additions	–	17,123	–	17,123
Depreciation charge *(note 7)*	(6,760)	(29,722)	–	(36,482)
Exchange realignment	–	2,382	–	2,382
At 31 December 2025 and 1 January 2026	171,667	66,390	–	238,057
Additions	–	2,399	–	2,399
Depreciation charge *(note 7)*	(2,253)	(8,728)	–	(10,981)
Exchange realignment	–	1,681	–	1,681
As at 30 April 2026	169,414	61,742	–	231,156

The impairment testing of right-of-use assets is disclosed in note 13 to the Historical Financial Information.

The Company

	Buildings
	RMB'000
At 1 January 2023	1,015
Depreciation charge	(1,015)
At 31 December 2023 and 1 January 2024	–
Additions	17,807
Depreciation charge	(3,527)
At 31 December 2024 and 1 January 2025	14,280
Depreciation charge	(3,932)
At 31 December 2025 and 1 January 2026	10,348
Depreciation charge	(1,311)
At 30 April 2026	9,037

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December			Four months ended 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of the year/period	11,682	84,553	86,746	76,552
Additions	37,720	31,034	17,123	2,399
Acquisition of subsidiaries *(note 34)*	47,098	–	–	–

	Year ended 31 December			Four months ended 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accretion of interest recognised during the year/period	872	5,952	4,940	1,505
Lease payment	(13,211)	(25,494)	(34,794)	(10,921)
Exchange realignment	392	(9,299)	2,537	2,060
Carrying amount at end of the year/period	84,553	86,746	76,552	71,595
Analysed into:				
Current portion	16,350	22,326	25,320	25,871
Non-current portion	68,203	64,420	51,232	45,724

The Company

	Year ended 31 December			Four months ended 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of the year/period	1,054	–	15,987	11,911
Additions	–	17,808	–	–
Accretion of interest recognised during the year/period	6	652	586	156
Lease payment	(1,060)	(2,473)	(4,662)	(1,616)
Carrying amount at end of the year/period	–	15,987	11,911	10,451
Analysed into:				
Current portion	–	4,076	4,440	4,315
Non-current portion	–	11,911	7,471	6,136

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Four months ended 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	872	5,952	4,940	1,505
Depreciation charge of right-of-use assets	15,611	32,275	36,482	10,981
Expense relating to leases of short-term and low-value assets	8,588	4,446	4,707	1,467
Total amount recognised in profit or loss	25,071	42,673	46,129	13,953

The Company

	Year ended 31 December			Four months ended 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	6	652	586	156
Depreciation charge of right-of-use assets	1,015	3,527	3,932	1,311
Expense relating to leases of short-term and low-value assets	6,178	3,901	4,170	1,071
Total amount recognised in profit or loss	7,199	8,080	8,688	2,538

15. GOODWILL

	RMB'000
At 1 January 2023:	
Cost	–
Accumulated impairment	–
Net carrying amount	–
Cost at 1 January 2023, net of accumulated impairment	–
Acquisition of subsidiaries *(note 34)*	868,661
At 31 December 2023	868,661
At 31 December 2023:	
Cost	868,661
Accumulated impairment	–
Net carrying amount	868,661
Cost at 1 January 2024, net of accumulated impairment	868,661
Exchange realignment	(74,681)
Cost and net carrying amount at 31 December 2024	793,980
At 31 December 2024:	
Cost	868,661
Exchange realignment	(74,681)
Net carrying amount	793,980
Cost at 1 January 2025, net of accumulated impairment	793,980
Exchange realignment	26,202
Cost and net carrying amount at 31 December 2025	820,182
At 31 December 2025:	
Cost	868,661
Exchange realignment	(48,479)
Net carrying amount	820,182
Cost at 1 January 2026, net of accumulated impairment	820,182
Exchange realignment	25,378
Cost and net carrying amount at 30 April 2026	845,560
At 30 April 2026:	
Cost	868,661
Exchange realignment	(23,101)
Net carrying amount	845,560

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Longforce Technology (Suzhou) Co., Ltd cash-generating unit; and
- Zilia Technologies Indústria e Comércio de Componentes Eletrônicos Ltda cash-generating unit.

Longforce Technology (Suzhou) Co., Ltd cash-generating unit (the "Longforce CGU")

The recoverable amount of the Longforce Technology (Suzhou) Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. As at the end of the years 2023, 2024, 2025 and the four months ended 30 April 2026, the pre-tax discount rate applied to the cash flow projections is 11.56%, 12.51%, 13.05% and 13.64%, respectively. The growth rate used to extrapolate the cash flows of the Longforce Technology (Suzhou) Co., Ltd. cash-generating units beyond the five-year period is 2%, 0%, 0% and 0%, respectively.

Zilia Technologies Indústria e Comércio de Componentes Eletrônicos Ltda cash-generating unit (the "Zilia CGU")

The recoverable amount of the Zilia Technologies Indústria e Comércio de Componentes Eletrônicos Ltda cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. As at the end of the years 2023, 2024, 2025 and the four months ended 30 April 2026, the pre-tax discount rate applied to the cash flow projections is 18.87%, 15.18%, 16.70% and 19.48%, respectively. The growth rate used to extrapolate the cash flows of the Zilia Technologies Indústria e Comércio de Componentes Eletrônicos Ltda cash-generating units beyond the five-year period is 3%, 0%, 0% and 0%, respectively.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	At 31 December 2023		At 31 December 2024		At 31 December 2025		At 30 April 2026	
	RMB'000 Longforce	*RMB'000 Zilia*	*RMB'000 Longforce*	*RMB'000 Zilia*	*RMB'000 Longforce*	*RMB'000 Zilia*	*RMB'000 Longforce*	*RMB'000 Zilia*
Recoverable amount . . .	1,390,080	1,269,179	1,473,962	1,236,591	1,445,455	1,643,129	1,374,222	1,836,452
Carrying value including goodwill . .	1,201,833	1,034,937	1,328,465	1,049,450	1,263,370	1,224,285	1,256,674	1,466,167

Assumptions were used in the value in use calculation of the "Longforce Technology (Suzhou) Co., Ltd." and "Zilia Technologies Indústria e Comércio de Componentes Eletrônicos Ltda" cash-generating units for the years ended 31 December 2023, 2024, 2025 and the four months ended 30 April 2026. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

Revenue growth rates over the forecast period — The growth rates are determined based on historical experience and forecast of market development in which the cash-generating unit operate in.

Budgeted Gross margin — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year.

The values assigned to the key assumptions on market development of semiconductor, discount rates and raw materials price inflation are consistent with external information sources.

In the opinion of the directors of the Group, for the Longforce CGU, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. The headroom was RMB188,247,000, RMB145,497,000, RMB182,085,000 and RMB117,548,000 as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively. If the compound average revenue growth rates over the forecast period decreased from 25.26% to 21.25%, or the discount rate increased from 11.56% to 13.33%, or the weighted

average gross margin over the forecast period decreased from 18.21% to 16.39%, a further impairment on goodwill would be recognised during the year ended 31 December 2023. If the compound average revenue growth rates over the forecast period decreased from 27.49% to 23.41%, or the discount rate increased from 12.51% to 14.12%, or the weighted gross margin over the forecast period decreased from 26.01% to 23.41%, a further impairment on goodwill would be recognised during the year ended 31 December 2024. If the compound average revenue growth rates over the forecast period decreased from 16.34% to 13.67%, or the discount rate increased from 13.05% to 14.56%, or the weighted gross margin over the forecast period decreased from 23.30% to 21.59%, a further impairment on goodwill would be recognised during the year ended 31 December 2025. If the compound average revenue growth rates over the forecast period decreased from 14.35% to 12.57%, or the discount rate increased from 13.64% to 14.68%, or the weighted gross margin over the forecast period decreased from 23.07% to 21.93%, a further impairment on goodwill would be recognised during the year ended 30 April 2026.

In the opinion of the directors of the Group, for the Zilia CGU, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. The headroom was RMB234,242,000, RMB187,141,000, RMB418,844,000 and RMB370,285,000 as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively. If the compound average revenue growth rates over the forecast period decreased from 21.93% to 16.61%, or the discount rate increased from 18.87% to 22.30%, or the weighted average gross margin over the forecast period decreased from 14.64% to 12.88%, a further impairment on goodwill would be recognised during the year ended 31 December 2023. If the compound average revenue growth rates over the forecast period decreased from 17.27% to 12.15%, or the discount rate increased from 15.18% to 17.73%, or the weighted average gross margin over the forecast period decreased from 12.88% to 12.37%, a further impairment on goodwill would be recognised during the year ended 31 December 2024. If the compound average revenue growth rates over the forecast period decreased from 6.22% to 2.87%, or the discount rate increased from 16.70% to 21.70%, or the weighted average gross margin over the forecast period decreased from 14.33% to 12.65%, a further impairment on goodwill would be recognised during the year ended 31 December 2025. If the compound average revenue growth rates over the forecast period decreased from 7.44% to 0.56% or the discount rate increased from 19.48% to 24.54%, or the weighted average gross margin over the forecast period decreased from 16.64% to 15.12%, a further impairment on goodwill would be recognised during the year ended 30 April 2026.

16. OTHER INTANGIBLE ASSETS

The Group

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
At 31 January 2023			
Cost	34,733	249,646	284,379
Accumulated amortisation	(13,389)	(50,990)	(64,379)
Net carrying amount	21,344	198,656	220,000
At 1 January 2023, net of accumulated amortisation	21,344	198,656	220,000
Additions	81,476	–	81,476
Disposals	(168)	–	(168)
Amortisation *(note 7)*	(12,408)	(17,535)	(29,943)
Acquisition of subsidiaries *(note 34)*	6,265	–	6,265
Exchange realignment	34	2,190	2,224
At 31 December 2023, net of accumulated amortisation	96,543	183,311	279,854
At 31 December 2023			
Cost	122,538	252,513	375,051
Accumulated amortisation	(25,995)	(69,202)	(95,197)
Net carrying amount	96,543	183,311	279,854

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2024			
At 1 January 2024			
Cost	122,538	252,513	375,051
Accumulated amortisation	(25,995)	(69,202)	(95,197)
Net carrying amount	96,543	183,311	279,854
At 1 January 2024, net of accumulated amortisation	96,543	183,311	279,854
Additions	14,961	–	14,961
Amortisation *(note 7)*	(35,000)	(16,899)	(51,899)
Exchange realignment	(147)	3,002	2,855
At 31 December 2024, net of accumulated amortisation	76,357	169,414	245,771
At 31 December 2024			
Cost	136,767	256,915	393,682
Accumulated amortisation	(60,410)	(87,501)	(147,911)
Net carrying amount	76,357	169,414	245,771

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2025			
At 1 January 2025			
Cost	136,767	256,915	393,682
Accumulated amortisation	(60,410)	(87,501)	(147,911)
Net carrying amount	76,357	169,414	245,771
At 1 January 2025, net of accumulated amortisation	76,357	169,414	245,771
Additions	79,680	–	79,680
Disposals	(45)	(2,305)	(2,350)
Amortisation *(note 7)*	(43,156)	(17,783)	(60,939)
Exchange realignment	(12)	(3,192)	(3,204)
At 31 December 2025, net of accumulated amortisation	112,824	146,134	258,958
At 31 December 2025			
Cost	201,032	247,951	448,983
Accumulated amortisation	(88,208)	(101,817)	(190,025)
Net carrying amount	112,824	146,134	258,958

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
At 30 April 2026			
At 1 January 2026			
Cost	201,032	247,951	448,983
Accumulated amortisation	(88,208)	(101,817)	(190,025)
Net carrying amount	112,824	146,134	258,958

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2026, net of accumulated amortisation	112,824	146,134	258,958
Additions	3,510	–	3,510
Disposals	(9)	–	(9)
Amortisation *(note 7)*	(18,789)	(4,917)	(23,706)
Exchange realignment	(139)	(3,621)	(3,760)
At 30 April 2026, net of accumulated amortisation	97,397	137,596	234,993
At 30 April 2026			
Cost	204,189	241,860	446,049
Accumulated amortisation	(106,792)	(104,264)	(211,056)
Net carrying amount	97,397	137,596	234,993

The impairment testing of other intangible assets is disclosed in note 13 to the Historical Financial Information.

The Company

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2023			
At 1 January 2023			
Cost	12,213	3,000	15,213
Accumulated amortisation	(4,096)	(925)	(5,021)
Net carrying amount	8,117	2,075	10,192
At 1 January 2023, net of accumulated amortisation	8,117	2,075	10,192
Additions	1,105	–	1,105
Amortisation	(1,395)	(300)	(1,695)
At 31 December 2023, net of accumulated amortisation	7,827	1,775	9,602
At 31 December 2023			
Cost	13,318	3,000	16,318
Accumulated amortisation	(5,491)	(1,225)	(6,716)
Net carrying amount	7,827	1,775	9,602

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2024			
At 1 January 2024			
Cost	13,318	3,000	16,318
Accumulated amortisation	(5,491)	(1,225)	(6,716)
Net carrying amount	7,827	1,775	9,602
At 1 January 2024, net of accumulated amortisation	7,827	1,775	9,602
Additions	260	–	260
Amortisation	(820)	(300)	(1,120)

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2024, net of accumulated amortisation	7,267	1,475	8,742
At 31 December 2024			
Cost	13,578	3,000	16,578
Accumulated amortisation	(6,311)	(1,525)	(7,836)
Net carrying amount	7,267	1,475	8,742

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2025			
At 1 January 2025			
Cost	13,578	3,000	16,578
Accumulated amortisation	(6,311)	(1,525)	(7,836)
Net carrying amount	7,267	1,475	8,742
At 1 January 2025, net of accumulated amortisation	7,267	1,475	8,742
Additions	7,702	–	7,702
Amortisation	(1,330)	(300)	(1,630)
At 31 December 2025, net of accumulated amortisation	13,639	1,175	14,814
At 31 December 2025			
Cost	21,280	3,000	24,280
Accumulated amortisation	(7,641)	(1,825)	(9,466)
Net carrying amount	13,639	1,175	14,814

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
At 30 April 2026			
At 1 January 2026			
Cost	21,280	3,000	24,280
Accumulated amortisation	(7,641)	(1,825)	(9,466)
Net carrying amount	13,639	1,175	14,814
At 1 January 2026, net of accumulated amortisation	13,639	1,175	14,814
Additions	1,712	–	1,712
Amortisation	(803)	(100)	(903)
As at 30 April 2026, net of accumulated amortisation	14,548	1,075	15,623
At 30 April 2026			
Cost	22,992	3,000	25,992
Accumulated amortisation	(8,444)	(1,925)	(10,369)
Net carrying amount	14,548	1,075	15,623

17. INVESTMENT IN ASSOCIATES

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	6,530	30,000	30,123	30,087
Goodwill on acquisition	18,629	–	–	–
	25,159	30,000	30,123	30,087

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associates' profit/(loss) for the year/period	371	(266)	(225)	(35)
Share of the associates' total comprehensive income/(loss)	371	(266)	(225)	(35)
Aggregate carrying amount of the Group's investments in the associates	25,159	30,000	30,123	30,087

18. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

The Group

Deferred tax assets

	Lease liabilities	Impairment losses on financial assets	Impairment of inventories	Share-based payment	Temporary difference on unrealised profit from internal transactions	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,956	137	26,482	–	–	146,432	4,018	179,025
Deferred tax credited/ (charged) to profit or loss	4,250	171	(8,983)	7,312	9,717	212,255	4,490	229,212
Effect of acquisition of subsidiaries *(note 34)*	–	–	–	–	–	41,295	2,512	43,807
Deferred tax charged to equity	–	–	–	526	–	–	–	526
Gross deferred tax assets at 31 December 2023 and 1 January 2024	6,206	308	17,499	7,838	9,717	399,982	11,020	452,570
Deferred tax credited/ (charged) to profit or loss	2,048	155	13,874	1,251	(1,568)	72,218	4,985	92,963
Deferred tax charged to equity	–	–	–	(526)	–	–	–	(526)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	8,254	463	31,373	8,563	8,149	472,200	16,005	545,007
Deferred tax (charged)/ credited to profit or loss	(1,011)	118	(21,239)	(764)	14,849	(32,467)	5,335	(35,179)

	Lease liabilities	Impairment losses on financial assets	Impairment of inventories	Share-based payment	Temporary difference on unrealised profit from internal transactions	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets at 31 December 2025 and 1 January 2026	7,243	581	10,134	7,799	22,998	439,733	21,340	509,828
Deferred tax (charged)/ credited to profit or loss	(701)	315	9,879	–	39,383	(272,617)	953	(222,788)
Gross deferred tax assets at 30 April 2026	6,542	896	20,013	7,799	62,381	167,116	22,293	287,040

Deferred tax liabilities

	Fair value adjustment from business combination	Depreciation and amortisation difference between the useful lives of long-term assets	Temporary difference on unrealised losses from internal transactions	Right-of-use assets	Fair value adjustments of equity investments at fair value through profit or loss	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	–	25,932	4,661	1,985	21,024	398	54,000
Effect of acquisition of subsidiaries *(note 34)*	65,692	–	–	–	–	–	65,692
Deferred tax (credited)/charged to profit or loss	(1,740)	(19,548)	(4,661)	4,133	8,390	(225)	(13,651)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	63,952	6,384	–	6,118	29,414	173	106,041
Deferred tax (credited)/ charged to profit or loss	(12,274)	(792)	–	1,257	48,363	(64)	36,490
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	51,678	5,592	–	7,375	77,777	109	142,531
Deferred tax (credited)/charged to profit or loss	(8,031)	7,943	–	(1,192)	26,399	(109)	25,010
Gross deferred tax liabilities at 31 December 2025 and 1 January 2026	43,647	13,535	–	6,183	104,176	–	167,541
Deferred tax (credited)/charged to profit or loss	(2,290)	276	–	(851)	23,461	1,696	22,292
Gross deferred tax liabilities at 30 April 2026	41,357	13,811	–	5,332	127,637	1,696	189,833

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Group				
Net deferred tax assets recognised in the consolidated statement of financial position	446,494	537,632	503,645	281,708
Net deferred tax liabilities recognised in the consolidated statement of financial position	99,965	135,156	161,358	184,501

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	95,037	412,134	1,098,852	807,009

The Group has accumulated tax losses in Chinese Mainland of RMB47,323,000, RMB332,546,000, RMB1,094,497,000 and RMB800,360,000 in aggregate at 31 December 2023, 2024, 2025 and 30 April 2026, respectively, which will expire in one to ten years to offset against future taxable profits of the companies in which losses were incurred.

The Group also has accumulated tax losses in the overseas of RMB47,714,000, RMB79,588,000, RMB4,355,000 and RMB6,649,000 in aggregate at 31 December 2023, 2024, 2025 and 30 April 2026, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above losses can be utilised.

The Company

Deferred tax assets

	Lease liabilities	Impairment losses on financial assets	Impairment of inventories	Share-based payment	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	158	25	5,597	–	–	5,780
Deferred tax (charged)/credited to profit or loss	(158)	49	(3,177)	7,312	–	4,026
Deferred tax credited to equity	–	–	–	526	–	526
Gross deferred tax assets at 31 December 2023 and 1 January 2024	–	74	2,420	7,838	–	10,332

	Lease liabilities	Impairment losses on financial assets	Impairment of inventories	Share-based payment	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax credited profit or loss	2,398	6	2,255	1,251	23,036	28,946
Deferred tax charged to equity	–	–	–	(526)	–	(526)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	2,398	80	4,675	8,563	23,036	38,752
Deferred tax credited/ (charged) to profit or loss	580	28	(4,549)	(764)	15,357	10,652
Gross deferred tax assets at 31 December 2025 and 1 January 2026	2,978	108	126	7,799	38,393	49,404
Deferred tax (charged)/credited to profit or loss	(365)	(16)	327	–	(38,393)	(38,447)
Gross deferred tax assets at 30 April 2026	2,613	92	453	7,799	–	10,957

Deferred tax liabilities

	Depreciation and amortisation difference between the useful lives of long-term assets	Right-of-use assets	Fair value adjustments of equity investments at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	75	152	969	1,196
Deferred tax credited to profit or loss	(23)	(152)	(126)	(301)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	52	–	843	895
Deferred tax (credited)/charged to profit or loss	(26)	2,142	(734)	1,382
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	26	2,142	109	2,277
Deferred tax (credited)/charged to profit or loss	(1)	445	3,941	4,385
Gross deferred tax liabilities at 31 December 2025 and 1 January 2026	25	2,587	4,050	6,662
Deferred tax (credited)/charged to profit or loss	(3)	(328)	973	642
Gross deferred tax liabilities at 30 April 2026	22	2,259	5,023	7,304

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Company				
Net deferred tax assets recognised in the statement of financial position	10,332	36,609	46,815	8,696
Net deferred tax liabilities recognised in the statement of financial position	895	134	4,073	5,043

19. INVENTORIES

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	2,329,706	3,164,361	4,664,753	7,274,474
Raw materials	2,386,818	3,620,897	4,974,839	10,873,072
Materials consigned for processing and work in progress	1,167,121	1,035,470	2,015,188	3,166,466
Others	9,520	12,425	22,965	29,674
Total	5,893,165	7,833,153	11,677,745	21,343,686

The inventories are net of a write-down of approximately RMB120,111,000, RMB235,856,000, RMB75,973,000 and RMB80,527,000 in the consolidated statements of financial position as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively.

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	548,611	539,138	383,861	420,040
Raw materials	209,996	191,686	151,200	668,908
Materials consigned for processing and work in progress	256,380	218,170	146,733	294,976
Others	7,707	6,839	11,376	15,038
Total	1,022,694	955,833	693,170	1,398,962

The inventories are net of a write-down of approximately RMB16,135,000, RMB31,166,000, RMB502,000 and RMB1,811,000 in the statements of financial position as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively.

20. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	1,347,357	1,604,227	2,032,250	3,640,164
Bills receivables	–	70,484	11,752	8,454
Impairment	(2,056)	(3,088)	(3,585)	(5,726)
Net carrying amount	1,345,301	1,671,623	2,040,417	3,642,892

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	327,019	359,243	268,261	243,430
Bills receivables	–	22,760	–	–
Due from subsidiaries	918,543	2,337,240	1,225,604	2,619,780
Impairment	(491)	(533)	(430)	(365)
Trade receivables, net	1,245,071	2,718,710	1,493,435	2,862,845

The Group's trading terms with its customers are mainly on credit. The credit terms granted generally range from 7 to 120 days, depending on the specific payment terms in each contract. Each customer has a maximum credit limit, except for some new customers without credit limits, where payment in advance is normally required. The Group seeks to enforce strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances.

The balances of trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from a related party of the Group of RMB12,131,000, RMB34,177,000, nil and RMB21,354,000 as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 31 December 2023, 2024, 2025 and 30 April 2026, certain of the Group's trade receivables with a net carrying amount of approximately RMB616,615,000, RMB414,472,000, nil and nil were pledged to secure general banking facilities granted to the Group (note 27).

Transferred financial assets that are not derecognised in their entirety

The Group discounted certain bills receivable accepted by banks in Chinese Mainland (the "Discounted Bills") with a carrying amount of nil, RMB70,484,000, nil and nil to certain banks as at 31 December 2023, 2024, 2025 and 30 April 2026. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated borrowings. Subsequent to the discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amount of the borrowings recognised during the year/period was nil, RMB70,484,000, nil and nil as at 31 December 2023, 2024, 2025 and 30 April 2026.

As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "Arrangement") and transferred certain trade receivables to a bank. Under the Arrangement, the Group may be required to reimburse the bank for loss of interest if any trade debtors have late payment. The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables transferred under the Arrangement that have not been settled were nil, RMB6,937,000, nil and nil as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively. The carrying amount of the assets that the Group continued to recognise as at 31 December 2023, 2024, 2025 and 30 April 2026 were nil, RMB6,937,000, nil and nil, respectively, and that of the associated liabilities as at 31 December 2023, 2024, 2025 and 30 April 2026 were nil, RMB6,937,000, nil and nil, respectively.

Transferred financial assets that are derecognised in their entirety

The Group discounted certain bills receivable accepted by banks in Chinese Mainland (the "Derecognised Bills") to a bank with a carrying amount in aggregate of nil, RMB6,784,000, RMB215,514,000 and RMB136,279,000 as at 31 December 2023, 2024, 2025 and 30 April 2026. The Derecognised Bills had a maturity of five to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence. In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated borrowings.

During the year ended 31 December 2023, 2024, 2025 and the period ended 30 April 2026, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the continuing involvement, both during the period or cumulatively.

An aging analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	1,317,688	1,538,129	1,883,268	3,137,268
3 to 6 months	25,182	130,186	155,870	501,083
Over 6 months	2,431	3,308	1,279	4,541
Total	1,345,301	1,671,623	2,040,417	3,642,892

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	1,181,095	1,576,323	1,362,512	2,090,264
3 to 6 months	63,975	814,390	130,923	756,366
Over 6 months	1	327,997	–	16,215
Total	1,245,071	2,718,710	1,493,435	2,862,845

The movement in the loss allowance for impairment of trade receivables is as follows:

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	915	2,056	3,088	3,585
Impairment losses, net	1,141	1,732	749	2,206
Amount written off as uncollectible	–	(700)	(252)	(65)
At end of year/period	2,056	3,088	3,585	5,726

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	169	491	533	430
Impairment losses, net	322	42	(103)	(65)
At end of year/period	491	533	430	365

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, which estimated the financial quality of debtors and historical credit loss experience based on the aging of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivable using a provision matrix:

The Group

	As at 31 December 2023			
	Within 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.15%	0.15%	1.58%	0.15%
Gross carrying amount (RMB'000)	1,319,667	25,220	2,470	1,347,357
Expected credit losses (RMB'000)	1,979	38	39	2,056

	As at 31 December 2024			
	Within 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.15%	0.17%	17.11%	0.19%
Gross carrying amount (RMB'000)	1,524,131	76,105	3,991	1,604,227
Expected credit losses (RMB'000)	2,276	129	683	3,088

	As at 31 December 2025			
	Within 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.16%	0.24%	14.16%	0.18%
Gross carrying amount (RMB'000)	1,874,515	156,245	1,490	2,032,250
Expected credit losses (RMB'000)	2,999	375	211	3,585

	As at 30 April 2026			
	Within 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.15%	0.17%	3.67%	0.16%
Gross carrying amount (RMB'000)	3,133,514	501,936	4,714	3,640,164
Expected credit losses (RMB'000)	4,700	853	173	5,726

The Company

	As at 31 December 2023			
	Within 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.15%	0.15%	0.15%	0.15%
Gross carrying amount (RMB'000)	321,151	5,867	1	327,019
Expected credit losses (RMB'000)	482	9	–	491

	As at 31 December 2024			
	Within 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.15%	0.17%	–	0.15%
Gross carrying amount (RMB'000)	337,660	21,583	–	359,243
Expected credit losses (RMB'000)	496	37	–	533

	As at 31 December 2025			
	Within 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.16%	0.23%	–	0.16%
Gross carrying amount (RMB'000)	267,382	879	–	268,261
Expected credit losses (RMB'000)	428	2	–	430

	As at 30 April 2026			
	Within 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.15%	0.17%	–	0.15%
Gross carrying amount (RMB'000)	243,348	82	–	243,430
Expected credit losses (RMB'000)	365	–	–	365

21. RECEIVABLES FINANCING

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance bills	–	–	4,434	2,061
Total	–	–	4,434	2,061

The Group has changed the business model for a portion of its receivables to target both to receive the contractual cash flows when due and through the sales. Accordingly, this portion of the receivables is classified as a financial asset at fair value through other comprehensive income (which can be reclassified to profit or loss in subsequent periods).

The Group reclassified bills receivable into financial assets at fair value through other comprehensive income, presented as receivables financing. As at 31 December 2025 and 30 April 2026, the Group did not have any accumulated impairment provision for receivables financing.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Prepayments	331,586	421,020	657,678	1,276,027
Value-added tax and other taxes recoverable	176,435	389,652	331,714	327,523
Prepaid tax	37,762	57,409	30,707	24,357
Deposits	19,881	12,332	11,653	12,872
Export value-added tax refund receivables	1,800	44,382	244,761	434,639
Deferred listing expenses	–	8,567	32,230	38,489
Other receivables and other assets	40,570	40,751	60,057	62,360
Total	608,034	974,113	1,368,800	2,176,267
Non-current				
Prepayments	191,370	95,549	298,079	243,192
Value-added tax and other taxes recoverable	115,298	66,349	366,166	597,555
Key employee insurance	17,403	17,783	17,345	16,819
Deposits	2,536	2,179	3,764	3,809
Other receivables	20,155	21,359	16,281	9,412
Total	346,762	203,219	701,635	870,787

The balances are interest-free and are not secured with collateral.

Deposits, other receivables and other assets mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at the end of each of the Relevant Periods by using a provision matrix to measure expected credit losses. Deposits, other receivables and other assets had no historical default. The financial assets included in the above balances relate to receivables categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected credit loss rate for deposits, other receivables and other assets was minimal.

Included in the Group's other receivables are amounts due from related parties of the Group of nil, nil, RMB4,082,000 and RMB3,134,000 as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively.

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Prepayments	5,998	864	9,196	32,917
Value-added tax and other taxes recoverable	37,926	45,798	13,538	174
Prepaid tax	–	18,371	–	–
Due from subsidiaries	3,385,918	6,071,431	8,250,155	10,870,739
Other receivables and other assets	13,144	36,551	49,407	52,401
Total	3,442,986	6,173,015	8,322,296	10,956,231
Non-current				
Prepayments	1,290	4,943	5,706	7,962
Deposits and other receivables	4,244	4,583	2,891	1,067
Total	5,534	9,526	8,597	9,029

The balances are interest-free and are not secured with collateral.

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at the end of each of the Relevant Periods by using a provision matrix to measure expected credit losses. Deposits and other receivables had no historical default. The financial assets included in the above balances relate to receivables categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables and deposits was minimal.

23. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

Financial assets at fair value through profit or loss:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Derivative financial instruments	–	17,303	2,922	–
Structured deposits and certificate deposits	–	162,320	35,619	2,817
Total	–	179,623	38,541	2,817

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Unlisted equity investments, at fair value	393,883	168,874	214,481	215,907
Listed equity investments, at fair value	–	551,206	697,064	849,344
Total	393,883	720,080	911,545	1,065,251

Financial liabilities at fair value through profit or loss:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Derivative financial instruments:				
Forward currency contracts	789	–	66	39,576
Total	789	–	66	39,576

The Company

Financial assets at fair value through profit or loss:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Derivative financial instruments	–	727	–	–
Total	–	727	–	–

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Unlisted equity investments, at fair value	10,870	5,250	21,449	25,341
Total	10,870	5,250	21,449	25,341

The above unlisted equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The structured deposits and certificate deposits were issued by banks in Chinese Mainland and Brazil. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	1,218,949	1,024,971	1,478,331	3,616,519
Less:				
Restricted deposits*	(18,426)	(10,560)	(9,520)	(8,750)
Cash and cash equivalents	1,200,523	1,014,411	1,468,811	3,607,769
Denominated in:				
United States Dollar ("USD")	420,453	311,434	615,645	1,490,490
European Dollar ("EUR")	2,996	35,769	40,766	83,698
Hong Kong Dollar ("HKD")	9,703	6,562	44,528	11,186
Japanese Yen ("JPY")	2,249	523	920	650
Taiwan Dollar ("TWD")	785	1,197	791	1,346
Great Britain Pound ("GBP")	150	8,631	22,030	42,782
Korea Won ("KRW")	2,136	2,667	1,077	3,592
Brazilian Real ("BRL")	261,075	14,310	13,695	10,945
United Arab Emirates Dirham ("AED")	79	196	581	159
Australian Dollar ("AUD")	–	–	165	267
Canadian dollar ("CAD")	–	–	–	1,189
Renminbi ("RMB")	519,323	643,682	738,133	1,970,215
Total	1,218,949	1,024,971	1,478,331	3,616,519

* As at 31 December 2023, the bank deposits secured for certain letters of credit was amounted to RMB18,426,000.

* As at 31 December 2024, the restricted deposits included RMB10,123,000 used as performance deposits for certain bank loans which can be deducted and disbursed to cover inspection and monitoring expenses, and RMB437,000 frozen in one inactive bank account.

* As at 31 December 2025, the restricted deposits included RMB9,520,000 used as performance deposits for certain bank loans which can be deducted and disbursed to cover inspection and monitoring expenses.

* As at 30 April 2026, the restricted deposits included RMB8,552,000 used as performance deposits for certain bank loans which can be deducted and disbursed to cover inspection and monitoring expenses, and RMB198,000 frozen in two inactive bank accounts.

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	195,248	298,183	470,252	570,757
Less:				
Restricted deposits*	–	–	–	(154)
Cash and cash equivalents	195,248	298,183	470,252	570,603
Denominated in:				
United States Dollar ("USD")	5,933	8,247	76,433	3,606
Hong Kong Dollar ("HKD")	1	–	479	351
Renminbi ("RMB")	189,314	289,936	393,340	566,800
Total	195,248	298,183	470,252	570,757

* As at 30 April 2026, the restricted deposits included RMB154,000 frozen in one inactive bank account.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

25. TRADE AND BILLS PAYABLES

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	1,146,102	1,140,188	2,016,112	2,541,298
Over 1 year	1,309	401	664	685
Total	1,147,411	1,140,589	2,016,776	2,541,983

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	159,388	1,950,844	1,382,940	1,931,462
Over 1 year	401	401	572	111,590
Total	159,789	1,951,245	1,383,512	2,043,052

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

26. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Salaries and benefits payables	145,888	258,186	478,688	216,105
Other tax payables	10,563	26,201	83,112	163,694
Other payables *(note (a))*	370,365	389,105	473,104	307,508
Total	526,816	673,492	1,034,904	687,307

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Other payables *(note (b))*	–	–	39,606	44,697
Total	–	–	39,606	44,697

Notes:

(a) Other payables are unsecured, non-interest-bearing and repayable on demand.
(b) Other payables are unsecured, non-interest-bearing and not repayable within one year.

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries and benefits payables	39,671	40,116	114,042	29,576
Other tax payables	1,286	3,097	11,502	44,056
Other payables *(note (a))*	23,131	16,253	29,080	156,478
Due to subsidiaries	4,722	259,908	119,250	410,770
Total	68,810	319,374	273,874	640,880

Note:

(a) Other payables are unsecured, non-interest-bearing and repayable on demand.

27. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December									As at 30 April		
	2023			2024			2025			2026		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans-secured	2.90-5.85	2024	1,964,937	2.45-3.35	2025	1,719,325	0.80-2.71	2026	2,444,703	0.80-2.34	2027	2,072,914
Bank loans-unsecured	2.70-3.85	2024	951,108	1.85-5.04	2025	1,977,024	0.00-4.61	2026	2,800,057	0.90-2.45	2027	3,535,754
Current portion of long-term bank loans-secured	3.25-3.31	2024	192,750	2.75-3.60	2025	249,065	2.45-3.05	2026	535,896	2.24-2.85	2027	639,841
Current portion of long-term bank loans-unsecured	2.70-3.55	2024	61,957	2.70-3.60	2025	1,217,277	2.24-3.50	2026	331,821	2.19-2.90	2027	464,408
Total current			3,170,752			5,162,691			6,112,477			6,712,917
Non-current												
Bank loans-secured	3.25-3.60	2025-2033	902,375	2.75-3.60	2026-2033	1,214,625	2.30-2.80	2027-2035	1,298,037	2.24-2.85	2027-2036	4,097,733
Bank loans-unsecured	2.70-3.55	2025-2026	1,189,883	2.70-3.60	2026-2027	1,302,111	2.24-3.50	2027-2028	3,079,288	2.19-2.80	2027-2029	5,318,460
Total non-current			2,092,258			2,516,736			4,377,325			9,416,193
Total			5,263,010			7,679,427			10,489,802			16,129,110

The Company

	As at 31 December									As at 30 April		
	2023			2024			2025			2026		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans-secured	–	–	–	2.55-3.10	2025	97,281	1.60-2.71	2026	723,541	1.60-2.16	2027	263,193
Bank loans-unsecured	2.70-3.85	2024	951,109	1.95-5.04	2025	1,596,657	0.00-4.61	2026	1,636,094	1.65-2.45	2027	1,739,508
Current portion of long-term bank loans-secured	3.25-3.31	2024	190,966	2.75-3.06	2025	247,279	2.70	2026	346,123	2.39-2.71	2027	413,292
Current portion of long-term bank loans-unsecured	2.70-3.55	2024	33,791	2.70-3.60	2025	1,179,165	2.35-3.50	2026	261,828	2.19-2.90	2027	381,584
Total current			1,175,866			3,120,382			2,967,586			2,797,577
Non-current												
Bank loans-secured	3.25-3.31	2025-2029	870,000	2.75-3.06	2026-2029	1,184,000	2.45-2.65	2027-2030	744,998	2.39-2.71	2027-2030	1,707,998
Bank loans-unsecured	2.70-3.55	2025-2026	1,105,800	2.70-3.60	2026-2027	1,100,700	2.24-2.84	2027-2028	2,963,250	2.19-2.80	2027-2029	4,965,000
Total non-current			1,975,800			2,284,700			3,708,248			6,672,998
Total			3,151,666			5,405,082			6,675,834			9,470,575

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	3,170,752	5,162,691	6,112,477	6,712,917
In the second year	1,288,422	1,071,963	1,992,841	4,787,930
In the third to fifth years, inclusive	647,836	1,427,273	2,383,095	4,507,263
Beyond five years	156,000	17,500	1,389	121,000
Total	5,263,010	7,679,427	10,489,802	16,129,110

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	1,175,866	3,120,382	2,967,586	2,797,577
In the second year	1,263,800	976,700	1,707,750	3,373,650
In the third to fifth years, inclusive	577,000	1,308,000	2,000,498	3,299,348
Beyond five years	135,000	–	–	–
Total	3,151,666	5,405,082	6,675,834	9,470,575

Notes:

(i) The carrying amount of the Group's borrowings guaranteed by the Company and secured by the Group's equity interests in certain subsidiaries are RMB1,261,157,000, RMB1,143,866,000, RMB1,061,248,000 and RMB1,249,052,000 as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively (please refer to note 1 for details).

(ii) The carrying amount of the Group's trade receivables pledged for certain amounts of bank loans are RMB616,615,000, RMB414,472,000, nil and nil as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively (note 20).

(iii) The carrying amount of the Group's buildings pledged for certain amounts of bank loans are RMB25,997,000, RMB25,392,000, RMB24,788,000 and RMB24,586,000 as at 31 December 2023, 2024, 2025 and 30 April 2026, respectively (note 13).

28. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers				
Sale of goods	65,844	94,803	354,635	1,736,713

The Company

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers				
Sale of goods	2,443	1,513	53,257	294,000

The contract liabilities represent the advances received to deliver goods. The increase in contract liabilities at the end of the years 2024, 2025 and the four months ended 30 April 2026 was mainly due to the significant expansion of sales.

29. DEFERRED INCOME

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants*	14,581	20,651	35,264	30,812

* The Group's deferred government grants represented government grants received for projects and are credited to profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

30. PROVISION

	Warranties	Contingencies	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	16,169	–	16,169
Additional provision	14,978	294	15,272
Amounts utilised during the year	(9,392)	–	(9,392)
At 31 December 2023 and 1 January 2024	21,755	294	22,049
Additional provision	37,605	808	38,413
Amounts utilised during the year	(23,591)	–	(23,591)
At 31 December 2024 and 1 January 2025	35,769	1,102	36,871
Additional provision	50,416	–	50,416
Amounts utilised during the year	(26,105)	(435)	(26,540)
At 31 December 2025 and 1 January 2026	60,080	667	60,747
Additional provision	25,995	70	26,065
Amounts utilised during the period	(8,991)	–	(8,991)
At 30 April 2026	77,084	737	77,821

	Warranties	Contingencies	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2023			
Non-current portion	21,755	294	22,049
At 31 December 2024			
Non-current portion	35,769	1,102	36,871
At 31 December 2025			
Current portion	60,080	–	60,080
Non-current portion	–	667	667
	60,080	667	60,747
At 30 April 2026			
Current portion	77,084	–	77,084
Non-current portion	–	737	737
	77,084	737	77,821

The Group generally provides warranties from 12 months to 60 months to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

31. SHARE CAPITAL

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
		RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	412,864,254	412,864
Ordinary shares contributed by shareholders of RMB1 each	3,117,310	3,118
At 31 December 2024 and 1 January 2025	415,981,564	415,982
Ordinary shares contributed by shareholders of RMB1 each	3,163,703	3,163
At 31 December 2025 and 1 January 2026	419,145,267	419,145
Ordinary shares contributed by shareholders of RMB1 each	–	–
At 30 April 2026	419,145,267	419,145

On 24 June 2024, the Company issued 3,117,310 shares under the share-based payment scheme for a total cash consideration of RMB112,909,000. An amount of RMB159,824,000 was transferred from share-based payment reserve to capital reserve upon the issuance of the restricted shares.

On 26 May 2025, the Company issued 3,163,703 shares under the share-based payment scheme for a total cash consideration of RMB113,799,000. An amount of RMB147,250,000 was transferred from share-based payment reserve to capital reserve upon the issuance of the restricted shares.

32. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Group.

(i) Capital reserve

The capital reserve of the Group represents the difference between the value of share capital and the consideration received.

(ii) Share-based payment reserve

Share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which are set out in note 33 to the Historical Financial Information.

(iii) Foreign currency translation reserve

The Group's foreign currency statement translation reserve represents the difference arising from the translation of the financial statements of the Group's subsidiaries outside Chinese Mainland in accordance with the accounting policy set out for "Foreign currencies" in note 2.3 to the Historical Financial Information.

(iv) Statutory surplus reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of its registered capital. The statutory surplus reserve may be used to offset accumulated losses or be converted to increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	3,877,227	–	51,792	208,617	4,137,636
Total comprehensive income for the year	–	–	–	107,082	107,082
Share-based payments	–	198,607	–	–	198,607
Transfer from retained earnings	–	–	10,708	(10,708)	–
At 31 December 2023	3,877,227	198,607	62,500	304,991	4,443,325
At 1 January 2024	3,877,227	198,607	62,500	304,991	4,443,325
Total comprehensive loss for the year	–	–	–	(27,216)	(27,216)
Ordinary shares contributed by shareholders	269,615	(159,824)	–	–	109,791
Share-based payments	–	231,647	–	–	231,647
Acceleration of share-based payment expenses due to cancellation	–	(3,567)	–	–	(3,567)
Dividends declared	–	–	–	(103,995)	(103,995)
At 31 December 2024	4,146,842	266,863	62,500	173,780	4,649,985
At 1 January 2025	4,146,842	266,863	62,500	173,780	4,649,985
Total comprehensive profit for the year	–	–	–	20,658	20,658
Ordinary shares contributed by shareholders	257,886	(147,250)	–	–	110,636
Share-based payments	–	91,481	–	–	91,481
Transfer from retained earnings	–	–	2,066	(2,066)	–
At 31 December 2025	4,404,728	211,094	64,566	192,372	4,872,760
At 1 January 2026	4,404,728	211,094	64,566	192,372	4,872,760
Total comprehensive profit for the period	–	–	–	648,243	648,243
Share-based payments	–	20,050	–	–	20,050
Transfer from retained earnings	–	–	64,824	(64,824)	–
At 30 April 2026	4,404,728	231,144	129,390	775,791	5,541,053

33. SHARE-BASED PAYMENTS

Share-based payment scheme of the Company

On 10 May 2023, the Group granted 10,788,319 restricted share units ("RSUs") of the Company to 324 eligible employees at a subscription price of RMB36.23. The vesting periods for shares granted are 12 months, 24 months and 36 months from the grant date. According to the Company's performance appraisal and individual performance appraisal, 30%, 30% and 40% of shares will be vested respectively.

On 29 December 2023, the Group granted 688,852 RSUs of the Company to 15 eligible employees at a subscription price of RMB36.23. The vesting periods for shares granted are 12 months and 24 months respectively from the grant date. According to the Company's performance appraisal and individual performance appraisal, 50% and 50% of shares will be vested respectively.

During the year ended 31 December 2024, 105,954 RSUs granted to the Group's employees in overseas subsidiaries were cancelled, resulting in an acceleration of share-based payment expenses amounted to RMB3,497,000 recognised in the consolidated statements of profit or loss. The Group reimbursed cash consideration of RMB3,567,000 to the employees for the cancellation of these RSUs, which was charged to share-based payment reserve.

The following RSUs were outstanding under the share-based payment scheme:

	Number of RSUs
At 1 January 2023	–
Granted during the year	11,477,171
Forfeited during the year	(211,756)
At 31 December 2023	11,265,415
Forfeited during the year	(517,369)
Cancelled during the year	(105,954)
Exercised during the year	(3,117,310)
At 31 December 2024	7,524,782
Forfeited during the year	(441,836)
Exercised during the year	(3,163,703)
At 31 December 2025	3,919,243
Forfeited during the period	(3,503)
Exercised during the period	–
At 30 April 2026	3,915,740

The fair value of the RSUs granted during the year ended 31 December 2023 was RMB605,818,000. During the years ended 31 December 2023, 2024, 2025 and the period ended 30 April 2025 and 2026, the Group recognised share-based payment expenses of RMB198,081,000, RMB232,173,000, RMB91,481,000, RMB44,496,000 and RMB20,050,000 respectively. Corresponding deferred taxes of RMB526,000, nil, nil and nil were charged directly to the equity for the years ended 31 December 2023, 2025 and the period ended 30 April 2025 and 2026, and RMB526,000 was credited to equity for the year ended 31 December 2024, respectively.

The fair value of the RSUs at the grant date, was determined using a Black-Scholes model. Key assumptions used in determining the fair value were as follows:

	Grant day	
	10 May 2023	29 December 2023
Risk-free interest rate (%)	1.50-2.75	1.50-2.10
Volatility (%)	20.38-24.30	16.58-21.95

Equity-settled share-based payment of subsidiaries of the Group

Wisemem Microelectronics (Shanghai) Co., Ltd.

Pursuant to the Employee Incentive Scheme, the registered capital of Wisemem Microelectronics (Shanghai) Co., Ltd. was increased from RMB100,000,000 to RMB143,000,000 on 6 May 2025, which were subscribed by certain employees and senior management of Wisemem Microelectronics (Shanghai) Co., Ltd. at a consideration of RMB1.00 each. Pursuant to the grant letters, the subscription considerations are settled by the incentive participants in three tranches over two years. The vesting of the shares granted is subject to the IPO condition, i.e.the respective subsidiaries are successfully complete a qualified Initial Public Offering in certain Stock Exchange.

The fair value of the share-based payment at the grant date, was determined with reference to the market approach, applying selected valuation multiples derived from comparable companies in the same industry, adjusted for factors such as lack of marketability and control premium/discount, where appropriate. Key assumptions used in determining the fair value were as follows:

	Grant date
	3 January 2025
Discount for lack of marketability	40%

Shanghai Longmem Microelectronics Technology Co., Limited

Pursuant to the Employee Incentive Scheme, the registered capital of Shanghai Longmem Microelectronics Technology Co., Limited was increased from RMB200,000,000 to RMB286,000,000 on 2 April 2026, which were subscribed by certain employees and senior management of Shanghai Longmem Microelectronics Technology Co., Limited at a consideration of RMB0.525 each. Pursuant to the grant letters, the subscription considerations are settled by the incentive participants in three tranches over two years. Shanghai Longmem Microelectronics Technology Co., Limited recognised an expense of RMB900,000 during the period ended 30 April 2026. The vesting of the shares granted is subject to the IPO condition, i.e. the respective subsidiaries are successfully complete a qualified Initial Public Offering in certain Stock Exchange.

The fair value of the share-based payment at the grant date, was determined using a discounted cash flow method. Key assumptions used in determining the fair value were as follows:

	Grant date
	2 April 2026
Discount rates	16.03%

34. BUSINESS COMBINATION

(a) Acquisition of Longforce Technology (Suzhou) Co., Ltd.

On 1 October 2023, the Group acquired a 70% interest in Longforce Technology (Suzhou) Co., Ltd. from PTI Technology (Singapore) Pte. Ltd., Powertech Technology (Singapore) Pte. Ltd. and Powertech Technology Inc.. Longforce Technology (Suzhou) Co., Ltd. which is engaged in the chip packaging, testing and placement services. The acquisition was made as part of the Group's strategy to expand its market share of industrial products. The purchase consideration for the acquisition was in the form of cash, with USD65,800,000 (equivalent to RMB481,163,000) paid on 28 September 2023 and the remaining USD65,800,000 (equivalent to RMB470,584,000) paid on 4 December 2023.

The fair values of the identifiable assets and liabilities of Longforce Technology (Suzhou) Co., Ltd. as at the date of acquisition were as follows:

	1 October 2023
	Fair value
	RMB'000
Assets:	
Cash and cash equivalents	100,048
Inventories	24,044
Other current assets	88,196
Non-current assets	598,420
Liabilities:	
Current liabilities	68,971
Non-current liabilities	53,045
Total identifiable net assets	688,692
Non-controlling interests	206,608
Acquisition of net assets	482,084
Goodwill	469,663
Satisfied by cash	951,747

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB82,725,000 and RMB4,342,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB82,725,000 and RMB4,342,000, respectively, of which nil other receivables are expected to be uncollectible.

The Group incurred transaction costs of RMB3,722,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of Longforce Technology (Suzhou) Co., Ltd. is as follows:

	RMB'000
Cash consideration	(951,747)
Cash and bank balances acquired	100,048
Net outflow of cash and cash equivalents included in cash flows from investing activities	(851,699)
Transaction costs of the acquisition included in cash flows from operating activities	(3,722)
Total net cash outflow	(855,421)

Since the acquisition, Longforce contributed revenue of RMB77,129,000 and net loss of RMB10,781,000 to the Group for the year ended 31 December 2023, respectively. As of 31 December 2023, Longforce's total assets at its singleton level was amounted to RMB492,231,000.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the net loss of the Group for the year ended 31 December 2023 would have been RMB10,401,646,000 and RMB841,896,000, respectively.

(b) Acquisition of Zilia Eletrônicos and Zilia Semicondutores

On 1 December 2023, the Group acquired a 81% interest in Zilia Eletrônicos and Zilia Semicondutores (together, "Zilia") from SMART Global Holdings. Zilia is engaged in development and production of storage modules. The acquisition was made as part of the Group's strategy to expand its market share of industrial products. The purchase consideration for the acquisition was in the form of cash, with USD143,026,000 (equivalent to RMB1,015,743,000) paid on 30 November 2023 and the USD21,614,000 (equivalent to RMB153,386,000) paid on 26 December 2023. As part of the Purchase Price, and in consideration for the Transferred Quotas and the other transactions contemplated by the SPA the remaining USD28,350,000 will be paid within five (5) business days following the date that is the eighteen (18) month anniversary of the Closing Date.

The fair values of the identifiable assets and liabilities of Zilia as at the date of acquisition were as follows:

	1 December 2023
	Fair value
	RMB'000
Assets:	
Cash and cash equivalents	293,763
Inventories	203,426
Other current assets	241,707
Non-current assets	806,920
Liabilities:	
Current liabilities	177,605
Non-current liabilities	151,821
Total identifiable net assets	1,216,390
Non-controlling interests	231,114
Acquisition of net assets	985,276
Goodwill	398,998
Satisfied by cash	1,384,274

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB118,302,000 and RMB7,966,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB118,302,000 and RMB7,966,000, respectively, of which nil other receivables are expected to be uncollectible.

The Group incurred transaction costs of RMB52,199,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of Zilia Eletrônicos and Zilia Semicondutores is as follows:

	RMB'000
Cash consideration	(1,384,274)
Cash and bank balances acquired	293,763
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,090,511)
Transaction costs of the acquisition included in cash flows from operating activities	(52,199)
Total net cash outflow	(1,142,710)

Since the acquisition, Zilia contributed revenue of RMB37,212,000 and net loss of RMB18,187,000 to the Group for the year ended 31 December 2023, respectively. As of 31 December 2023, Zilia's total assets at its singleton level was amounted to RMB1,398,356,000.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the net loss of the Group for the year ended 31 December 2023 would have been RMB11,138,043,000 and RMB972,580,000, respectively.

(c) Acquisition of non-controlling interests of Zilia Eletrônicos and Zilia Semicondutores

On 29 December 2025, the Board of Directors approved the proposal to acquire an additional 19% interest of shares of Zilia, and the Stock Transfer Agreement was made with the minority shareholders of Zilia. The purchase consideration for the acquisition was in the form of cash, with USD46,080,000. On 31 March 2026, the acquisition was made, increasing the Group's ownership interest to 100%. The Cash consideration for the acquisition actually paid amounted to USD46,080,000 (equivalent to RMB320,612,000).

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024, 2025 and the period ended 30 April 2025 and 2026, the Group had non-cash additions to right-of-use assets and lease liabilities RMB37,720,000, RMB31,034,000, RMB17,123,000, RMB4,622,000 and RMB2,399,000, respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Bank and other loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	1,325,435	11,682	1,337,117
Changes from financing cash flows	3,738,029	(13,211)	3,724,818
New leases entered during the year	–	37,720	37,720
Additions as a result of acquisition of subsidiaries	119,055	47,098	166,153
Foreign exchange translation	(787)	392	(395)
Interest expense	81,278	872	82,150
At 31 December 2023	5,263,010	84,553	5,347,563

	Bank and other loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2023 and 1 January 2024	5,263,010	84,553	5,347,563
Changes from financing cash flows	2,158,746	(25,494)	2,133,252
New leases entered during the year	–	31,034	31,034
Foreign exchange translation	(7,681)	(9,299)	(16,980)
Interest expense	265,352	5,952	271,304
At 31 December 2024	7,679,427	86,746	7,766,173

	Bank and other loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2024 and 1 January 2025	7,679,427	86,746	7,766,173
Changes from financing cash flows	2,567,312	(34,794)	2,532,518
New leases entered during the year	–	17,123	17,123
Foreign exchange translation	5,051	2,537	7,588
Interest expense	238,012	4,940	242,952
At 31 December 2025	10,489,802	76,552	10,566,354

	Bank and other loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2024 and 1 January 2025	7,679,427	86,746	7,766,173
Changes from financing cash flows (unaudited)	456,530	(11,715)	444,815
New leases entered during the period (unaudited)	–	4,622	4,622
Foreign exchange translation (unaudited)	7,964	3,315	11,279
Interest expense (unaudited)	78,136	1,733	79,869
At 30 April 2025 (unaudited)	8,222,057	84,701	8,306,758

	Bank and other loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2025 and 1 January 2026	10,489,802	76,552	10,566,354
Changes from financing cash flows	5,519,787	(10,921)	5,508,866
New leases entered during the period	–	2,399	2,399
Foreign exchange translation	7,127	2,060	9,187
Interest expense	112,394	1,505	113,899
At 30 April 2026	16,129,110	71,595	16,200,705

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Within operating activities	8,588	4,446	4,707	1,209	1,467
Within financing activities	13,211	25,494	34,794	11,715	10,921
Total	21,799	29,940	39,501	12,924	12,388

36. PLEDGE OF ASSETS

Details of the Group's restricted bank deposits and pledged assets for interest-bearing bank borrowings are included in notes 24 and 27, respectively, to the Historical Financial Information.

37. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	Year ended 31 December			At 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Purchase of items of property, plant and equipment	385,444	267,897	108,227	165,316

38. RELATED PARTY TRANSACTIONS

(a) Name and relationships of the related parties

Name	Relationship
Shanghai Testrong Technologies Co., Ltd	An Associate
Shenzhen CECport Technologies Co., Ltd.	A Company in which a director of the issuer is a director
MTL Memory Technologies (Shenzhen) Co., Ltd	An Associate
Gao Xichun	Key management personnel
Ma Qingrong	Key management personnel

(b) The Group had the following transactions with a related party during the Relevant Periods:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Purchases of test tools, fixtures from Shanghai Testrong Technologies Co., Ltd	290	130	–	–	–
Purchases of test tools, fixtures from Shenzhen CECport Technologies Co., Ltd.	–	–	963	932	–
Sales of products to Shenzhen CECport Technologies Co., Ltd.	67,379	174,879	309,629	72,487	293,743
Sales of Intangible asset to MTL Memory Technologies (Shenzhen) Co., Ltd	–	–	3,232	–	–

The purchase of test tools, fixtures from the related party and sales of products to the related party were made according to the published prices and terms agreed between the parties.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	7,510	14,472	20,629	5,576	2,891
Pension scheme contributions	929	1,001	1,178	423	372
Share-based payment expenses	4,170	4,025	1,733	899	459
Total	12,609	19,498	23,540	6,898	3,722

Further details of directors', the chief executive's and supervisors' emoluments are included in note 8 to the Historical Financial Information.

(d) Other transactions with related parties

Gao Xichun, a senior executive of the Company and a manager of its subsidiary, Wisemem Microelectronics (Shanghai) Co., Ltd., participated in the equity incentive plan of Wisemem Microelectronics (Shanghai) Co., Ltd. by directly holding equity interests in the subsidiary. The subscribed capital contribution amounted to RMB4,290,000. During the year ended 31 December 2025, the incentive shares corresponding to the aforementioned subscribed capital contribution were formally vested in Gao Xichun's name. As at 30 April 2026, the Company had received paid-in capital from Gao Xichun amounting to RMB2,860,000.

Ma Qingrong, a senior executive of the Company and a manager of its subsidiary, Shanghai Longmem Microelectronics Technology Co., Limited, participated in the equity incentive plan of Shanghai Longmem Microelectronics Technology Co., Limited by directly holding equity interests in the subsidiary. The amount subscribed for was RMB7,507,500. In April 2026, the incentive shares corresponding to the subscribed capital contribution were formally vested in Ma Qingrong's name. As at 30 April 2026, the Company had received from Ma Qingrong paid-in capital contributions amounting to RMB2,502,500. Furthermore, pursuant to the equity incentive plan of Shanghai Longmem Microelectronics Technology Co., Limited, the reserved incentive shares are temporarily registered in the name of Mr. Wang Jingyang, a director of the Company.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2023

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	1,200,523	–	1,200,523
Restricted deposit	18,426	–	18,426
Financial assets included in prepayments, other receivables and other assets	42,865	–	42,865
Trade and bills receivables	1,345,301	–	1,345,301
Equity investments designated at fair value through profit or loss	–	393,883	393,883
Total	2,607,115	393,883	3,000,998

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	5,263,010	–	5,263,010
Trade and bills payables	1,147,411	–	1,147,411
Financial liabilities included in other payables and accruals	370,365	–	370,365
Derivative financial instruments	–	789	789
Total	6,780,786	789	6,781,575

As at 31 December 2024

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	1,014,411	–	1,014,411
Restricted deposit	10,560	–	10,560
Financial assets included in prepayments, other receivables and other assets	87,162	–	87,162
Trade and bills receivables	1,671,623	–	1,671,623
Financial assets at fair value through profit or loss	–	179,623	179,623
Equity investments designated at fair value through profit or loss	–	720,080	720,080
Total	2,783,756	899,703	3,683,459

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	7,679,427	–	7,679,427
Trade payables	1,140,589	–	1,140,589
Financial liabilities included in other payables and accruals	389,105	–	389,105
Total	9,209,121	–	9,209,121

As at 31 December 2025

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	1,468,811	–	–	1,468,811
Restricted deposit	9,520	–	–	9,520
Financial assets included in prepayments, other receivables and other assets	280,288	–	–	280,288
Trade and bills receivables	2,040,417	–	–	2,040,417
Receivables financing	–	–	4,434	4,434

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	38,541	–	38,541
Equity investments designated at fair value through profit or loss	–	911,545	–	911,545
Total	3,799,036	950,086	4,434	4,753,556

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	10,489,802	–	10,489,802
Trade payables	2,016,776	–	2,016,776
Financial liabilities included in other payables and accruals	473,104	–	473,104
Derivative financial instruments	–	66	66
Total	12,979,682	66	12,979,748

As at 30 April 2026

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair Value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	3,607,769	–	–	3,607,769
Restricted deposit	8,750	–	–	8,750
Financial assets included in prepayments, other receivables and other assets	466,650	–	–	466,650
Trade and bills receivables	3,642,892	–	–	3,642,892
Receivables financing	–	–	2,061	2,061
Financial assets at fair value through profit or loss	–	2,817	–	2,817
Equity investments designated at fair value through profit or loss	–	1,065,251	–	1,065,251
Total	7,726,061	1,068,068	2,061	8,796,190

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	16,129,110	–	16,129,110
Trade payables	2,541,983	–	2,541,983
Financial liabilities included in other payables and accruals	307,508	–	307,508
Derivative financial instruments	–	39,576	39,576
Total	18,978,601	39,576	19,018,177

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

There are no significant differences between the carrying amounts and the fair values of the Group's financial instruments.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, current portion of interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The fair values of unlisted equity investments have been valued based on a market-based fair value technique that is appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Those valuation techniques require significant observable inputs, including market multiplier, risk-free interest rate, volatility and liquidity discount which are available from public market. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The fair value of listed equity investment has been valued based on a quoted market price with a discount of lack of marketability since the Group's shares in the listed investee was still within a lock-up period.

The structured deposits and certificate deposits were issued by banks in Chinese Mainland and Brazil. The fair values of the financial assets approximate to their costs plus expected interest.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis at the end of each of the Relevant Periods:

As at 31 December 2023

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment	Valuation multiples	Average P/E multiple of peers	38.55	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,859,000
		Average P/S multiple of peers	4.73-6.09	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB16,733,000
		Average EV/Sales multiple of peers	0.41-1.65	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,103,000
		Discount for lack of marketability	14%-20%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB22,540,000

As at 31 December 2024

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment	Valuation multiples	Average P/E multiple of peers	39.14	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,024,000
		Average P/S multiple of peers	4.67-7.56	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB5,146,000
		Average EV/Sales multiple of peers	0.83-4.23	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB359,000
		Discount for lack of marketability	14%-20%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB7,655,000
Listed equity investment	Valuation multiples	Discount for lack of marketability	12.5%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB31,497,000

As at 31 December 2025

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment	Valuation multiples	Average P/S multiple of peers	4.50-5.40	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB9,431,000
		Average EV/Sales multiple of peers	0.56-1.72	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,268,000
		Discount for lack of marketability	14%-38%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB11,086,000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

As at 30 April 2026

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment	Valuation multiples	Average EV/Sales multiple of peers	0.54-2.43	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,457,000
		Discount for lack of marketability	14%-21%	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,933,000

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments, at fair value	–	–	393,883	393,883

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	–	17,303	–	17,303
Structured deposits and certificate deposits	–	162,320	–	162,320
Listed investments, at fair value	–	–	551,206	551,206
Unlisted investments, at fair value	–	–	168,874	168,874
	–	179,623	720,080	899,703

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	–	2,922	–	2,922
Structured deposits and certificate deposits	–	35,619	–	35,619
Trade and bills receivables	–	4,434	–	4,434
Listed investments, at fair value	697,064	–	–	697,064
Unlisted investments, at fair value	–	–	214,481	214,481
	697,064	42,975	214,481	954,520

As at 30 April 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits and certificate deposits	–	2,817	–	2,817
Receivables financing	–	2,061	–	2,061
Listed investments, at fair value	849,344	–	–	849,344
Unlisted investments, at fair value	–	186,259	29,648	215,907
	849,344	191,137	29,648	1,070,129

The movements in fair value measurements within Level 3 during the year/period are as follows:

	Unlisted/listed equity investments at fair value through profit or loss
	RMB'000
At 1 January 2023	307,836
Total gains or losses recognised in profit or loss	36,047
Transfer into Level 3	50,000
At 31 December 2023 and 1 January 2024	393,883
Total gains or losses recognised in profit or loss	293,127
Transfer into Level 3	33,070
At 31 December 2024 and 1 January 2025	720,080
Total gains or losses recognised in profit or loss	45,607
Transfer out of Level 3	(551,206)
As at 31 December 2025 and 1 January 2026	214,481
Total gains or losses recognised in profit or loss	3,784
Transfer out of Level 3	(188,617)
As at 30 April 2026	29,648

During the years ended 31 December 2023 and 2024, certain equity investments were transferred from Level 2 to Level 3 due to changes in the valuation method from using recent market transaction prices to other valuation techniques with significant unobservable inputs.

During the year ended 31 December 2025, certain equity instrument investment held by the Group had quotations in an active market due to the release of lockup period, and its fair value was transferred from Level 3 to Level 1.

During the four months ended 30 April 2026, certain equity investments were transferred from Level 3 to Level 2 due to changes in the valuation method from using other valuation techniques with significant unobservable inputs to recent market transaction prices.

Apart from transfers above, during the Relevant Periods, there were no other transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments . . .	–	789	–	789

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments . . .	–	66	–	66

As at 30 April 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments . . .	–	39,576	–	39,576

The Group did not have any financial liabilities measured at fair value as at 31 December 2024.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities.

Liabilities for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	–	5,263,010	–	5,263,010

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	–	7,679,427	–	7,679,427

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	–	10,489,802	–	10,489,802

As at 30 April 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	–	16,129,110	–	16,129,110

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, financial assets at fair value through profit or loss and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and time deposits at banks and interest-bearing bank and other borrowings.

The following table demonstrates a sensitivity analysis of interest rate risk, reflecting the impact on net profit or loss (through the impact on floating rate borrowings) of a reasonable and probable change in interest rates, assuming other variables are constant.

	Increase/(decrease) in basis points	Increase/(decrease) in net profit
		RMB'000
Year ended 31 December 2023		
RMB	50.00	(2,902)
RMB	(50.00)	2,902
Year ended 31 December 2024		
RMB	50.00	(15,422)
RMB	(50.00)	15,422
Year ended 31 December 2025		
RMB	50.00	(15,684)
RMB	(50.00)	15,684
Period ended 30 April 2026		
RMB	50.00	(48,656)
RMB	(50.00)	48,656

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax	(Decrease)/increase in equity
	%	*RMB'000*	*RMB'000*
Year ended 31 December 2023			
If RMB strengthens against the USD	5	(3,911)	9,249
If RMB weakens against the USD	(5)	3,911	(9,249)
Year ended 31 December 2024			
If RMB strengthens against the USD	5	(4,494)	17,272
If RMB weakens against the USD	(5)	4,494	(17,272)
Year ended 31 December 2025			
If RMB strengthens against the USD	5	(9,395)	26,748
If RMB weakens against the USD	(5)	9,395	(26,748)
Period ended 30 April 2026			
If RMB strengthens against the USD	5	13,144	(16,967)
If RMB weakens against the USD	(5)	(13,144)	16,967

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Maximum exposure and year/period-end staging as at 31 December 2023, 2024, 2025 and 30 April 2026

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year/period-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

The amounts presented are gross carrying amounts for financial assets.

At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	1,347,357	1,347,357
Financial assets included in prepayments, other receivables and other assets					
– Normal**	42,865	–	–	–	42,865
Cash and cash equivalents					
– Not yet past due	1,200,523	–	–	–	1,200,523
Restricted deposit	18,426	–	–	–	18,426
Total	1,261,814	–	–	1,347,357	2,609,171

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	1,674,711	1,674,711
Financial assets included in prepayments, other receivables and other assets					
– Normal**	87,162	–	–	–	87,162
Cash and cash equivalents					
– Not yet past due	1,014,411	–	–	–	1,014,411
Restricted deposit	10,560	–	–	–	10,560
Total	1,112,133	–	–	1,674,711	2,786,844

At 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	2,044,002	2,044,002
Financial assets included in prepayments, other receivables and other assets					
– Normal**	280,288	–	–	–	280,288
Receivables financing	4,434	–	–	–	4,434
Cash and cash equivalents					
– Not yet past due	1,468,811	–	–	–	1,468,811
Restricted deposit	9,520	–	–	–	9,520
Total	1,763,053	–	–	2,044,002	3,807,055

At 30 April 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	3,648,618	3,648,618
Financial assets included in prepayments, other receivables and other assets					
– Normal**	466,650	–	–	–	466,650
Receivables financing	2,061	–	–	–	2,061
Cash and cash equivalents					
– Not yet past due	3,607,769	–	–	–	3,607,769
Restricted deposit	8,750	–	–	–	8,750
Total	4,085,230	–	–	3,648,618	7,733,848

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain continuity of funding. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Within 3 months or on demand	3 months to 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,121,399	24,703	1,309	1,147,411
Lease liabilities	4,836	16,683	82,210	103,729
Other payables	146,236	6,717	217,412	370,365
Interest-bearing bank borrowings	832,698	2,527,061	2,153,319	5,513,078
Financial liabilities at fair value through profit or loss	783	6	–	789
Total	2,105,952	2,575,170	2,454,250	7,135,372

As at 31 December 2024

	Within 3 months or on demand	3 months to 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,133,657	6,932	–	1,140,589
Lease liabilities	6,665	19,609	70,959	97,233
Other payables	118,714	270,391	–	389,105
Interest-bearing bank borrowings	1,128,628	4,250,230	2,646,858	8,025,716
Total	2,387,664	4,547,162	2,717,817	9,652,643

As at 31 December 2025

	Within 3 months or on demand	3 months to 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	2,014,368	2,408	–	2,016,776
Lease liabilities	8,246	23,596	61,800	93,642
Other payables	437,714	35,390	–	473,104
Interest-bearing bank borrowings	1,582,026	4,621,803	4,577,877	10,781,706
Total	4,042,354	4,683,197	4,639,677	13,365,228

As at 30 April 2026

	Within 3 months or on demand	3 months to 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	2,531,307	9,991	685	2,541,983
Lease liabilities	7,868	22,100	55,766	85,734
Other payables	281,541	18,122	7,845	307,508
Interest-bearing bank borrowings	1,680,318	5,073,646	9,856,217	16,610,181
Total	4,501,034	5,123,859	9,920,513	19,545,406

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The Group's policy is to maintain the gearing ratio at a reasonable level.

The gearing ratio as at the end of each of the Relevant Periods was as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	7,230,441	9,997,162	14,389,052	22,434,049
Total assets	13,679,845	16,896,667	22,750,717	37,244,312
Gearing ratio	52.85%	59.17%	63.25%	60.23%

42. INVESTMENTS IN SUBSIDIARIES

The Company

At the end of Relevant Periods, the Company's investments in subsidiaries were as follows:

	Year ended 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Shanghai Longsys Electronics Co., Ltd. 上海江波龍電子有限公司	30	30	30	30
Beijing Longsys Electronics Co., Ltd. 北京市江波龍電子有限公司	5,784	10,810	13,648	14,226
Zhongshan Longsys Electronics Co., Limited 中山市江波龍電子有限公司	855,288	861,013	863,423	864,010
Longsys Investment Co., Limited	29,249	41,537	45,497	47,707
Shenzhen Damai Technology Co., Ltd. 深圳市大邁科技有限公司	1,923	2,590	2,590	2,590
Xizang Yuanshi Venture Capital Management Co., Ltd. 西藏遠識創業投資管理有限公司	50,000	50,000	50,000	50,000
Lexar Electronics (Shenzhen) Co., Ltd. 雷克沙電子(深圳)有限公司	40,283	53,300	53,814	54,389
Shenzhen Anjiecun Electronics Co., Ltd. 深圳市安捷存電子有限公司	30	30	430	430
Shanghai Longsys Storage Technology Co., Limited 上海江波龍存儲技術有限公司	1,251,595	1,394,552	1,456,358	1,467,776
Prevision Technology (Shenzhen) Co., Ltd. 元預知技術(深圳)有限公司	200	200	3,200	3,200
Mestor Electronics (Zhuhai) Co., Ltd. 邁仕渡電子(珠海)有限公司	50,000	101,370	101,895	104,352
Total	2,284,382	2,515,432	2,590,885	2,608,710

43. CONTINGENT LIABILITIES

In July 2026, the Group received letters from a third party claiming the Group's use of the relevant patents constitutes infringement.

Based on all the available information and the opinion from the Company's legal advisor, it is unable to conclude at this preliminary stage that the Group has utilized or infringed the relevant patents and there is no sufficient further information available for a complete technical and legal assessment. Accordingly, up to the date of this report, the Group is unable to assess the likelihood of the results and the cashflows to settle the obligation. In the opinion of the directors, the claim has not had and would not be expected to have material adverse impact on the Group's business operations.

44. EVENTS AFTER THE RELEVANT PERIODS

(i) The 2025 final dividends of RMB0.35 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the relevant record date were approved by the Annual General Meeting of the Company on 19 May 2026.

The 2026 interim dividends of RMB0.64 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the relevant record date were approved by the Annual General Meeting of the Company on 19 May 2026.

(ii) On 22 December 2025, the Shareholders of our Company resolved the proposed issuance of A Shares to specific targets (the "2025 A Shares Issuance"), pursuant to which (a) the number of specific targets shall be no more than 35 eligible investors; (b) the number of A Shares to be issued pursuant to the 2025 A Shares Issuance shall be no more than 125,743,580 A Shares, representing approximately 30% of the total issued share capital of our Company immediately prior to the completion of the 2025 A Shares Issuance; and (c) the net proceeds from the 2025 A Shares Issuance shall be no more than RMB3,700,000,000. The approval of the 2025 A Shares Issuance from the Shenzhen Stock Exchange has been obtained on 20 May 2026, and on 10 June 2026, the China Securities Regulatory Commission (CSRC) issued the Approval on the Registration of Shenzhen Longsys Electronics Co., Ltd.'s Issuance of Shares to Specific Investors (CSRC Permit [2026] No. 1387), approving the Company's registration application for the issuance of shares to specific investors. In August 2026, (a) the 2025 A Shares Issuance was completed; (b) 6,607,142 A Shares were issued to 21 eligible investors at RMB560 per A Share; and (c) gross proceeds of approximately RMB3,700 million were raised.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 April 2026.

The following is the text of a report set out on pages IA-1 to IA-2, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. The information set out below is the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30 2026 and does not form part of the Accountants' Report from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for information purpose only.



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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE DIRECTORS OF SHENZHEN LONGSYS ELECTRONICS CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages IA-3 to IA-26, which comprises the condensed consolidated statement of financial position of Shenzhen Longsys Electronics Co., LTD. (the "Company") and its subsidiaries (the "Group") as at 30 June 2026 and the related condensed consolidated statements of profit or loss, statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and explanatory notes (the "Interim Financial Information"). The Interim Financial Information has been prepared by the directors of the Company solely for the purpose of inclusion in the prospectus of the Company dated 31 August 2026 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standard Board. Our responsibility is to express a conclusion on this Interim Financial Information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of Interim Financial Information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2025. The comparative information for the interim condensed consolidated statements of profit or loss, statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the six months ended 30 June 2025 has not been audited or reviewed.

Certified Public Accountants
Hong Kong
31 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2026	**2025**
		RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*
REVENUE	*4*	24,088,363	10,195,655
Cost of sales		(10,063,639)	(9,069,211)
Gross profit		14,024,724	1,126,444
Other income and gains	*5*	1,167,536	255,865
Research and development expenses		(851,432)	(445,739)
Selling and distribution expenses		(611,481)	(415,500)
Administrative expenses		(462,687)	(280,043)
Impairment losses on financial assets		(3,963)	(1,686)
Other expenses		(351,336)	(60,778)
Finance costs		(181,372)	(121,869)
Share of profits of associates		59	–
PROFIT BEFORE TAX	*6*	12,730,048	56,694
Income tax expense	*7*	(2,012,398)	(15,645)
PROFIT FOR THE PERIOD		10,717,650	41,049
Attributable to:			
Owners of the parent		10,576,876	14,766
Non-controlling interests		140,774	26,283
		10,717,650	41,049
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic (RMB)		25.20	0.04
Diluted (RMB)		24.97	0.04

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2026	**2025**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
PROFIT FOR THE PERIOD	10,717,650	41,049
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(254,236)	96,038
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(254,236)	96,038
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,463,414	137,087
Attributable to:		
Owners of the parent	10,319,507	109,710
Non-controlling interests	143,907	27,377
	10,463,414	137,087

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 30 June 2026	As at 31 December 2025
		RMB'000 (Unaudited)	*RMB'000 (Audited)*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	2,855,545	2,678,304
Right-of-use assets		225,604	238,057
Goodwill	*10*	830,223	820,182
Other intangible assets		231,865	258,958
Investment in associates		30,182	30,123
Financial assets at fair value through profit or loss	*16*	1,608,218	911,545
Deferred tax assets	*11*	187,866	503,645
Prepayments, other receivables and other assets		934,667	701,635
Total non-current assets		6,904,170	6,142,449
CURRENT ASSETS			
Inventories	*12*	25,777,334	11,677,745
Trade and bills receivables	*14*	4,358,108	2,040,417
Receivables financing		3,189	4,434
Prepayments, other receivables and other assets	*15*	2,571,363	1,368,800
Financial assets at fair value through profit or loss	*16*	154,354	38,541
Pledged deposits	*17*	7,388	9,520
Cash and cash equivalents	*17*	3,101,289	1,468,811
Total current assets		35,973,025	16,608,268
CURRENT LIABILITIES			
Trade payables	*18*	3,242,299	2,016,776
Contract liabilities	*20*	1,330,212	354,635
Other payables and accruals		1,031,874	1,034,904
Financial liabilities at fair value through profit or loss		–	66
Interest-bearing bank borrowings	*19*	6,143,109	6,112,477
Tax payables		1,347,333	119,342
Lease liabilities		25,537	25,320
Provision		87,344	60,080
Total current liabilities		13,207,708	9,723,600
NET CURRENT ASSETS		22,765,317	6,884,668
TOTAL ASSETS LESS CURRENT LIABILITIES		29,669,487	13,027,117

	Notes	As at 30 June 2026	As at 31 December 2025
		RMB'000 (Unaudited)	*RMB'000 (Audited)*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*19*	10,492,603	4,377,325
Deferred income		31,553	35,264
Deferred tax liabilities		252,660	161,358
Lease liabilities		42,232	51,232
Other payables and accruals		37,970	39,606
Provision		720	667
Total non-current liabilities		10,857,738	4,665,452
Net assets		18,811,749	8,361,665
EQUITY			
Equity attributable to owners of the parent			
Share capital	*21*	423,061	419,145
Reserves		18,159,545	7,435,149
		18,582,606	7,854,294
Non-controlling interests		229,143	507,371
Total equity		18,811,749	8,361,665

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Six months ended 30 June 2026 (Unaudited)

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Statutory surplus reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	RMB'000 (note 21)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	419,145	4,082,753	211,094	(58,613)	64,566	3,135,349	7,854,294	507,371	8,361,665
Profit for the period (unaudited)	–	–	–	–	–	10,576,876	10,576,876	140,774	10,717,650
Other comprehensive (loss)/income for the period:									
Foreign currency translation (unaudited)	–	–	–	(257,369)	–	–	(257,369)	3,133	(254,236)
Total comprehensive (loss)/income for the period (unaudited)	–	–	–	(257,369)	–	10,576,876	10,319,507	143,907	10,463,414
Issuance of shares upon exercising of share-based payment scheme (unaudited)	3,916	361,305	(230,895)	–	–	–	134,326	6,531	140,857
Share-based payments (unaudited)	–	–	259,917	–	–	–	259,917	–	259,917
Acquisition of non-controlling interests (unaudited)	–	433,707	–	–	–	–	433,707	(428,666)	5,041
Dividends declared (unaudited) *(note 8)*	–	–	–	–	–	(419,145)	(419,145)	–	(419,145)
Transfer from retained earnings (unaudited)	–	–	–	–	106,460	(106,460)	–	–	–
At 30 June 2026 (Unaudited)	423,061	4,877,765	240,116	(315,982)	171,026	13,186,620	18,582,606	229,143	18,811,749

Six months ended 30 June 2025 (Unaudited)

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Statutory surplus reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	RMB'000 (note 21)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	415,982	4,148,754	266,863	(140,727)	62,500	1,714,117	6,467,489	432,016	6,899,505
Profit for the period (unaudited)	–	–	–	–	–	14,766	14,766	26,283	41,049
Other comprehensive income for the period:									
Foreign currency translation (unaudited)	–	–	–	94,944	–	–	94,944	1,094	96,038
Total comprehensive income for the period (unaudited)	–	–	–	94,944	–	14,766	109,710	27,377	137,087
Issuance of shares upon exercising of share-based payment scheme (unaudited)	3,163	257,886	(147,250)	–	–	–	113,799	–	113,799
Share-based payments (unaudited)	–	–	48,577	–	–	–	48,577	–	48,577
At 30 June 2025 (Unaudited)	419,145	4,406,640	168,190	(45,783)	62,500	1,728,883	6,739,575	459,393	7,198,968

* These reserve accounts represent the total reserves of RMB18,159,545,000 and RMB6,320,430,000 in the consolidated statements of financial position as at 30 June 2026 and 2025, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Six months ended 30 June	
		2026	2025
		RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	*6*	12,730,048	56,694
Adjustments for:			
Bank interest income	*5*	(15,392)	(11,061)
Finance costs		181,372	121,869
Write-down of inventories to net realisable value	*6*	126,938	194,347
Depreciation of property, plant and equipment	*6*	225,775	170,405
Depreciation of right-of-use assets	*6*	17,471	15,998
Amortisation of other intangible assets	*6*	36,866	27,966
Gain on disposal of items of property, plant and equipment and other intangible assets	*6*	(26,319)	(367)
Impairment of trade receivables, net	*6*	3,963	1,686
Equity-settled share-based payment expenses		147,341	48,576
Loss on disposal of financial assets/liabilities, net		79,588	22,886
Fair value gains on financial assets at fair value through profit or loss, net		(671,669)	13,738
Share of profit of associates		(59)	–
		12,835,923	662,737
Increase in inventories		(14,226,527)	(437,352)
Decrease/(increase) in restricted cash		2,132	(2,984)
Increase in trade and bill receivables		(2,321,654)	(611,094)
Decrease in receivable financing		1,245	–
(Increase)/decrease in prepayments, other receivables and other assets		(1,678,884)	66,721
Increase in trade payables		1,225,523	966,378
Increase in contract liabilities		975,577	35,029
Increase/(decrease) in other payables and accruals		315,860	(8,128)
(Decrease)/increase in deferred income		(3,711)	6,247
Increase in provision		27,317	11,965
Cash used in operations		(2,847,199)	689,519
Interest received		15,392	11,061
Income tax paid		(319,623)	(7,680)
Net cash flows (used)/from in operating activities		(3,151,430)	692,900

	Notes	Six months ended 30 June	
		2026	2025
		RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(302,326)	(320,012)
Purchase of intangible assets		(66,051)	(81,731)
Purchases of financial assets at fair value through profit or loss		(843,271)	(437,056)
Proceeds from disposal of items of property, plant and equipment and other intangible assets		36,608	6,462
Proceeds from disposal of finance products		702,096	535,001
Investment loss from financial assets at fair value through profit or loss		(79,286)	(22,886)
Acquisition of subsidiaries		–	(208,029)
Net cash flows used in investing activities		(552,230)	(528,251)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		9,559,440	3,048,975
Repayment of bank and other borrowings		(3,419,487)	(2,987,065)
Cash received under the subsidiary's employee stock ownership plan		17,746	2,860
Acquisition of non-controlling interests		(320,612)	–
Payments of lease liabilities		(16,090)	(15,175)
Share issue expenses		(16,530)	(26,567)
Issuance of shares upon exercising of the share-based payment scheme		140,857	113,799
Dividends paid	*8*	(419,145)	–
Interest paid		(175,805)	(119,609)
Net cash flows from financing activities		5,350,374	17,218
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,646,714	181,867
Cash and cash equivalents at beginning of period		1,468,811	1,014,411
Effect of foreign exchange rate changes, net		(14,236)	5,371
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*17*	3,101,289	1,201,649
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*17*	3,108,677	1,215,193
Less: Restricted deposits		(7,388)	(13,544)
Cash and cash equivalents as stated in the consolidated statements of financial position		3,101,289	1,201,649

II NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in Shenzhen, the People's Republic of China (the "PRC") on 27 April 1999. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the ChiNext market of the Shenzhen Stock Exchange (stock code: 301308) on 5 August 2022. The registered office address of the Company is Floor 20, 22, 23, B Tower, Horoy Qianhai Finance Centre Centre Phase II, No. 5059, Tinghai Avenue, Qianhai, Shenzhen, PRC.

The Company and its subsidiaries (collectively, the "Group") were principally engaged in the research and development, design, packaging and testing, back-end manufacturing (SMT and assembly) and sales of semiconductor memory application products.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required for a complete set of financial statements prepared in accordance with the IFRS Accounting Standards, and should be read in conjunction with the Group's consolidated financial statements as set out in the accountants' report (the "Accountants' Report") included in Appendix I to the Company' s prospectus dated 31 August 2026 (the "Prospectus") in connection with the initial public offering of the Company' s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's Accountants' Report, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7 IFRS 9, IFRS 10 and IAS 7

The nature and impact of the amended IFRS Accounting Standards are described below:

(a) Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

(b) Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) Annual Improvements to IFRS Accounting Standards — Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

Geographical information

	Six months ended 30 June	
	2026	2025
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Chinese Mainland	7,070,899	3,171,522
Other countries/regions	17,017,464	7,024,133
Total revenue	24,088,363	10,195,655

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Revenue from contracts with customers	24,087,549	10,195,624
Revenue from other sources		
Rental income	814	31
Total	24,088,363	10,195,655

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2026	2025
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Types of goods or services		
Sale of products	24,083,333	10,194,627

	Six months ended 30 June	
	2026	2025
	RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*
Provision of services	4,216	997
Total	24,087,549	10,195,624
Geographical markets		
Chinese mainland	7,070,085	3,171,491
Other countries/regions	17,017,464	7,024,133
Total	24,087,549	10,195,624
Timing of revenue recognition		
Products transferred and services provided at a point in time	24,083,333	10,194,627
Services transferred over time	4,216	997
Total	24,087,549	10,195,624

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2026	2025
	RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*
Other income		
Interest income	15,392	11,061
Government grants*	447,550	171,176
Others	1,278	4,567
Total other income	464,220	186,804
Gains		
Gain on disposal of items of property, plant and equipment	27,103	1,313
Gain on disposal of financial assets/liabilities, net	4,544	2,585
Fair value gains, net:		
Structured deposits and certificate deposits	949	2,125
Equity instrument	666,453	17,589
Derivative financial instruments	4,267	–
Foreign exchange gains, net	–	45,449
Total gains	703,316	69,061
Total other income and gains	1,167,536	255,865

* The Group has received certain government grants related to assets and income. Government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2026	2025
	RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*
Cost of inventories sold and services provided*	10,063,639	9,069,211
Depreciation of property, plant and equipment**	225,775	170,405
Depreciation of right-of-use assets**	17,471	15,998
Research and development costs	851,432	445,739
Amortisation of intangible assets**	36,866	27,966
Gain on disposal of property, plant and equipment and other intangible assets, net***	(26,319)	(367)
Lease payments not included in the measurement of lease liabilities	1,467	1,209
Auditor's remuneration	3,903	3,571
Listing expenses	569	1,381
Foreign exchange differences, net***	264,695	(45,449)
Impairment of trade receivables, net	3,963	1,686
Write-down of inventories to net realisable value****	126,938	194,347
Product warranty provision****	39,486	22,834

* The amounts disclosed for cost of inventories sold and services provided included the write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment, amortisation of intangible assets and right-of-use assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses", and "Research and development expenses" in profit or loss.

*** The amounts are included in "other income and gains" and "other expense" in profit or loss.

**** The amounts are included in "cost of sales" in profit or loss.

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

(a) Chinese Mainland

Under the Corporate Income Tax Law of PRC (the "CIT Law") and Implementation Regulation of the CIT Law, the CIT rate of PRC subsidiaries was 25% during the Relevant Periods except those subject to tax concession set out below.

According to the Administrative Measures for Determination of High and New Tech Enterprises, which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation and became effective on January 1, 2016, an enterprise recognised as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the CIT Law. Zhongshan Longsys Electronics Co., Limited and Longforce Technology (Suzhou) Co., Ltd. are subject to a preferential income tax rate of 15% from 2023 to 30 June 2026. Shanghai Longsys Digital Technology Co., Limited is subject to a preferential income tax rate of 15% from 2024 to 30 June 2026. Shanghai Longmem Microelectronics Technology Co., Ltd. is subject to a preferential income tax rate of 15% from 2025 to 30 June 2026.

Pursuant to Caishui [2011] No. 58 "Circular of the Ministry of Finance, the State Administration of Taxation, the General Administration of Customs on Issues Relating to Preferential Tax Policies for the Development of the Western Region", Xizang Yuanshi Venture Capital Management Co., Ltd. operated in the western region of Chinese Mainland are subject to a preferential income tax rate of 15% from 2021 to 2030.

(b) Hong Kong

Pursuant to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, the two-tiered profits tax rates regime will be applicable to any year of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

(c) United States of America

The Group's entities incorporated in USA are subject to the federal corporate tax rate of 21%. The state income tax rate remains within the range from 1% to 10%.

(d) Europe

The Group's entities incorporated in Europe, are subject to the corporate income tax at a rate ranging from 11% to 33%.

(e) Brazil

Income taxes in Brazil consist of Corporate Income Tax ("IRPJ") and Social Contribution Tax on Net Profit ("CSLL"), which applies to the entities' taxable profit. According to Brazilian tax legislation, IRPJ and CSLL are assessed and paid by each legal entity and not on a consolidated basis.

Zilia Eletronicos obtained final approval from the tax authorities of the Manaus Free Trade Zone for a 75% reduction in the income tax rate for memory module operations and enjoyed a preferential income tax rate of 15.25% for the six months ended 30 June 2025 and 2026, respectively.

Zilia Semicondutores was qualified to pay only social contribution tax at 9% since there is a 100% reduction in the income tax rate levied on profit from activities under the tax incentive regime for the six months ended 30 June 2025 and 2026, respectively.

(f) Korea

The Group's subsidiary incorporated in Korea is subject to income tax on its assessable profits, with the profits to 200 million KRW is taxed at 10%, the portion between 200 million KRW and 2 billion KRW is taxed at 20%, and any amount exceeding 2 billion KRW is taxed at 25%.

(g) Taiwan, China

The Group's subsidiaries incorporated in Taiwan, China were subject to income tax on its assessable profits, with the first NT$120,000 of assessable profits being exempted from the income tax and the remaining assessable profits being taxed at 20%.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Six months ended 30 June	
	2026	**2025**
	RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*
Current tax		
Charge for the period	1,472,148	49,556
Over provision in prior periods	(6,328)	(958)
Pillar Two income taxes – current tax	142,295	–
Deferred tax	404,283	(32,953)
Total tax charge for the period	2,012,398	15,645

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the additional Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been in effect in certain jurisdictions, i.e. Germany, Netherlands, Korea, Japan, Brazil.

The Group has performed an assessment of its exposure to Pillar Two income taxes based on the information available regarding the Group's financial performance in the six months ended 30 June 2025 and 2026. As such, the information used is not entirely representative of the actual circumstances in the six months ended 30 June 2025 and 2026. Based on the assessment, the Group has identified potential exposure from the subsidiaries in respect of profits earned in Brazil where the Pillar Two effective tax rate is below 15% due to certain income exclusions and incentives received by them. In this regard, the Group provided Pillar Two income tax expenses amounted to nil and RMB142,295,000 for the six months ended 30 June 2025 and 2026, respectively.

8. DIVIDENDS

	Six months ended 30 June	
	2026	2025
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Interim dividends in respect of the period, declared or paid during the period (tax inclusive)	272,444	–
Final dividends in respect of the previous year, declared or paid during the period (tax inclusive)	146,701	–
Total	419,145	–

The 2025 final dividends of RMB0.35 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the relevant record date were approved by the Annual General Meeting of the Company on 19 May 2026.

The 2026 interim dividends of RMB0.64 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the relevant record date were approved by the Annual General Meeting of the Company on 19 May 2026.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in outstanding during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2026	2025
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Earnings		
Earnings attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	10,576,876	14,766
Shares		
Weighted average number of ordinary shares outstanding during the period, used in the basic earnings per share calculation ('000)	419,798	416,509

	Six months ended 30 June	
	2026	2025
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Effect of dilution – weighted average number of ordinary shares:		
Restricted shares	3,719	3,299
Weighted average number of ordinary shares used in the diluted earnings per share calculation ('000)	423,517	419,808

10. GOODWILL

	At 30 June 2026	At 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Longforce Technology (Suzhou) Co., Ltd.	469,662	469,662
Zilia Technologies Indústria e Comércio de Componentes Eletrônicos Ltda.	360,561	350,520
Total	830,223	820,182

11. DEFERRED TAX

The balance in deferred tax assets and liabilities before offsetting are as follows:

Deferred tax assets:

	As at 30 June	As at 31 December
	2026	2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Lease liabilities	6,097	7,243
Impairment losses on financial assets	1,170	581
Impairment of inventories	14,200	10,134
Share-based payment	18,586	7,799
Temporary difference on unrealised profit from internal transactions	47,459	22,998
Tax losses	77,672	439,733
Others	27,784	21,340
Total	192,968	509,828

Deferred tax liabilities:

	As at 30 June	As at 31 December
	2026	2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Fair value adjustment from business combination	39,490	43,647
Depreciation and amortisation difference between the useful lives of long-term assets	13,143	13,535
Right-of-use assets	5,102	6,183

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Fair value adjustments of equity investments at fair value through profit or loss	199,981	104,176
Others	46	–
Total	257,762	167,541

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Net deferred tax assets recognised in the consolidated statement of financial position	187,866	503,645
Net deferred tax liabilities recognised in the consolidated statement of financial position	252,660	161,358

12. INVENTORIES

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Finished goods	8,958,257	4,664,753
Raw materials	14,370,484	4,974,839
Materials consigned for processing and work in progress	2,423,646	2,015,188
Others	24,947	22,965
Total	25,777,334	11,677,745

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with a cost of RMB402,130,000 (30 June 2025: RMB230,672,000).

Assets (other than those classified as held for sale) with a net book value of RMB28,561,000 were disposed of by the Group during the six months ended 30 June 2026 (30 June 2025: RMB5,179,000), resulting in a net gain on disposal of RMB26,329,000 (30 June 2025: net loss on disposal of RMB534,000).

Certain of the Group's buildings with a net carrying amount of approximately RMB24,788,000 and RMB24,485,000 were pledged to secure general banking facilities granted to the Group as at 31 December 2025 and 30 June 2026, respectively.

14. TRADE AND BILLS RECEIVABLES

An aging analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Trade receivables	4,365,564	2,032,250
Bills receivables	30	11,752
Impairment	(7,486)	(3,585)
Net carrying amount	4,358,108	2,040,417

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Within 3 months	4,158,383	1,883,268
3 to 6 months	195,809	155,870
Over 6 months	3,916	1,279
Total	4,358,108	2,040,417

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
At beginning of period/year	3,585	3,088
Impairment losses, net	3,963	749
Amount written off as uncollectible	(62)	(252)
At end of period/year	7,486	3,585

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Current		
Prepayments	1,225,802	657,678
Value-added tax and other taxes recoverable	523,478	331,714
Prepaid tax	98,514	30,707
Deposits	14,271	11,653
Export value-added tax refund receivables	579,361	244,761
Deferred listing expenses	60,189	32,230
Other receivables and other assets	69,748	60,057
Total	2,571,363	1,368,800

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Non-current		
Prepayments	274,735	298,079
Value-added tax and other taxes recoverable	629,924	366,166
Key employee insurance	16,681	17,345
Deposits	3,761	3,764
Other receivables	9,566	16,281
Total	934,667	701,635

16. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss:

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Current		
Derivative financial instruments	7,133	2,922
Structured deposits and certificate deposits	147,221	35,619
Total	154,354	38,541

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Non-current		
Unlisted equity investments, at fair value	216,907	214,481
Listed equity investments, at fair value	1,391,311	697,064
Total	1,608,218	911,545

Financial liabilities at fair value through profit or loss:

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Current		
Derivative financial instruments:		
Forward currency contracts	–	66
Total	–	66

17. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Cash and bank balances	3,108,677	1,478,331
Less:		
Restricted deposits	(7,388)	(9,520)
Cash and cash equivalents	3,101,289	1,468,811

18. TRADE PAYABLES

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Less than 1 year	3,241,261	2,016,112
Over 1 year	1,038	664
Total	3,242,299	2,016,776

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

19. INTEREST-BEARING BANK BORROWING

	As at 30 June 2026			As at 31 December 2025		
	Effective interest rate	*Maturity*	*RMB'000*	*Effective interest rate*	*Maturity*	*RMB'000*
	(%)		*(Unaudited)*	*(%)*		*(Audited)*
Current						
Bank loans-secured	0.65-4.51	2027	2,339,995	0.80-2.71	2026	2,444,703
Bank loans-unsecured	0.90-2.29	2027	2,580,035	0.00-4.61	2026	2,800,057
Current portion of long-term bank loans-secured	2.24-2.85	2027	714,218	2.45-3.05	2026	535,896
Current portion of long-term bank loans-unsecured	2.19-2.90	2027	508,861	2.24-3.50	2026	331,821
Total current			6,143,109			6,112,477
Non-current						
Bank loans-secured	2.24-2.85	2027-2036	4,129,357	2.30-2.80	2027-2035	1,298,037
Bank loans-unsecured	2.19-2.80	2027-2029	6,363,246	2.24-3.50	2027-2028	3,079,288
Total non-current			10,492,603			4,377,325
Total			16,635,712			10,489,802

20. CONTRACT LIABILITIES

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Advances from customers		
Sale of goods	1,330,212	354,635

21. SHARE CAPITAL

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
		RMB'000
At 1 January 2025	415,981,564	415,982
Ordinary shares contributed by shareholders of RMB1 each	3,163,703	3,163
At 31 December 2025 and 1 January 2026	419,145,267	419,145
Ordinary shares contributed by shareholders of RMB1 each	3,915,740	3,916
At 30 June 2026 (Unaudited)	423,061,007	423,061

On 26 May 2025, the Company issued 3,163,703 shares under the share-based payment scheme for a total cash consideration of RMB113,799,000. An amount of RMB147,250,000 was transferred from share-based payment reserve to capital reserve upon the issuance of the restricted shares.

On 18 May 2026, the Company issued 3,915,740 shares under the share-based payment scheme for a total cash consideration of RMB140,857,000. An amount of RMB230,895,000 was transferred from share-based payment reserve to capital reserve upon the issuance of the restricted shares.

22. PLEDGE OF ASSETS

Details of the Group's restricted bank deposits and pledged assets for interest-bearing bank borrowings are included in notes 17 and 19, respectively.

23. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Contracted, but not provided for:		
Purchase of items of property, plant and equipment	166,536	108,227

24. RELATED PARTY TRANSACTIONS

(a) Name and relationships of the related parties

Name	Relationship
Shenzhen CECport Technologies Co., Ltd.	A Company in which a director of the issuer is a director
MTL Memory Technologies (Shenzhen) Co., Ltd	An Associate
Gao Xichun	Key management personnel
Ma Qingrong	Key management personnel
Shenzhen Yuan'enzhihua Investment Co., Ltd.	Controlled by the controlling shareholder and the ultimate controlling person of issuer

(b) The Group had the following transactions with a related party during the Relevant Periods:

	Six months ended 30 June	
	2026	**2025**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Purchases of test tools, fixtures from Shenzhen CECport Technologies Co., Ltd.	–	932
Sales of products to Shenzhen CECport Technologies Co., Ltd	597,422	137,953
Sales of Intangible asset to MTL Memory Technologies (Shenzhen) Co., Ltd	–	3,263

The purchase of test tools, fixtures from the related party and sales of products to the related party were made according to the published prices and terms agreed between the parties.

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2026	**2025**
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*
Salaries, allowances and benefits in kind	6,171	7,344
Pension scheme contributions	558	635
Share-based payment expenses	9,031	930
Total	15,760	8,909

(d) Outstanding balances with related parties:

	As at 30 June	As at 31 December
	2026	**2025**
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Trade and bills receivables		
Shenzhen CECport Technologies Co., Ltd.	249	–
Contract liabilities		
Shenzhen CECport Technologies Co., Ltd.	32,159	–
Prepayments, other receivables and other assets		
MTL Memory Technologies (Shenzhen) Co., Ltd	3,108	3,232

(e) Other transactions with related parties

Gao Xichun, a senior executive of the Company and a manager of its subsidiary, Wisemem Microelectronics (Shanghai) Co., Ltd., participated in the equity incentive plan of Wisemem Microelectronics (Shanghai) Co., Ltd. by directly holding equity interests in the subsidiary. The subscribed capital contribution amounted to RMB4,290,000. During the year ended 31 December 2025, the incentive shares corresponding to the aforementioned subscribed capital contribution were formally vested in Gao Xichun's name. In the current period, Gao Xichun newly acquired an indirect equity interest in Wisemem Microelectronics (Shanghai) Co., Ltd. through his holding of partnership interests in the Employee Shareholding Platform of Wisemem Microelectronics. The subscribed capital contribution amounted to RMB4,285,000. During the year ended 30 June 2026, the newly incentive shares corresponding to the aforementioned subscribed capital contribution were formally vested in Gao Xichun's name, the Company had received paid-in capital from Gao Xichun amounting to RMB4,288,300.

Ma Qingrong, a senior executive of the Company and a manager of its subsidiary, Shanghai Longmem Microelectronics Technology Co., Limited, participated in the equity incentive plan of Shanghai Longmem Microelectronics Technology Co., Limited by directly holding equity interests in the subsidiary. The amount subscribed for was RMB7,507,500. In June 2026, the incentive shares corresponding to the subscribed capital contribution were formally vested in Ma Qingrong's name. As at 30 June 2026, the Company had received from Ma Qingrong paid-in capital contributions amounting to RMB2,502,500. Furthermore, pursuant to the equity incentive plan of Shanghai Longmem Microelectronics Technology Co., Limited, the reserved incentive shares are temporarily registered in the name of Mr. Wang Jingyang, a director of the Company.

The Company's wholly-owned subsidiary, Xizang Yuanshi Venture Capital Management Co., Ltd., and Shenzhen Yuan'enzhihua Investment Co., Ltd., in which the Company's controlling shareholder and actual controller, Mr. Cai Huabo, holds shares and serves as a director, have jointly invested to establish Hainan Primo Agri-Tech Co., Ltd..

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

There are no significant differences between the carrying amounts and the fair values of the Group's financial instruments.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, current portion of interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The fair values of unlisted equity investments have been valued based on a market-based fair value technique that is appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Those valuation techniques require significant observable inputs, including market multiplier, risk-free interest rate, volatility and liquidity discount which are available from public market. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The structured deposits and certificate deposits were issued by banks in Chinese Mainland and Brazil. The fair values of the financial assets approximate to their costs plus expected interest.

	Carrying amounts		Fair values	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*	*RMB'000 (Unaudited)*	*RMB'000 (Audited)*
Financial assets				
Receivables financing	3,189	4,434	3,189	4,434
Financial assets at fair value through profit or loss	154,354	38,541	154,354	38,541
Equity investments designated at fair value through profit or loss	1,608,218	911,545	1,608,218	911,545
Total	1,765,761	954,520	1,765,761	954,520
Financial liabilities				
Derivative financial instruments	–	66	–	66
Total	–	66	–	66

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2026 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Derivative financial instruments	–	7,133	–	7,133
Structured deposits and certificate deposits	–	147,221	–	147,221
Receivables financing	–	3,189	–	3,189
Listed investments, at fair value	1,391,311	–	–	1,391,311
Unlisted investments, at fair value	–	186,259	30,648	216,907
	1,391,311	343,802	30,648	1,765,761

As at 31 December 2025 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable markets (Level 3)	Total
	RMB'000 (Audited)	*RMB'000 (Audited)*	*RMB'000 (Audited)*	*RMB'000 (Audited)*
Derivative financial instruments	–	2,922	–	2,922
Structured deposits and certificate deposits	–	35,619	–	35,619
Receivables financing	–	4,434	–	4,434
Listed investments, at fair value	697,064	–	–	697,064
Unlisted investments, at fair value	–	–	214,481	214,481
	697,064	42,975	214,481	954,520

The movements in fair value measurements within Level 3 during the period are as follows:

	As at 30 June 2026	As at 31 December 2025
	RMB'000 (Unaudited)	*RMB'000 (Audited)*
Equity investments at fair value through other comprehensive income – unlisted:		
At beginning of the period/year	214,481	720,080
Total gains or losses recognised in profit or loss	3,784	45,607
Transfer out of Level 3	(188,617)	(551,206)
Additions	1,000	–
At the end of the period/year	30,648	214,481

During the year ended 31 December 2025, certain equity instrument investment held by the Group had quotations in an active market due to the release of lockup period, and its fair value was transferred from Level 3 to Level 1.

During the six months ended 30 June 2026, certain equity investments were transferred from Level 3 to Level 2 due to changes in the valuation method from using other valuation techniques with significant unobservable inputs to recent market transaction prices.

Apart from transfers above, during the Relevant Periods, there were no other transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

26. CONTINGENT LIABILITIES

In July 2026, the Group received letters from a third party claiming the Group's use of the relevant patents constitutes infringement.

Based on all the available information and the opinion from the Company's legal advisor, it is unable to conclude at this preliminary stage that the Group has utilized or infringed the relevant patents and there is no sufficient further information available for a complete technical and legal assessment. Accordingly, up to the date of this report, the Group is unable to assess the likelihood of the results and the cashflows to settle the obligation. In the opinion of the directors, the claim has not had and would not be expected to have material adverse impact on the Group's business operations.

27. EVENTS AFTER THE RELEVANT PERIODS

(i) On 22 December, 2025, the Shareholders of our Company resolved the proposed issuance of A Shares to specific targets (the "2025 A Shares Issuance"), pursuant to which (a) the number of specific targets shall be no more than 35 eligible investors; (b) the number of A Shares to be issued pursuant to the 2025 A Shares Issuance shall be no more than 125,743,580 A Shares, representing approximately 30% of the total issued share capital of our Company immediately prior to the completion of the 2025 A Shares Issuance; and (c) the net proceeds from the 2025 A Shares Issuance shall be no more than RMB3,700,000,000. The approval of the 2025 A Shares Issuance from the Shenzhen Stock Exchange has been obtained on 20 May 2026, and on 10 June 2026, the China Securities Regulatory Commission (CSRC) issued the Approval on the Registration of Shenzhen Longsys Electronics Co., LTD.'s Issuance of Shares to Specific Investors (CSRC Permit [2026] No. 1387), approving the Company's registration application for the issuance of shares to specific investors. In August 2026, (a) the 2025 A Shares Issuance was completed; (b) 6,607,142 A Shares were issued to 21 eligible investors at RMB560 per A Share; and (c) gross proceeds of approximately RMB3,700 million were raised.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for inclusion in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2026 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets of the Group to owners of the Company had the Global Offering been completed as at 30 April 2026 or at any future date.

	Consolidated net tangible assets attributable to owners of the Company as at 30 April 2026	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 30 April 2026**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 30 April 2026**	
	RMB'000 *(Note 1)*	*RMB'000* *(Notes 2, 4)*	*RMB'000*	*RMB* *(Note 3)*	*HK$* *(Note 4)*
Based on an Offer Price of HK$240.6 per Share	13,514,581	5,207,038	18,721,619	42.05	48.63

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2026 were equal to the net assets attributable to owners of the Company as at 30 April 2026 of RMB14,595,134,000 after deducting goodwill of RMB845,560,000 and other intangible assets of RMB234,993,000 as of 30 April 2026 set out in the Accountants' Report in Appendix I in this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$240.6 per Share, after the deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expenses that have been charged to profit or loss during the Track Record Period) and do not take into account any shares which may be issued upon exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 445,223,067 Shares, are in issue assuming the Global Offering have been completed on 30 April 2026, without taking into account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(4) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets, the estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi ("RMB") at an exchange rate of HK$1.00 to RMB0.8647 and the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at the same exchange rate. No representation is made that RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 April 2026. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account: (a) a cash dividend of RMB419.1 million to owners of the Company's A Shares on the relevant record date approved by the Annual General Meeting of the Company on 19 May 2026; (b) 3,915,740 Shares were issued pursuant to the 2023 Restricted Share Incentive Scheme on 18 May 2026 with proceeds of RMB140.9 million received; and (c) 6,607,142 A Shares pursuant to the 2025 A Shares Issuance were issued to 21 eligible investors in August 2026 with the net proceeds of RMB3,668.1 million raised. The unaudited pro forma net tangible assets would have been HK$56.11 per Share if all the aforesaid events had been accounted for as at 30 April 2026.

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.



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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Shenzhen Longsys Electronics Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shenzhen Longsys Electronics Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 30 April 2026, and related notes as set out on pages II-1 to II-2 of the prospectus dated 31 August 2026 (the "Prospectus") issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 April 2026 as if the transaction had taken place at 30 April 2026. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 April 2026, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors

in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma 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:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Certified Public Accountants
Hong Kong
31 August 2026

TAXATION OF SECURITY HOLDERS

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 laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisors regarding the PRC and other tax consequences of owning and disposing of the H shares.

Taxation In Chinese Mainland

Tax on Dividends

For Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), or the Individual Income Tax Law, amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between Chinese 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 (《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》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between Chinese 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 (《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税漏税的安排》第五議定書), or the Fifth Protocol, issued by The State Administration of Taxation and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

For Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), or the EIT Law, amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), or the Implementation Rules of the EIT Law, amended by the State Council and effective on 23 April 2019, a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the State Administration of Taxation and effective on 6 November 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) promulgated by the State Administration of Taxation and effective 24 July 2009 further

provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《所得税避免雙重徵税和防止偷漏税的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

Tax related to equity transfer income

For Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》), which was promulgated by the MOF and The State Administration of Taxation and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

For Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non- PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 31 October 2014 and effective on 17 November 2014, transfer spread income derived by PRC enterprises from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by PRC individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of PRC individual investors to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies. Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Chinese Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on 21 August 2023 and implemented on the same date, the transfer spread income derived by PRC individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by PRC enterprises from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. Pursuant to which, dividend income obtained by PRC resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for PRC enterprises investors. The tax payable shall be declared and paid by the enterprise itself.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 5 November 2016 and effective on 5 December 2016, transfer spread income derived by PRC enterprises from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by PRC individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of PRC individual investors to the H- share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen Hong Kong Stock Connect and the Chinese Mainland-Hong Kong Mutual Recognition of Funds promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 4 December 2019 and effective on 5 December 2019 and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Chinese Mainland-Hong Kong Mutual Recognition of Funds which promulgated on 21 August 2023 and implemented on the same date, the transfer spread income derived by PRC individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by PRC enterprises investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. In particular, dividend and bonus income obtained by PRC resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for PRC enterprises. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》), which was promulgated on 10 June 2021 and came into effect on 1 July 2022, the disposal of H Shares by non-Chinese Mainland investors outside of the Chinese Mainland is not subject to the requirements of the Stamp Duty Law of the People's Republic of China.

Estate duty

According to PRC law, no estate duty is currently levied in the Chinese Mainland.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得税法), enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the territory of the People's Republic of China are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income within the PRC and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

Value-added tax

The Provisional Regulations of the PRC on Value Added Tax has been replaced by Value-added Tax Law of the People's Republic of China (中華人民共和國增值税法), which was promulgated on December 25, 2024 and was implemented on January 1, 2026. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值税暫行條例實施細則》) were issued by the Ministry of Finance on December 25, 1993, and most recently revised on October 28, 2011, and came into force on November 1, 2011. The Circular on Adjusting Value-Added Tax Rates (《關於調整增值税税率的通知》) was issued and implemented by the Ministry of Finance and the SAT on April 4, 2018, and implemented on May 1, 2018. The Announcement on Policies Related to Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) was issued by the Ministry of Finance, the SAT, and the General Administration of Customs on March 20, 2019, and implemented on April 1, 2019. According to these regulations, rules, circulars and announcements, all enterprises and individuals engaging in the sale of goods or providing processing, repair and replacement services, sales services, intangible assets, real estate and import of goods in China are subject to VAT; from April 1, 2019, the generally applicable VAT rates are 13%, 9%, 6% and 0%, with a VAT rate of 3% applicable to small-scale taxpayers.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (國務院關於取消和調整一批行政審批項目等事項的決定) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Circular of the SAFE on Relevant 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) promulgated by the SAFE and became effective on 26 December 2014, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as "domestic companies") listed overseas are as follows:

(i) The SAFE and its branches and the Foreign Exchange Management Department, or the Foreign Exchange Bureau, supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies.

(ii) A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the Foreign Exchange Bureau at the place where it is registered with relevant material.

(iii) After the overseas listing of a domestic company, its domestic shareholders who intend to increase or reduce their shareholding in an overseas listed company according to relevant regulations shall register the overseas shareholding with the local foreign exchange bureau at the place where the domestic shareholders are located within 20 working days prior to the proposed increase or reduction of shareholding with relevant materials.

(iv) A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a "special foreign exchange account for overseas listing of domestic companies" with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the remittance and transfer of funds for the relevant business.

According to the Notice of the State Administration of Foreign Exchange 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》) issued on 13 February 2015 and came into effect on 1 June 2015, the SAFE has cancelled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and 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 of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《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》) issued and implemented by the SAFE on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview", in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》), or the Constitution, and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》), or the Legislation Law, which was amended by the National People's Congress ("**NPC**") on 13 March 2023 and became effective on 15 March 2023, the NPC and the SCNPC ("**Standing Committee of the National People's Congress**") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided 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 provinces, autonomous regions and municipalities and their respective 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 divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, ecological civilization construction, historical and cultural protection and grassroots governance based on 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 such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall 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 their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, People's Bank of China, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《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 by the SCNPC and effective on 10 June 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) amended by the SCNPC on 26 October 2018 and becoming effective on 1 January 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) revised by SCNPC on 26 October 2018 and taking effect on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts 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 courts 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 and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法(2023年修訂)》), or the PRC Civil Procedure Law, adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC.

The PRC Company Law (《中華人民共和國公司法》), or the Company Law, was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on 29 December 1993 and came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The latest revised Company Law came into effect on 1 July 2024.

The Trial Measures and its five interpretative guidelines promulgated by the China Securities Regulatory Commission ("**CSRC**") on 17 February 2023 came into effect on 31 March 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the Guidelines for Articles of Association, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas which ceased to apply from 31 March 2023. The Guidelines for Articles of Association were promulgated by the CSRC on 16 December 1997 and last amended on 28 March 2025.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with intellectual property rights, land use rights, shareholding or claims.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares 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. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the prospectus.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) to prepare a balance sheet and a property list;

(ii) a company makes a resolution at shareholders' general meeting to reduce its registered capital;

(iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

(iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(i) reducing the registered capital;

(ii) merging with other company that holds the shares of the company;

(iii) using the shares for employee stocks plan or equity incentives;

(iv) with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;

(v) using the shares for the conversion of convertible corporate bonds issued by the listed company;

(vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's general meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of accompany are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should 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 should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of ordinary shares of a company include:

(i) to receive dividends and other forms of distributions in proportion to their shareholdings;

(ii) to attend or appoint a proxy to attend shareholders' general meetings and to exercise voting rights;

(iii) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;

(iv) to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;

(v) to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;

(vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

(vii) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder of ordinary shares of a company include:

(i) to comply with the articles of association;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription;

(iii) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;

(iv) other obligations conferred by laws, administrative regulations and the articles of association.

Shareholder's General Meetings

Under the Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The shareholders' general meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to examine and approve reports of the board of directors;

(iii) to examine and approve reports of the supervisory committee;

(iv) to examine and approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of a company's registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(viii) to amend the company's articles of association;

(ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' general meetings are required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association;

(ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(iii) shareholders individually or jointly holding 10% or more of the company's shares request;

(iv) when deemed necessary by the Board;

(v) the Supervisory Committee proposes to convene the meeting;

(vi) other circumstances as stipulated in the articles of association.

Shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board should convene and preside over shareholders' general meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Under the Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' general meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' general meeting.

Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The Board exercises the following functions and powers:

(i) to convene shareholder's general meetings and report its work to the shareholder's general meetings;

(ii) to implement the resolutions of the shareholder's general meeting;

(iii) to decide on a company's business plans and investment plans;

(iv) to formulate a company's profit distribution plan and loss recovery plan;

(v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(vi) to formulate plans for cake, division, dissolution or change of corporate form of a company;

(vii) to decide on the internal management structure of a company;

(viii) to decide on the appointment or dismissal of the manager of a company and their remuneration;

(ix) To decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

(x) to formulate a company's basic management system;

(xi) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is:

(i) a person without capacity or with restricted capacity;

(ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and

(v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

(i) to preside over shareholders' general meetings and convene and preside over board meetings;

(ii) to examine the implementation of resolutions of the Board;

(iii) to sign the securities issued by a company;

(iv) to exercise other powers conferred by the Board.

Managers and Senior Management

Under the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is 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 attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors and Senior Management

Directors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors and senior management are prohibited from:

(i) embezzling the company's property or misappropriating of the company's capital;

(ii) depositing the company's capital into accounts under his own name or the name of other individuals;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power;

(iv) accept and possess commissions paid by a third party for transactions conducted with the company;

(v) unauthorized divulgence of confidential business information of the company; or

(vi) other acts in violation of their fiduciary duty to the company.

If any director or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, subject to the approval of the board of directors or shareholders according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors or senior management, or any of the enterprises directly or indirectly controlled by the directors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors or senior management, concludes a contract or conducts a transaction with the company.

Neither director or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the Articles of Association; or

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

Where any director or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the general meeting or the shareholders' general meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) the general meeting or the shareholders' general meeting resolves to dissolve the company;

(iii) dissolution is necessary due to a merger or division of the company;

(iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws;

(v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

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 the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is 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 group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

(i) to liquidate the company's property and respectively prepare balance sheet and list of property;

(ii) to notify creditors by notice or public announcement;

(iii) to deal with the outstanding business of the company involved in the liquidation;

(iv) to pay all outstanding taxes and taxes arising in the course of liquidation;

(v) to liquidate claims and debts;

(vi) distributing the remaining property of the company after paying off debts;

(vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, 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 group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' general meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancelation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group 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 group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

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.

Overseas Listing

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the

requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAW AND REGULATIONS

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 arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the Chinese Mainland or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on 22 April 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》), or the PRC Securities Law, which was amended by the Standing Committee of the NPC on 28 December 2019 and came into effect on 1 March 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》), or the Arbitration Law, amended by the Standing Committee of the NPC on 12 September 2025 and effective on 1 March 2026, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between Chinese Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on 24 January 2000 and effective on 1 February 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between Chinese Mainland and the Hong Kong Special Administrative Region (《最高人民法院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》) promulgated by the Supreme People's Court on 26 November 2020 and effective on 27 November 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

This Appendix contains a summary of the principal provisions of the Articles of Association. As the principal objective of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not contain all the information that is important to potential investors. The full text of the Articles of Association in Chinese is available for inspection, as discussed in the Appendix to the document entitled "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display."

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

Upon filing with the China Securities Regulatory Commission (the "**CSRC**"), the Company may issue shares to domestic investors and overseas investors. Holders of domestic shares and holders of foreign shares are both ordinary shareholders and shall enjoy the same rights and assume the same obligations.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws, regulations and the Articles of Association, the Company may increase the capital by the following ways upon approval of special resolutions at the Shareholders' general meeting:

(1) public issuance of shares;

(2) non-public issuance of shares;

(3) distribution of bonus shares to existing shareholders;

(4) capitalization of common reverse fund;

(5) other means stipulated by laws and administrative regulations or approved by the government authorities.

The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten days from the date of the Company's resolution to reduce registered capital being passed and shall publish an announcement on **http://www.stcn.com**, **https://www.cs.com.cn**, **https://www.cnstock.com**, **http://www.zqrb.cn**, **http://www.cninfo.com.cn** and **www.hkexnews.hk** within thirty days

from the date of such resolution being passed. A creditor shall have the right, within 30 days upon receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement, to require the Company to repay its debt or to provide corresponding guarantee for such debt.

Repurchase of Shares

The Company may, in accordance with the requirements under laws, administrative regulations, the Listing Rules of Hong Kong Stock Exchange, departmental rules or the Articles of Association, and subject to approval by the relevant regulatory authorities of the State, repurchase its shares under the following circumstances:

(1) reducing the Company's registered capital;

(2) merging with other companies holding our shares;

(3) using the shares as an employee stock ownership plan or equity incentive plan;

(4) purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' general meeting upon their request;

(5) use of shares for conversion of convertible corporate bonds issued by the Company;

(6) necessary for the Company to maintain its value and protect the interests of the shareholders;

A resolution shall be passed at the Shareholders' general meeting when the Company is to repurchase its own shares under the circumstances (1) and (2) set out above. In case of the circumstances stipulated in (3), (5) and (6) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the provisions of the Articles of Association or the authorization of Shareholders' general meeting. After the company repurchase its shares, it shall fulfill the obligation of information disclosure in accordance with the Securities Law, the provisions of the exchange where the Company's shares are listed and other securities regulatory rules.

After the Company has repurchased its own shares in accordance with the circumstances (1) to (6) set out above, the shares so repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (1) above), or shall be transferred or canceled within six months (under the circumstances set out in (2) and (4) above). If the Company repurchases its shares under the circumstances set out in (3), (5) and (6) above, the total number of shares held by the Company shall not exceed ten percent of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

Subject to the approval by the relevant competent authorities of the State, the Company may repurchase its shares in one of the following ways:

(1) open centralized trading;

(2) other ways recognized by laws, administrative regulations, the CSRC and other stock exchanges of the place where the Company's shares are listed, and shall comply with the provisions of applicable laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.

If the share repurchase is made under the circumstances stipulated in (3), (5) or (6) above, it shall be conducted by way of open centralized trading.

Transfer of Shares

Shares of the Company held by the founders shall not be transferred within one year from the date of incorporation of the Company. Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which shares of the Company are listed and traded on the stock exchange.

The Directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferable by them during each year of their tenures shall not exceed 25% of their total holdings of shares in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer of overseas listed shares, such rules shall prevail.

All transfers of H Shares shall be effected by instruments of transfer in writing in a general or common form or in any other form acceptable to the Board of Directors, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time. The instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) stamped with the corporation's chop. If the transferor or transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its nominee, the instruments of transfer may be signed by hand or in a machine imprinted format. All instruments of transfer shall be deposited with the legal address of the Company or such places as the Board of Directors may designate from time to time.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

Shareholders

The Company shall establish a register of Shareholders based on the certificates provided by the securities registration authority and the register of Shareholders is sufficient evidence to prove that the Shareholders hold the shares of the Company.

The original register of Shareholders of H shares listed in Hong Kong is kept in Hong Kong and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed. In the event that any Shareholder whose name is recorded in or any person who requests to have its name entered in the register of holders of H Shares loses his/her share certificate(s), he/she may apply to the Company for replacement of new share certificate(s) in respect thereof. Where a holder of overseas-listed foreign shares loses his/her share certificate(s) and applies for replacement, such application shall be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original copy of the register of shareholders of overseas-listed foreign shares is maintained. Shareholders shall enjoy rights and assume obligations according to the class and number of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Shareholders of the Company enjoy the following rights:

(1) to receive dividends and other forms of interest distributions in proportion to the shares they hold;

(2) to file a petition of, to convene, hold and attend the Shareholders' general meetings either in person or by proxy and exercise their corresponding voting right according to laws;

(3) to supervise, present suggestions on or make inquiries about the business operations of the Company;

(4) to transfer, donate or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;

(5) to inspect the Articles of Association, register of Shareholders, counterfoils of corporate bonds, minutes of Shareholders' general meetings, resolutions of the Board meetings, financial and accounting reports;

(6) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;

(7) to request the Company to purchase their shares for the Shareholders who object to the Company's resolution on merger or division made by the Shareholders' general meetings; and

(8) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the Articles of Association or securities regulatory rules of the place where the Company's shares are listed.

In the event that any resolution of the Shareholders' general meeting or resolution of the Board of Directors violates laws or administrative regulations, the Shareholder is entitled to request the People's Court to deem it as invalid (H Shareholders shall apply to Dispute Resolution Rules of Articles of Association).

In the event that the convening procedure or voting method of the Shareholders' general meeting or the Board meeting violates any of laws, administrative regulations or the Articles of Association, or any resolution of which violates the Articles of Association, the Shareholder is entitled to request the People's Court to overturn the resolution within 60 days upon the resolution was adopted (H Shareholders shall apply to Dispute Resolution Rules of Articles of Association).

Shareholders of the Company shall assume the following obligations:

(1) to abide by the laws, administrative regulations and the Articles of Association;

(2) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(3) not to withdraw the shares unless required by the laws and administrative regulations;

(4) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardize the interests of any creditors of the Company; Where any shareholder of the Company abuses the shareholders' rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages according to laws. Where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability of shareholders for the purposes of evading debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

(5) to keep business secrets of the Company;

(6) other obligations imposed by the laws, administrative regulations and the Articles of Association.

General Provisions for Shareholders' General Meetings

The Shareholders' general meeting is the organ of authority of the Company, which exercises its powers in accordance with the PRC Company Law.

(1) to elect and replace the Directors who are not staff representatives and to decide on matters relating to the remuneration of Directors;

(2) to examine and approve reports of the Board of Directors;

(3) to examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(4) to resolve on any increase or decrease of the Company's registered capital;

(5) to resolve on the issue of corporate bonds by the Company;

(6) to resolve on the merger, division, spin-off, dissolution and liquidation or change of corporate form of the Company;

(7) to amend the Articles of Association;

(8) to resolve on appointment and dismissal of an accounting firm undertaking the auditing business of the Company;

(9) to examine and approve the provision of guarantees stipulated in the Article 46 of the Articles of Association;

(10) to examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;

(11) to examine and approve matters relating to changes in the use of proceeds;

(12) to examine the equity incentive plans and employee stock ownership plans;

(13) to examine other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, which shall be decided by the Shareholders' general meeting.

The following provision of guarantees to third parties by the Company are subject to the consideration and approval by the Shareholders' general meeting:

(1) a single guarantee that exceeds 10% of the Company's latest audited net assets;

(2) any guarantee provided after the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries has exceeded 50% of the Company's latest audited net assets;

(3) a guarantee provided to a party with an asset-liability ratio of over 70% as shown in its latest financial statement;

(4) the cumulative guarantee amount in the last 12 months has exceeded 50% of the Company's latest audited net assets and the absolute value has exceeded RMB50 million;

(5) the cumulative guarantee amount in the last 12 months has exceeded 30% of the Company's latest audited total assets;

(6) the guarantee to be provided to shareholders, beneficial controllers and their related parties;

(7) other guarantees required by the laws and these Articles of Association that shall be considered by the Shareholders' general meeting;

(8) other guarantees required by the laws, administrative regulations, rules, securities regulatory rules of the place where the Company's shares are listed or other regulatory documents that shall be considered by the Shareholders' general meeting.

The guarantee in item (5) of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

Where a director, general manager, other senior management or other personnel of the Company fails to perform the procedures for reviewing guarantees to third parties as required and signs a guarantee contract without authorization, the parties concerned shall be held accountable.

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting is convened once a year and shall be held within six months after the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(1) where the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;

(2) where the losses of the Company that have not been made up reach one-third of its total paid in share capital;

(3) where it is requested by a shareholder alone or shareholders together holding more than 10 percent of the Company's shares;

(4) the Board of Directors considers it necessary;

(5) the audit committee proposes that such a meeting shall be held;

(6) other circumstances conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Convening of Shareholders' General Meetings

Shareholders requesting to convene an extraordinary general meeting shall follow the procedures as follows:

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within 10 days after receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the audit committee to hold an extraordinary general meeting, and shall make a written request to the audit committee.

Where the audit committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

Where the audit committee fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the audit committee has not convened and presided over the general meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over it on their own.

Where the audit committee or shareholders decide to convene a Shareholders' general meeting by themselves, they shall notify the Board of Directors in writing and file with the Agency of CSRC where the company is located and the SZSE at the same time.

Prior to the announcement of the resolution of the Shareholders' general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%.

The audit committee or the convening shareholders shall submit relevant supporting materials to the SZSE when issuing the notice of the general meeting and the announcement of the resolutions of the Shareholders' general meeting.

The expenses necessary for the Shareholders' general meeting convened by the audit committee or the shareholders themselves shall be borne by the Company.

The Shareholders' general meeting shall be chaired by the chairman. When the chairman is unable to perform his duties or fails to perform his duties, the chairman shall be presided over by a director jointly elected by more than half of the directors.

Notice of Shareholders' General Meeting

The convener shall notify all Shareholders by way of announcement 21 days prior to the convening of the annual general meeting, and each Shareholder shall be notified by way of announcement 15 days prior to the convening of the extraordinary general meeting.

The notice of a Shareholders' general meeting shall include the following:

(1) the time, place and duration of the meeting;

(2) matters and proposals submitted to the meeting for consideration;

(3) in plain language: all Shareholders have the right to attend the general meeting of shareholders, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;

(4) the shareholding registration date of the Shareholders entitled to attend the general meeting;

(5) name and telephone number of the permanent contact person for conference affairs;

(6) voting time and voting procedures on the Internet or in other ways.

The notice and supplementary notice of the Shareholders' general meeting shall fully and completely disclose all the specific contents of all proposals. Where an independent non-executive director is required to express opinions on matters to be discussed, the opinions and reasons of the independent non-executive directors shall be disclosed at the same time when the notice of Shareholders' general meeting and the supplementary notice are issued.

Proposals at Shareholders' General Meetings

The Board of Directors, the audit committee and Shareholders who individually or jointly hold more than 1% of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the shares of the Company may submit an interim proposal in writing to the convener 10 days prior to the convening of the Shareholders' general meeting.

The convener shall issue a supplementary notice of the Shareholders' general meeting within 2 days after receiving the proposal, and announce the contents of the interim proposal. Where the Shareholders' general meeting is postponed in accordance with the requirements of the securities regulatory rules of the place where the Company's shares are listed due to the issuance of a supplementary notice of the Shareholders' general meeting, the convening of the Shareholders' general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Proxy for the Shareholders' General Meeting

A shareholder may attend and vote at the shareholders' general meeting in person or by proxy.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or proof of shareholding. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the written proxy statement legally issued by the legal representative of the legal person shareholder, except for shareholders who are a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the company are listed (hereinafter referred to as the "Recognized Clearing House") or its proxy.

If the shareholder is a Recognized Clearing House, the Recognized Clearing House may authorize one or more persons it deems fit to act as its proxy at any general meeting or any meeting of creditors; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may act on behalf of the Recognized Clearing House (or its proxies) (no shareholding voucher, notarized authorization and/or further evidence to the duly authorization is required) as if such person were an individual shareholder of the Company.

If the power of attorney is signed by another person authorized by the principal, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document, together with the instrument appointing the voting proxy, shall be deposited at the domicile of the Company or at such other place as specified in the notice of the meeting.

If the principal is a legal person, its legal representative or the person authorized by a resolution of the Board or other decision-making body shall attend the shareholders' general meeting of the Company as the representative of such legal person.

The power of attorney issued by a shareholder to appoint another person to attend a general meeting shall contain the following particulars:

(1) the name of the principal and the class and number of shares of the Company held by him/her;

(2) name of the proxies;

(3) the specific instructions of the Shareholder, including instructions to vote for, against or abstain from voting on each of the items in the agenda of the Shareholders' general meeting;

(4) the signing date and the effective period of the power of attorney;

(5) signature (or seal) of the principal. Where the principal is a corporate Shareholder or a partnership Shareholder, it shall be affixed with the seal of the corporation or partnership, or signed by a duly authorized person.

Voting at the Shareholders' General Meeting

Resolutions at shareholders' general meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution at a shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' general meeting (including proxies).

A special resolution at a shareholders' general meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting (including proxies).

Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote. On a poll, Shareholders (including proxies) with two or more votes need not use all their voting rights in the same way.

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the shareholders' general meeting.

Where material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. And the separate votes counting results shall be disclosed publicly in a timely manner.

Where a related party transaction is considered at a shareholders' general meeting, the interested shareholder(s) shall abstain from voting, and the voting shares held by the interested shareholder(s) shall not be counted in the total number of voting shares. The announcement on the resolutions of the shareholders' general meeting shall fully disclose the voting of the non-interested shareholders.

The Board of Directors, independent non-executive Directors, shareholders holding more than one per cent of the shares with voting rights or investor protection agencies established in accordance with laws, administrative regulations or the provisions of the CSRC may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall provide full disclosure of information such as specific voting intentions to the solicited person. The solicitation of shareholders' voting rights by way of remuneration or disguised remuneration is prohibited. Except for statutory conditions, the Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

The following matters shall be passed by ordinary resolutions at the shareholders' general meeting:

(1) work reports of the Board of Directors;

(2) plans for the distribution of profits and for recovery of losses proposed by the Board;

(3) appointment and dismissal of members of the Board of Directors, as well as their remuneration and payment methods;

(4) any other matters other than those shall be passed by special resolutions as required by laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors of the Company may include executive Directors, non-executive Directors and independent non-executive Directors. Non-executive Directors refer to Directors who do not hold management positions in the Company. The qualification, nomination, election procedures and powers of independent non-executive Directors and other related matters shall be implemented in accordance with laws and relevant requirements of the CSRC and the stock exchange of the place of listing.

Directors shall be elected or replaced at a shareholders' general meeting, and can be removed by a shareholders' general meeting before the expiry of the term of office. Directors' term of office shall be three years, and upon expiry of the term of office, the Director may be re-elected in accordance with securities regulatory rules of the place where the Company's shares are listed.

The term of office of a Director shall be from the date of appointment to the expiry of term of office of the current Board. Where re-election is not promptly carried out upon expiry of the term of office of a Director, prior to appointment of a new Director, the original Director shall continue to carry out director duties pursuant to the provisions of laws, administrative regulations, ministry rules and the Articles of Association.

The general manager or any other senior management may hold the position of Director concurrently, but the aggregate number of Directors who hold the position of general manager or any other senior management position concurrently shall not exceed half of the total number of Directors of the Company.

A Director may resign prior to expiry of his/her term of office. A resigning Director shall submit a written resignation report to the Board of Directors. The Board of Directors shall disclose the relevant information within two days.

Where the resignation of the Director will render the number of Directors to fall below the statutory quorum or absence of accounting professional among the independent non-executive Directors, the original Director shall continue to perform director duties pursuant to the provisions of laws, administrative regulations, ministry rules and the Articles of Association prior to appointment of his/her replacement. The resignation of the Director shall take effect upon the election of a Director in place of the leaving Director.

Chairman

The Board of Directors shall appoint a Chairman. The Chairman shall be elected by more than one half of all Directors.

The Chairman shall exercise the following functions and powers:

(I) to preside over shareholders' general meetings and to convene and to preside over Board meetings;

(II) to supervise and inspect the implementation of Board resolutions;

(III) to exercise the functions and powers as a legal representative;

(IV) to sign the Company's share certificates, corporate bonds and other marketable securities;

(V) to sign the documents of the Board and other documents which shall be signed by the legal representative of the Company;

(VI) in case of emergency of catastrophic natural disasters and other force majeure, to exercise the special right of disposal that is in line with the requirements of laws and interests of the Company on the matters of the Company, and report to the Board and the shareholders' general meeting afterwards; and

(VII) to exercise other functions and powers conferred by the Board.

Where the Chairman is unable or fails to perform his/her duties, more than one half of the Directors shall elect a Director to discharge such duties.

Board of Directors

The Company shall establish a Board of Directors, which shall comprise nine Directors. The Board of Directors has one Chairman.

The Board of Directors shall be accountable to the shareholders' general meetings and shall exercise the following functions and powers:

(I) to convene shareholders' general meetings, and submit work reports to shareholders' general meetings;

(II) to implement the resolutions of shareholders' general meetings;

(III) to resolve on the Company's operation plans and investment plans;

(IV) to formulate the Company' annual financial budgets and final accounting plans;

(V) to formulate the Company's profit distribution plan and plan for making up of losses;

(VI) to formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;

(VII) to formulate the Company's plans for significant acquisition, acquisition of the Company's shares or merger, division, dissolution and change of company form;

(VIII) to decide, within the scope of the mandate granted by a shareholders' general meeting, on the Company's external investments, acquisition and sale of assets, mortgage of assets, external guarantees, entrusted wealth management, related party transactions, external donations, etc.;

(IX) to decide on the establishment of the Company's internal management organisations;

(X) to decide on the appointment or dismissal of the general manager, secretary to the Board and other senior management members of the Company, and to decide on their remunerations, incentives and penalties; to decide on the appointment or dismissal of senior management members such as the deputy general manager or person-in-charge of finance of the Company based on the nominations by the general manager, and to decide on their remunerations, incentives and penalties;

(XI) to formulate the basic management system of the Company;

(XII) to formulate the proposals for any amendment to the Articles of Association;

(XIII) to manage information disclosure of the Company;

(XIV) to propose to a shareholders' general meeting on appointment or change of the accounting firms which provide audit services to the Company;

(XV) to listen to work reports of the general manager of the Company and inspect his/her work; and

(XVI) subject to compliance with securities regulatory rules of the place where the Company's shares are listed, to decide on the acquisition of the Company's shares due to circumstances including employee stock ownership plan or equity incentive, conversion of convertible corporate bonds, or where it is necessary for the Company to maintain its value and protect the interests of the shareholders;

(XVII) Examine and approve the company's environmental, social and corporate governance (ESG) strategy, vision and objectives, and monitor the company's ESG performance and progress towards related objectives;

(XVIII) any other functions and powers stipulated by laws, administrative regulations, ministry rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Matters beyond the scope of authorization of the shareholders' general meeting shall be submitted to the shareholders' general meeting for consideration.

Meetings of the Board of Directors shall be classified into regular meetings and extraordinary meetings. The Board of Directors shall convene at least four meetings every year and the Chairman shall convene the Board meetings. A written notice of a regular meeting of the Board of Directors shall be served 14 days before the meeting on all Directors.

Any shareholder(s) holding 1/10 or more of the voting rights, one-third or more of the Directors or the audit committee may propose the holding of an extraordinary meeting of the Board. The Chairman shall convene and preside over a Board meeting within 10 days from receipt of such proposal.

The notice of an extraordinary meeting of the Board shall be served by telephone and written notice (including personal delivery, post, fax and e-mail or any other manner approved by the Board of Directors). Notice of the meeting shall be served on all Directors five days before the date of the meeting. In case of an emergency, with the unanimous consent of all Directors, the convening of an extraordinary meeting of the Board may not be limited by the aforementioned notice period, but this shall be recorded in the minutes of the Board meeting and signed by all the Directors in attendance.

The Board meeting shall be held upon the attendance of more than half of Directors. Resolutions made by the Board of Directors must be passed by more than half of all Directors of the Company. But the decision of the company to provide external guarantees and financial assistance shall also be agreed and made by more than two-thirds of the directors present at the meeting of the board of directors.

Voting on the resolutions of the Board of Directors shall be conducted on a one-person-one-vote basis.

If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the shareholders' general meeting for consideration. If there are any additional restrictions on Directors' participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

Directors shall attend Board meetings in person. If any Director cannot attend the meeting for any reason, he/she may authorize in writing another Director to act on his/her behalf. The power of attorney shall set out the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the appointing Director. The appointed Director who attends the meeting shall exercise the Director's duties within the scope of authorization. If a Director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, he/she shall be deemed to have waived the voting rights at the meeting.

Special Committees under the Board

The Company has established the audit committee, the remuneration and appraisal committee, the nomination committee, the strategy and ESG committee.

The special committees shall be responsible to the Board of Directors, and perform their duties according to the Articles of Association and the authorization granted by the Board of Directors. The proposals shall be submitted to the Board of Directors for consideration and approval. All members of the special committees are composed of Directors, among which the number of independent non-executive Directors shall be the majority of the audit committee,

remuneration and appraisal committee and nomination committee, and they shall act as the chairman of the committees. The chairman of the audit committee shall be an accounting professional. The Board of Directors is responsible for formulating the working procedures of the special committees and regulating their operations.

Secretary to the Board

The Company shall have a secretary to the Board, and shall be responsible for the preparation of the shareholders' general meeting and Board meeting, document keeping and management of information regarding the shareholders of the Company and other matters, and shall deal with information disclosure and other matters.

The secretary to the Board shall comply with the relevant provisions of the laws, administrative regulations, departmental rules and the Articles of Association.

General Manager and Other Senior Management Members

The Company shall have one general manager, who shall be appointed or dismissed by the Board. The Company shall have several deputy general managers, one (1) financial officer and several other senior management members recognized by the Board. Their appointment and dismissal are to be nominated by the general manager for approval by the Board.

The general manager, deputy general managers, financial officer, secretary to the Board of Directors and other senior management members recognized by the Board are senior management members of the Company. A Director may serve concurrently as the general manager, deputy general manager, financial officer or other member of the senior management.

The term of office of the general manager and other member of the senior management shall be three (3) years, renewable upon re-appointment.

The general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

(I) to be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;

(II) to organize and implement the Company's annual business plan and investment proposals;

(III) to draft plans for the establishment of the Company's internal management organizations;

(IV) to draft the Company's basic management system;

(V) to formulate specific rules and regulations for the Company;

(VI) to propose to the Board of Directors on the appointment or dismissal of deputy general manager and financial officer of the Company;

(VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(VIII) other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board of Directors.

Senior management members shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior management member causes damage to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with laws.

QUALIFICATIONS AND RESPONSIBILITIES OF DIRECTORS

A person may not serve as a Director of the Company in any of the following circumstances:

(1) having no capacity for civil conducts or limited capacity for civil conducts;

(2) having been sentenced to criminal penalty for corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the socialist market economy, where less than 5 years have lapsed following the date of completion of such sentence, or having been deprived of political rights as a result of any criminal offenses, where less than 5 years have lapsed following the expiration of the execution period; or, where a suspended sentence has been pronounced, less than 2 years have lapsed following the expiration of the probation period;

(3) where he/she is a director, factory manager or president of a company or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, and less than three years have lapsed following the date of the completion of the insolvency and liquidation of such company or enterprise;

(4) where he/she is a legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the laws and has incurred personal liability, and less than three years have lapsed following the date of the revocation of such business license;

(5) having a relatively large amount of debt due and outstanding, and being listed as a dishonest judgment debtor by a People's Court;

(6) having been subject to a securities market ban imposed by the CSRC, with the term yet to be expired;

(7) having been publicly determined by the stock exchange as unfit to serve as a director or supervisor of listed companies, with the term yet to be expired;

(8) any other circumstances stipulated by laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed or departmental rules.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC. The Company shall adopt the Gregorian calendar year for its fiscal year, i.e. the fiscal year shall be from January 1 to December 31.

The Company shall submit and disclose its annual reports to the CSRC and the stock exchange in the place where the Company's shares are listed within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange in the place where the Company's shares are listed within two months from the end of the first half of each fiscal year.

The aforesaid annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchange in the place where the Company's shares are listed.

The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

The Company is required to allocate 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital, but capital reserve fund shall not be used for making up the Company's losses.

When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

The Company shall appoint one or more collection agents for H shareholders in Hong Kong. The collection agents shall collect on behalf of the relevant H shareholders the dividends distributed and other funds payable by the Company in respect of the H shares, and hold such monies in their custody pending payment to the H shareholders concerned. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

INTERNAL AUDIT

The Company has implemented an internal audit system and established the internal audit department equipped with full-time auditors to conduct internal audit and supervision on the Company's financial revenues and expenditures and economic activities.

The internal audit system of the Company and the duties of the auditors shall be implemented upon approval by the Board. The person in charge of audit shall be accountable and report to the Board.

APPOINTMENT OF ACCOUNTING FIRM

The Company shall appoint such accounting firm which has complied with the Securities Law for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is one (1) year and can be re-appointed.

The appointment of accounting firm by the Company shall be subject to the approval of the shareholders' general meetings. The Board of Directors may not appoint accounting firm before the approval of the shareholders' general meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The audit fees of an accounting firm shall be determined at the shareholders' general meeting.

If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm thirty (30) days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the shareholders' general meeting.

Where the accounting firm resigns its office, it shall make clear to the shareholders' general meeting whether or not there are irregularities in the Company.

SETTLEMENT OF DISPUTES

The Company shall comply with the following principles for settlement of disputes:

(I) For all disputes or claims in connection with the Company's affairs arising between the shareholders of H shares and the Company, between the shareholders of H shares and the Directors, Supervisors, general manager and senior management of the Company with respect to the rights and obligations specified in these Article of Associations, the Company Law, and other pertinent laws and administrative regulations, the parties concerned shall submit such disputes or claims for settlement by arbitration.

When submitted for arbitration, the above disputes or claims shall be the entirety of the claims or entirety of the disputes. All persons with cause of action for the same origin of particulars or all necessary participants to such disputes or claims, if they are the Company or the shareholders, Directors, Supervisors, general manager or senior management of the Company, shall obey the arbitration.

Disputes concerning the definition of shareholders and the register of shareholders are not required to be settled by arbitration.

(II) Arbitration applicants may select China International Economic and Trade Arbitration Commission to carry out the arbitration in accordance with its arbitration rules or choose Hong Kong International Arbitration Center to carry out the arbitration in accordance with its securities arbitration rules. After an arbitration applicant submit a dispute or claim for arbitration, the other party must accept arbitration at the arbitration organization chosen by the applicant.

If an arbitration applicant chooses Hong Kong International Arbitration Center for arbitration, either party to such dispute or claim may require arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of Hong Kong International Arbitration Centre.

(III) The arbitration proceedings in connection with any dispute or claim specified in item (I) shall be governed by the laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Chinese Taiwan), unless otherwise specified in laws and administrative regulations.

(IV) The arbitration award issued by the arbitration institution shall be final and binding upon each party to the dispute or claim.

1. FURTHER INFORMATION ABOUT OUR GROUP

A. Incorporation

Our Company (previously known as "Shenzhen Longsys Electronics Company Limited (深圳市江波龍電子有限公司)") was incorporated on April 27, 1999 under the PRC Company Law. On September 30, 2018, our Company was converted to a joint stock company with limited liability and was renamed as Shenzhen Longsys Electronics Co., Ltd. (深圳市江波龍電子股份有限公司). Since August 5, 2022, our A Shares have been listed on the Shenzhen Stock Exchange with the stock code of 301308.

Our registered address is located at Units 2001, 2201, 2301, B Tower, Horoy Qianhai Finance Centre Phase II, No. 5059, Tinghai Avenue, Nanshan Street, Shenzhen-Hong Kong Cooperation Zone, Qianhai, Shenzhen, China. We were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on July 9, 2026, and our principal place of business in Hong Kong is at 7/F, No B, Ever Gain Centre, 28 On Muk Street, Shatin, New Territories, Hong Kong. Mr. Cai Huabo (蔡華波先生) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company was established in PRC, its operations are subject to the relevant laws and regulations of Chinese Mainland. A summary of the relevant aspects of laws and regulations of Chinese Mainland and the Articles of Association is set out in Appendices IV and V to this document, respectively.

B. Changes in Share Capital of Our Company

Save as disclosed below, there has been no alteration in our share capital within two years immediately preceding the date of this document.

On May 26, 2025, the total issued share capital of the Company was increased from 415,981,564 Shares to 419,145,267 Shares pursuant to the 2023 Restricted Share Incentive Scheme.

On May 18, 2026, the total issued share capital of the Company was increased from 419,145,267 Shares to 423,061,007 Shares pursuant to the 2023 Restricted Share Incentive Scheme.

On August 17, 2026, the total issued share capital of the Company was increased from 423,061,007 Shares to 429,668,149 Shares pursuant to the completion of the 2025 A Shares Issuance.

C. Changes in the Share Capital of Our Subsidiaries

(i) Wisemem Microelectronics (Shanghai) Co., Ltd* (慧憶微電子(上海)有限公司)

The registered capital of Wisemem Microelectronics (Shanghai) Co., Ltd* (慧憶微電子(上海)有限公司) was increased from RMB100,000,000 to RMB143,000,000 on May 6, 2025.

(ii) Shanghai Longmem Microelectronics Technology Co., Limited* (上海元銘芯微電子技術有限公司)

The registered capital of Shanghai Longmem Microelectronics Technology Co., Limited* (上海元銘芯微電子技術有限公司) was increased from RMB200,000,000 to RMB286,000,000 on April 2, 2026.

Save as disclosed above, there has been no alteration in share capital of our subsidiaries within two years immediately preceding the date of this prospectus.

D. Resolutions Passed by Our Shareholders' General Meeting of Our Company in relation to the Global Offering

Pursuant to the shareholders' meeting held on January 3, 2025, the following resolutions, among others, were duly passed:

(a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be listed on the Hong Kong Stock Exchange;

(b) the number of H Shares to be issued before the exercise of the Over-allotment Option shall not exceed 20% of the enlarged share capital of our Company upon completion of the Global Offering and granting the Underwriters the Over-allotment Option of no more than 15% of the above number of H Shares to be issued;

(c) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association, which shall become effective on Listing Date; and

(d) authorization of the Board and its authorized person to handle relevant matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, Transsion International Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Citigroup Global Markets Asia Limited, pursuant to which

Transsion International Limited agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$25,000,000 in accordance with the terms of the cornerstone investment agreement;

(b) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, YuFeng Financial Group Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Citigroup Global Markets Asia Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which YuFeng Financial Group Limited agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000 in accordance with the terms of the cornerstone investment agreement;

(c) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, YuFeng Project 1 Limited Partnership Fund, CITIC Securities (Hong Kong) Limited, CLSA Limited and Citigroup Global Markets Asia Limited, pursuant to which YuFeng Project 1 Limited Partnership Fund agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000 in accordance with the terms of the cornerstone investment agreement;

(d) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, CITIC Securities Asset Management (HK) Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Citigroup Global Markets Asia Limited, pursuant to which CITIC Securities Asset Management (HK) Limited agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of HK$150,000,000 in accordance with the terms of the cornerstone investment agreement;

(e) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, Admiralty Harbour Growth Opportunities SPC (acting solely for the account and on behalf of Admiralty Harbour Growth Opportunities SPC-SP1), CITIC Securities (Hong Kong) Limited, CLSA Limited and Citigroup Global Markets Asia Limited, pursuant to which Admiralty Harbour Growth Opportunities SPC-SP1 agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$12,750,000 in accordance with the terms of the cornerstone investment agreement;

(f) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, Lenovo Group Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Citigroup Global Markets Asia Limited, pursuant to which Lenovo Group Limited agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000 in accordance with the terms of the cornerstone investment agreement;

(g) a cornerstone investment agreement dated August 26, 2026 entered into among the Company, Lens Technology (HK) Co., Limited (藍思科技(香港)有限公司), CITIC Securities (Hong Kong) Limited, CLSA Limited and Citigroup Global Markets Asia Limited, pursuant to which Lens Technology (HK) Co., Limited (藍思科技(香港)有限公司) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000 in accordance with the terms of the cornerstone investment agreement;

(h) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, Ingenic Semiconductor (HongKong) Group Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Citigroup Global Markets Asia Limited, pursuant to which Ingenic Semiconductor (HongKong) Group Limited agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000 in accordance with the terms of the cornerstone investment agreement;

(i) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, Ju Yuen (Hong Kong) International Limited (巨源(香港)國際有限公司), CITIC Securities (Hong Kong) Limited, CLSA Limited, Citigroup Global Markets Asia Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which Ju Yuen (Hong Kong) International Limited (巨源(香港)國際有限公司) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000 in accordance with the terms of the cornerstone investment agreement;

(j) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, Colorful Technology Company Limited (七彩虹科技有限公司), CITIC Securities (Hong Kong) Limited, CLSA Limited, Citigroup Global Markets Asia Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which Colorful Technology Company Limited (七彩虹科技有限公司) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of HK$75,000,000 in accordance with the terms of the cornerstone investment agreement;

(k) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, HOSIN Global (HK) Electronics Co., Limited (宏芯宇電子有限公司), CITIC Securities (Hong Kong) Limited, CLSA Limited, Citigroup Global Markets Asia Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which HOSIN Global (HK) Electronics Co., Limited (宏芯宇電子有限公司) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of HK$56,000,000 in accordance with the terms of the cornerstone investment agreement;

(l) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, Huadeng Tech Bright Investment Ltd, CITIC Securities (Hong Kong) Limited, CLSA Limited and Citigroup Global Markets Asia Limited, pursuant to which Huadeng Tech Bright Investment Ltd agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000 in accordance with the terms of the cornerstone investment agreement;

(m) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, Wind Sabre Fund SPC (acting on behalf and for the account of Wind Sabre Opportunities Fund SP) ("**WSOF**"), CITIC Securities (Hong Kong) Limited, CLSA Limited and Citigroup Global Markets Asia Limited, pursuant to which WSOF agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000 in accordance with the terms of the cornerstone investment agreement;

(n) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, CQTech Limited (香港常青科技有限公司), CITIC Securities (Hong Kong) Limited, CLSA Limited and Citigroup Global Markets Asia Limited, pursuant to which CQTech Limited (香港常青科技有限公司) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000 in accordance with the terms of the cornerstone investment agreement;

(o) a cornerstone investment agreement dated August 27, 2026 entered into among the Company, SDMC Technology (Hong Kong) Limited (華曦達科技（香港）有限公司), CITIC Securities (Hong Kong) Limited, CLSA Limited, Citigroup Global Markets Asia Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which SDMC Technology (Hong Kong) Limited (華曦達科技（香港）有限公司) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of HK$20,000,000 in accordance with the terms of the cornerstone investment agreement;

(p) the Hong Kong Underwriting Agreement;

(q) a subscription agreement dated July 2, 2026 entered into between the Company and Zhong Ge (鍾革), pursuant to which Zhong Ge (鍾革) agreed to subscribe for A shares of the Company in the aggregate amount of RMB149,999,920 in accordance with the terms of the subscription agreement;

(r) a subscription agreement dated July 3, 2026 entered into between the Company and Oriental Alpha Fund Management Co., Ltd. (東方阿爾法基金管理有限公司), pursuant to which Oriental Alpha Fund Management Co., Ltd. (東方阿爾法基金管理有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB149,999,920 in accordance with the terms of the subscription agreement;

(s) a subscription agreement dated July 3, 2026 entered into between the Company and China Asset Management Co., Ltd. (華夏基金管理有限公司) (on behalf of its managed portfolios), pursuant to which China Asset Management Co., Ltd. (華夏基金管理有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB113,999,760 in accordance with the terms of the subscription agreement;

(t) a subscription agreement dated July 3, 2026 entered into between the Company and Guotai Asset Management Co., Ltd. (國泰基金管理有限公司), pursuant to which Guotai Asset Management Co., Ltd. (國泰基金管理有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB99,999,760 in accordance with the terms of the subscription agreement;

(u) a subscription agreement dated July 3, 2026 entered into between the Company and Zhang Xu (張旭), pursuant to which Zhang Xu (張旭) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB99,999,760 in accordance with the terms of the subscription agreement;

(v) a subscription agreement dated July 3, 2026 entered into between the Company and Huang Haihua (黃海華), pursuant to which Huang Haihua (黃海華) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB99,999,760 in accordance with the terms of the subscription agreement;

(w) a subscription agreement dated July 3, 2026 entered into between the Company and Zhao Qixiang (趙啟祥), pursuant to which Zhao Qixiang (趙啟祥) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB295,000,000 in accordance with the terms of the subscription agreement;

(x) a subscription agreement dated July 3, 2026 entered into between the Company and Sungrow Power Supply (Sanya) Co., Ltd. (陽光電源(三亞)有限公司), pursuant to which Sungrow Power Supply (Sanya) Co., Ltd. (陽光電源(三亞)有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB99,999,760 in accordance with the terms of the subscription agreement;

(y) a subscription agreement dated July 3, 2026 entered into between the Company and Yang Xiaobin (楊曉斌), pursuant to which Yang Xiaobin (楊曉斌) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB99,999,760 in accordance with the terms of the subscription agreement;

(z) a subscription agreement dated July 3, 2026 entered into between the Company and SigmaStar Technology Ltd. (星宸科技股份有限公司), pursuant to which SigmaStar Technology Ltd. (星宸科技股份有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB99,999,760 in accordance with the terms of the subscription agreement;

(aa) a subscription agreement dated July 3, 2026 entered into between the Company and Morgan Stanley & Co. International plc (摩根士丹利國際股份有限公司), pursuant to which Morgan Stanley & Co. International plc (摩根士丹利國際股份有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB99,999,760 in accordance with the terms of the subscription agreement;

(ab) a subscription agreement dated July 3, 2026 entered into between the Company and He Wei (賀偉), pursuant to which He Wei (賀偉) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB299,999,840 in accordance with the terms of the subscription agreement;

(ac) a subscription agreement dated July 3, 2026 entered into between the Company and Fujian Yinfeng Venture Capital Co., Ltd. (福建銀豐創業投資有限責任公司), pursuant to which Fujian Yinfeng Venture Capital Co., Ltd. (福建銀豐創業投資有限責任公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB99,999,760 in accordance with the terms of the subscription agreement;

(ad) a subscription agreement dated July 3, 2026 entered into between the Company and Nord Fund Management Co., Ltd. (諾德基金管理有限公司), pursuant to which Nord Fund Management Co., Ltd. (諾德基金管理有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB221,399,920 in accordance with the terms of the subscription agreement;

(ae) a subscription agreement dated July 3, 2026 entered into between the Company and Wang Weimin (王偉民), pursuant to which Wang Weimin (王偉民) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB149,999,920 in accordance with the terms of the subscription agreement;

(af) a subscription agreement dated July 3, 2026 entered into between the Company and Xu Limin (許利民), pursuant to which Xu Limin (許利民) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB20,703,760 in accordance with the terms of the subscription agreement;

(ag) a subscription agreement dated July 6, 2026 entered into between the Company and E Fund Management Co., Ltd. (易方達基金管理有限公司), pursuant to which E Fund Management Co., Ltd. (易方達基金管理有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB530,499,760 in accordance with the terms of the subscription agreement;

(ah) a subscription agreement dated July 6, 2026 entered into between the Company and Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司), pursuant to which Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB99,999,760 in accordance with the terms of the subscription agreement;

(ai) a subscription agreement dated July 6, 2026 entered into between the Company and China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司), pursuant to which China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB200,699,520 in accordance with the terms of the subscription agreement;

(aj) a subscription agreement dated July 6, 2026 entered into between the Company and Caitong Fund Management Co., Ltd. (財通基金管理有限公司), pursuant to which Caitong Fund Management Co., Ltd. (財通基金管理有限公司) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB247,699,760 in accordance with the terms of the subscription agreement; and

(ak) a subscription agreement dated July 2, 2026 entered into between the Company and Jin Changjiang (金長江), pursuant to which Jin Changjiang (金長江) agreed to subscribe for the A shares of the Company in the aggregate amount of RMB399,999,600 in accordance with the terms of the subscription agreement.

B. Our Material Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered owner	Place of registration
1.		The Company	World Intellectual Property Organization, United States, Hong Kong, China
2.	longsys	The Company	World Intellectual Property Organization, United States, Hong Kong, European Union
3.	FORESEE	The Company	Hong Kong, United Kingdom
4.	longsys	The Company	United Kingdom, United States, Hong Kong, European Union, China
5.	江波龙	The Company	World Intellectual Property Organization
6.	Lexar	Longsys Electronics (HK) Co., Limited	Hong Kong, United Kingdom, China
7.	FORESEE	The Company	United States, China
8.	雷克沙	Longsys Electronics (HK) Co., Limited	Hong Kong, China
9.	Lexar	Longsys Electronics (HK) Co., Limited	United States
10.	LEXAR	Longsys Electronics (HK) Co., Limited	United States, Hong Kong, United Kingdom, European Union, China

No.	Trademark	Registered owner	Place of registration
11.	LEXAR	Longsys Electronics (HK) Co., Limited	United Kingdom
12.	longsys	The Company	China
13.	zilia	Zilia Eletrônicos	Brazil

(b) Patents

As of the Latest Practicable Date, we had registered the ownership of the following patents which we consider to be or may be material to our business:

No.	Patent	Patent owner	Patent category	Place of registration
1.	Test method, test system and test carrier of storage device (存儲裝置的測試方法、測試系統及測試載板)	Zhongshan Longsys Electronics Co., Limited	Invention	China
2.	Test method of storage device, test device, test system (存儲裝置的測試方法、測試裝置、測試系統)	Zhongshan Longsys Electronics Co., Limited	Invention	China
3.	Operating frequency adjustment method of the storage controller, storage device and storage medium (存儲控制器的運行頻率調節方法、存儲裝置及存儲介質)	Zhongshan Longsys Electronics Co., Limited	Invention	China

No.	Patent	Patent owner	Patent category	Place of registration
4.	A firmware upgrade method of a storage device, a control device and a storage device (一種存儲裝置的固件升級方法、控制設備及存儲裝置)	Zhongshan Longsys Electronics Co., Limited	Invention	China
5.	A test cradle, control method, test device and storage medium (一種測試座及其控制方法、測試裝置及存儲介質)	Zhongshan Longsys Electronics Co., Limited	Invention	China
6.	A packaging device, preparation method and signal measurement method (一種封裝器件、製備方法及信號測量的方法)	Zhongshan Longsys Electronics Co., Limited	Invention	China
7.	Formatting method of storage device and associated equipment (存儲設備的格式化方法及相關設備)	Shanghai Longsys Digital Technology Co., Limited	Invention	China
8.	Bad block detection method of memory, test equipment and storage media (存儲器的壞塊檢測方法、測試設備及存儲介質)	Shanghai Longsys Digital Technology Co., Limited	Invention	China
9.	Obstacle prediction methods and systems (障礙物預測方法及系統)	Shanghai Longsys Digital Technology Co., Limited	Invention	China
10.	Flash wear number prediction method, device and storage medium (閃存磨損次數預測方法、裝置及存儲介質)	Shanghai Longsys Digital Technology Co., Limited	Invention	China

No.	Patent	Patent owner	Patent category	Place of registration
11.	Bad block detection method, detection device and storage medium of memory chips (存儲芯片的壞塊檢測方法、檢測裝置及存儲介質)	Shanghai Longsys Digital Technology Co., Limited	Invention	China
12.	A search method, terminal and memory medium for optimal readout threshold volts (一種最優讀出閾值電壓的搜索方法、終端及存儲介質)	Shanghai Longsys Digital Technology Co., Limited	Invention	China
13.	Data storage methods, storage devices, and mechanical readable storage devices (數據存儲方法、存儲裝置及計算機可讀存儲裝置)	Shanghai Longsys Digital Technology Co., Limited	Invention	China
14.	Data processing methods, devices, electronic devices and storage media (數據處理方法、裝置、電子設備及存儲介質)	Shanghai Longsys Digital Technology Co., Limited	Invention	China
15.	A digital authorization method, device, terminal device and storage medium (一種數字授權方法、裝置、終端設備及存儲介質)	The Company	Invention	China
16.	A data writing method, storage device, and computer-readable storage medium (一種數據寫入方法、存儲裝置及計算機可讀存儲介質)	Shanghai Longsys Digital Technology Co., Limited	Invention	China

No.	Patent	Patent owner	Patent category	Place of registration
17.	Use reference values to ensure storage device action is valid (使用參考值確保存儲設備動作有效)	Longsys Electronics (HK) Co., Limited	Invention	China
18.	Generation method of storage reread tables, testing devices, and media (存儲裝置重讀表的生成方法、測試裝置以及存儲介質)	Zhongshan Longsys Electronics Co., Limited	Invention	China
19.	A data recovery method and storage device and terminal device (一種數據恢復方法及存儲設備、終端設備)	The Company	Invention	China
20.	Authentication method of storage device and authentication end of storage device (存儲裝置的鑒權方法及存儲裝置、鑒權端)	The Company	Invention	China
21.	Method, device and system for testing and regulating a memory reference current (測試、調節存儲器參考電流的方法、裝置及系統)	The Company	Invention	China
22.	A type of SPI Flash burner (一種SPI Flash燒錄器)	The Company	Invention	China
23.	A chip test circuit and chip test equipment (一種芯片測試電路及芯片測試設備)	The Company	Invention	China

No.	Patent	Patent owner	Patent category	Place of registration
24.	A DRAM voltage control circuit, memory stick and electronic device (一種DRAM的電壓控制電路、內存條及電子設備)	The Company	Invention	China
25.	A memory test system (一種內存測試系統)	The Company	Invention	China
26.	Automatic loading and unloading (自動上下料裝置)	The Company	Invention	China
27.	A method of data operation of a storage device and storage device (一種存儲設備的數據操作方法以及存儲設備)	The Company	Invention	China
28.	Test equipment verification methods, test equipment, verification equipment and storage (測試設備驗證方法、測試設備、驗證設備和存儲裝置)	The Company	Invention	China
29.	A test stand and its life monitoring method (一種測試座及其壽命監控方法)	The Company	Invention	China
30.	A circuit adapter board and test device (一種電路轉接板以及測試裝置)	The Company	Invention	China
31.	A device control method and device for equipment, non-volatile storage medium (一種設備的控制方法及裝置、非易失性存儲介質)	The Company	Invention	China

No.	Patent	Patent owner	Patent category	Place of registration
32.	A multi-bit storage device and electronic device (一種多比特存儲裝置以及電子設備)	The Company	Invention	China
33.	File synchronization methods, servers, clients and storage-capable devices (文件同步方法、服務器、客戶端及具有存儲功能的裝置)	Zhongshan Longsys Electronics Co., Limited	Invention	China
34.	A test method and test device for memory chips (一種存儲芯片的測試方法以及測試裝置)	The Company	Invention	China
35.	System-in-Package Structure and Production Method (系統級封裝結構及生產方法)	The Company	Invention	China
36.	Storage devices and their data writing methods, storage devices (存儲設備及其數據寫入方法、存儲裝置)	Zhongshan Longsys Electronics Co., Limited	Invention	China
37.	A data download method, device and electronic device (一種數據下載的方法、裝置及電子設備)	The Company	Invention	China
38.	An 8+1 stacked chip-package device (一種8+1堆疊式芯片封裝裝置)	Longforce Suzhou	Invention	China
39.	A method, device and electronic device for controlling a storage device (一種控制存儲設備的方法、裝置及電子設備)	The Company	Invention	China

No.	Patent	Patent owner	Patent category	Place of registration
40.	A storage control chip, storage device and adaptive interface method (一種存儲控制芯片、存儲設備及自適應接口方法)	The Company	Invention	China
41.	Access control methods and access control devices for USB mass storage devices (USB大容量存儲設備的訪問控制方法及訪問控制裝置)	The Company	Invention	China
42.	Flash management methods, Flash storage devices and medium-readable membranes (閃存管理方法、閃存存儲設備及計算機可讀存儲介質)	The Company	Invention	China
43.	A test device, system and test method (一種測試裝置、系統及測試方法)	Zhongshan Longsys Electronics Co., Limited	Invention	China
44.	A software debugging method (一種軟件調試方法)	The Company	Invention	China
45.	Data storage method and storage device (數據存儲方法及存儲設備)	Zhongshan Longsys Electronics Co., Limited	Invention	China
46.	A LPDDR chip and compatible design board (一種LPDDR芯片以及兼容設計電路板)	The Company	Invention	China

No.	Patent	Patent owner	Patent category	Place of registration
47.	A method, device, equipment and storage medium for improving the performance of Flash memory (一種提升閃存性能的方法、裝置、設備及存儲介質)	The Company	Invention	China
48.	DRAM test device and method (DRAM測試裝置及方法)	The Company	Invention	China
49.	Error correction methods, equipment, devices, and membracage medium of Flash (閃存的糾錯方法、裝置、設備以及計算機可讀存儲介質)	The Company	Invention	China
50.	A low-power dual in-line memory and enhanced drive method thereof (一種低功耗雙列直插式存儲器及其增強驅動方法)	The Company	Invention	China
51.	A document classification, a method and a device for recalling (一種文件分類、調用的方法及裝置)	Shenzhen Damai Technology Co., Ltd.	Invention	China
52.	A NAS-based data aggregation method, device, terminal apparatus, and storage medium (一種基於NAS的數據聚合方法、裝置、終端設備和存儲介質)	Shenzhen Damai Technology Co., Ltd.	Invention	China

No.	Patent	Patent owner	Patent category	Place of registration
53.	A way to build social connections and Bluetooth devices (一種建立社交關係的方法及藍牙設備)	The Company	Invention	China
54.	NAND Flash data processing method, device and a NAND Flash (NAND Flash 的數據處理方法、裝置和一種NAND Flash)	The Company	Invention	China
55.	Video surveillance data storage methods and apparatus (視頻監控數據存儲方法和裝置)	The Company	Invention	China
56.	AC to DC voltage converter circuit (交流變直流的變壓電路)	The Company	Invention	China
57.	Method and device for repairing disk mount (修復磁盤掛載的方法及裝置)	Shenzhen Damai Technology Co., Ltd.	Invention	China
58.	A type of SSD storage module and SSD (一種固態硬盤存儲模塊及固態硬盤)	Zhongshan Longsys Electronics Co., Limited	Invention	China
59.	Solid State Drive Components and Solid State Drive (固態硬盤組件及固態硬盤)	Zhongshan Longsys Electronics Co., Limited	Invention	China
60.	Solid State Drive Components and Solid State Drive (固態硬盤組件及固態硬盤)	Zhongshan Longsys Electronics Co., Limited	Invention	China

No.	Patent	Patent owner	Patent category	Place of registration
61.	A basic hardware box, an extension hardware box and hardware box components and terminal devices (一種基礎硬件盒、擴展硬件盒及硬件盒組件、終端設備)	Shenzhen Damai Technology Co., Ltd.	Invention	China
62.	Method, processor and storage for update of index table based on network attached store (基於網絡附屬存儲的索引表更新方法、處理器及存儲裝置)	Shenzhen Damai Technology Co., Ltd.	Invention	China
63.	Memory and its mains voltage generating circuit (存儲器及其電源電壓產生電路)	Shanghai Longmem Microelectronics Technology Co., Limited	Invention	China
64.	Charge pump and its clock generation circuit, memory (電荷泵及其時鐘產生電路、存儲器)	Shanghai Longmem Microelectronics Technology Co., Limited	Invention	China
65.	Memory and its bias voltage generation circuit, method (存儲器及其偏置電壓產生電路、方法)	Shanghai Longmem Microelectronics Technology Co., Limited	Invention	China
66.	TL600 EMMC/SD master chip layout (TL600 EMMC/SD 主控芯片布圖)	Wisemem Microelectronics (Shanghai) Co., Ltd.	Integrated Circuit Layout Design	China
67.	F25UXA256M memory chip (F25UXA256M 存儲芯片)	Shanghai Longmem Microelectronics Technology Co., Limited	Integrated Circuit Layout Design	China

No.	Patent	Patent owner	Patent category	Place of registration
68.	Dual voltage SPI interface 2G Nand Flash chip (雙電壓SPI接口2G Nand Flash芯片)	Shanghai Longmem Microelectronics Technology Co., Limited	Integrated Circuit Layout Design	China
69.	Dual voltage SPI interface 1G NAND Flash chip (雙電壓SPI接口1G NAND Flash芯片)	Shanghai Longmem Microelectronics Technology Co., Limited	Integrated Circuit Layout Design	China
70.	FMNS8D032G NAND Flash memory chip (FMNS8D032G Nand Flash存儲芯片)	Shanghai Longmem Microelectronics Technology Co., Limited	Integrated Circuit Layout Design	China
71.	FSNS8B004G Nand Flash memory chip (FSNS8B004G Nand Flash存儲芯片)	Shanghai Longmem Microelectronics Technology Co., Limited	Integrated Circuit Layout Design	China
72.	F35SQA512M Nand Flash memory chip (F35SQA512M Nand Flash存儲芯片)	Shanghai Longmem Microelectronics Technology Co., Limited	Integrated Circuit Layout Design	China
73.	FSNS8A002G Nand Flash memory chip (FSNS8A002G Nand Flash存儲芯片)	Shanghai Longmem Microelectronics Technology Co., Limited	Integrated Circuit Layout Design	China
74.	FSNS8A001G Nand Flash memory chip (FSNS8A001G Nand Flash存儲芯片)	Shanghai Longmem Microelectronics Technology Co., Limited	Integrated Circuit Layout Design	China
75.	F25SQ32M NOR Flash memory chip (F25SQ32M NOR Flash存儲芯片)	Shanghai Longmem Microelectronics Technology Co., Limited	Integrated Circuit Layout Design	China
76.	TL300 MPW USB Host Chip (TL300 MPW USB主控芯片)	Wisemem Microelectronics (Shanghai) Co., Ltd.	Integrated Circuit Layout Design	China

No.	Patent	Patent owner	Patent category	Place of registration
77.	Connector testing circuit and connector testing equipment (連接器檢測電路及連接器測試設備)	Zhongshan Longsys Electronics Co., Limited	Invention	China
78.	Data programming method, electronic device and storage medium (數據的編程方式、電子設備以及存儲介質)	Shanghai Longsys Digital Technology Co., Limited	Invention	China
79.	A testing apparatus (一種測試裝置)	Shanghai Longmem Microelectronics Technology Co., Limited	Invention	China
80.	A memory, storage device and electronic device (一種記憶體、存放裝置以及電子設備)	The Company	Invention	China
81.	A defect recording method and apparatus for NAND flash memory devices (一種NAND快閃記憶體器件的缺陷記錄方法和裝置)	Shanghai Longmem Microelectronics Technology Co., Limited	Invention	China
82.	A defect repair method for NAND flash memory devices (一種NAND快閃記憶體器件的缺陷修復方法)	Shanghai Longmem Microelectronics Technology Co., Limited	Invention	China

(c) Software Copyrights

As of the Latest Practicable Date, our Group had registered the following software copyrights which we consider to be material to our business:

No.	Software name	Registered owner	Place of registration
1.	Intelligent Procurement Evaluation Platform [Abbreviation: Procurement Resource Evaluation] — V1.0 (智能化採購評估平台[簡稱:採購資源評估]V1.0)	The Company	China
2.	Longsys APP application software (Longsys APP應用軟件)	The Company	China
3.	Product QR Code Identification and Anti-Counterfeiting System V1.0.0 (產品二維碼識別及防偽系統V1.0.0)	The Company	China
4.	Jiangbolong Document Review Management System (江波龍文檔評審管理系統)	Shanghai Longsys Digital Technology Co., Limited	China
5.	Order Interactive Automation and Retention Platform [Abbreviation: Automated Retention Platform] — V1.0.0 (訂單交互自動化保留平台[簡稱:自動化保留平台]V1.0.0)	The Company	China
6.	Custom Multi-Level Pricing System [Abbreviation: Pricing System] — V1.0.0 (自定義多級定價系統[簡稱:定價系統]V1.0.0)	The Company	China
7.	Jiangbolong Inventory Platform [Abbreviation: Inventory Center — V1.0.0] (江波龍庫存平台[簡稱:庫存中心]V1.0.0)	The Company	China
8.	LS801A Flash Tester Core Board MCU Software (LS801A Flash測試機核心板MCU軟件)	Shanghai Longmem Microelectronics Technology Co., Limited	China
9.	FPGA-based test software for LPDDR interface (基於FPGA對LPDDR接口的測試軟件)	Zhongshan Longsys Electronics Co., Limited	China
10.	Outward Processing Plant Management System V1.0.0 (外發加工廠管理系統V1.0.0)	The Company	China

No.	Software name	Registered owner	Place of registration
11.	Information platform V1.0.0 (信息平台V1.0.0)	The Company	China
12.	Jiangbolong Customer Service Center Platform [Abbreviation: Customer Service Center — V1.0.0] (江波龍客戶服務中心平台[簡稱:客戶服務中心]V1.0.0)	The Company	China
13.	Jiangbolong order pre-review management system [Abbreviation: Pre-review of orders] — V1.0.0 (江波龍訂單預審管理系統[簡稱:訂單預審]V1.0.0)	The Company	China
14.	Lexar EDI Order System [Abbreviation: Lexar EDI] — V1.0.0 (Lexar EDI訂單系統[簡稱:Lexar EDI]V1.0.0)	The Company	China
15.	LPDDR5 based on the sample characteristics analysis and testing software of the T5503HS2 platform (LPDDR5基於T5503HS2平台樣測特性分析測試軟件)	Shanghai Longmem Microelectronics Technology Co., Limited	China
16.	Outbound Processing Plant Management System V2.0.0 (外發加工廠管理系統V2.0.0)	The Company	China
17.	Big Data Intelligent Analysis Log Data System (大數據智能分析日誌數據系統)	The Company	China
18.	MCS Mobile Device Management System (MCS移動設備管理系統)	The Company	China
19.	Group-wide unified customs declaration platform [Abbreviation: Customs Brokerage Platform] — V1.0.0 (集團化統一報關平台[簡稱:報關平台]V1.0.0)	The Company	China
20.	SSDPower Software (SSDPower軟件)	Wisemem (Shanghai) Technology Co., Ltd. (慧憶微(上海)科技有限公司)	China

(d) Domain Name

As of the Latest Practicable Date, our Group had registered the following domain names which we consider to be or may be material to our business:

No.	Owner	Domain name	Registration date	Expiry date
1.	The Company	longsys.com	June 19, 2011	June 19, 2030
2.	Longforce Suzhou	longforce.com	October 31, 2005	October 31, 2030
3.	Lexar Electronics (Shenzhen) Co., Ltd	lexar.com	May 21, 2001	May 21, 2031
4.	The Company	Lexarenterprise.com	December 14, 2023	December 14, 2027
5.	Zilia Eletrônicos	Ziliatech.com	December 4, 2023	September 1, 2026

3. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors' Service Contracts

Our Group has entered into service contracts or engagement letters with the Directors. The principal particulars of these service contracts and engagement letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and engagement letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member 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)).

B. Remuneration of Directors

The aggregate remuneration (including fees, salaries, wages, share-based compensation, contributions to pension plans, benefits-in-kind and discretionary bonuses) for our Directors and former Directors for the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026 were approximately RMB2.95 million, RMB4.63 million, RMB4.73 million and RMB1.01 million, respectively.

Based on the current arrangements in force as of the Latest Practicable Date, it is estimated that the total remuneration for our Directors (including independent non-executive Directors) for the year ending December 31, 2026 will be approximately RMB5.11 million.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former

Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group. Furthermore, none of the Directors had waived or agreed to waive any emoluments during the same periods.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026 by any member of our Group to any of our Directors.

C. Disclosure of Interests

(i) Interest in Shares of our Company

For information on the persons (other than our Directors and chief executive of our Company) who will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, please refer to the section headed "Substantial Shareholders" in this prospectus.

(ii) Interest in our Company's subsidiaries

So far as the Directors are aware, the persons (other than our Directors, the chief executive of our Company, and any member of our Group) will, immediately following the completion of the Global Offering, 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 the members of our Group (other than our Company):

Our subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
Longforce Suzhou	PTI Technology (Singapore) Pte. Ltd.	30%

(iii) Disclosure of Interests of Directors and chief executive

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Restricted Share Incentive Schemes), so far as our Directors are aware, the interest or short position of our Directors or chief executives in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including

interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, will be as follows:

Name of Director	Position	Shares to be held after the Global Offering	Nature of interest	Number of shares	Approximate % interest in Shares immediately after the Global Offering[1]
Mr. Cai	Executive Director, chairman of the Board and general manager	A Shares	Beneficial owner	162,071,900	35.56%
		A Shares	Interest held jointly with another person[2]	14,700,000	3.23%
Mr. Li Zhixiong . . .	Executive Director	A Shares	Beneficial owner	16,508,624	3.62%
Mr. Wang Jingyang . . .	Executive Director	A Shares	Beneficial owner	4,731,200	1.04%

Notes:

1. The calculation is based on the assumption that no new Shares are issued under the Offer Size Adjustment Option, the Over-allotment Option and pursuant to the 2026 Restricted Share Incentive Scheme, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.
2. Pursuant to the Concert Party Agreement dated August 9, 2021, Mr. Cai and Ms. Cai agreed that they shall act in concert with respect to all matters which are subject to approval in general meetings or Board meetings of the Company, for the period since the date of the Concert Party Agreement and upon the termination of the Concert Party Agreement. For further details, please refer to the section headed "History and Corporate Structure – Concert Party Arrangement". As such, each of Mr. Cai and Ms. Cai are deemed to be interested in the Shares each other is interested in.

D. Disclaimer

Save as disclosed in this document:

(i) none of our Directors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will

be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed;

(ii) none of our Directors, Supervisors or any of the experts referred to under the paragraph headed "— 5. Other Information — E. Qualification of Experts" has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iii) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(iv) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(v) so far as is known to our Directors, no person (not being a Director or chief executive of our Company or any member of our Group) will, immediately following the completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(vi) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

4. RESTRICTED SHARE INCENTIVE SCHEMES

2023 Restricted Share Incentive Scheme

The following is a summary of the principal terms of the 2023 Restricted Share Incentive Scheme. The terms of the 2023 Restricted Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of restricted Shares by our Company after our Listing.

(i) Purpose

The purpose of the 2023 Restricted Share Incentive Scheme is to (a) improve our Group's incentive mechanism; (b) attract and retain talents; (c) incentivize our Group's core employees; and (d) align the interests of the Shareholders with the interests of the Group and the core employees in order to ensure the achievement of our Group's development strategy and operation targets.

(ii) Administration

The 2023 Restricted Share Incentive Scheme is subject to the approval of the Shareholders' meeting, administration of the Board and the supervision of the independent Directors.

(iii) Participants

The participants of the 2023 Restricted Share Incentive Scheme include senior management of the Company, mid-level management of the Group and core business/technical staff. The scope of participants excludes Directors, independent Directors, supervisors and Shareholders or actual controller who individually or collectively hold 5% or more of the Shares of our Company and their respective spouse, parents and children.

(iv) Source and Maximum Number of Shares

The Shares underlying the 2023 Restricted Share Incentive Scheme shall be A Shares issued and to be issued by our Company. As at the Latest Practicable Date, all restricted Shares under the 2023 Restricted Share Incentive Scheme have been granted.

The restricted Shares will be issued to the grantees upon fulfilment of certain conditions. For further details, please refer to the paragraph headed "— (vii) Vesting of Restricted Shares" below. The maximum number of restricted Shares to be issued under the 2023 Restricted Share Incentive Scheme are 11,700,000 A Shares.

(v) Date of Grant and Term of the 2023 Restricted Share Incentive Scheme

The 2023 Restricted Share Incentive Scheme shall be effective from the First Tranche Grant Date (as defined below) up to the date when all the restricted Shares granted under the 2023 Restricted Share Incentive Scheme have been vested or cancelled. The term of the 2023 Restricted Share Incentive Scheme shall not exceed 60 months.

The grant of the restricted Shares will be conducted as follow:

(a) First tranche (i.e. 11,003,252 restricted Shares) (the "First Tranche"):

The date on which the First Tranche are granted shall be determined by the Board within 60 days after the date of approval of the 2023 Restricted Share Incentive Scheme by the Shareholders' meeting (the "**First Tranche Grant Date**"). The First Tranche Grant Date must be a trading day. Since certain grantees of the First Tranche ceased to be employees of the Group before the First Trance Grant Date, the number of restricted Shares granted under the First Tranche was reduced to 10,788,319.

(b) Second tranche (i.e. 696,748 restricted Shares) (the "Second Tranche"):

The date of which the Second Tranche are granted shall be determined by the Board within 12 months after the date of approval of the 2023 Restricted Share Incentive Scheme by the Shareholders' meeting (the "**Second Tranche Grant Date**"). Since not all restricted Shares under the Second Tranche were granted, the number of restricted Shares granted under the Second Tranche was reduced to 688,852. Therefore, upon completion of the First Tranche and the Second Tranche, 11,477,171 restricted Shares (instead of 11,700,000 restricted Shares) under the 2023 Restricted Share Incentive Scheme were granted.

(vi) Conditions to the Grant of Restricted Shares

The restricted Shares under the 2023 Restricted Share Incentive Schemes will only be granted to selected participants if the following conditions are fulfilled:

(a) With respect to our Company, none of the following circumstances having occurred:

(1) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountants' report for the most recent fiscal year;

(2) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountants' report for the most recent fiscal year;

(3) Our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;

(4) Applicable laws and regulations prohibit the implementation of any share incentive scheme; or

(5) Any other circumstances determined by the CSRC.

(b) With respect to a grantee, none of the following circumstances having occurred:

(1) The grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;

(2) The grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;

(3) The grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;

(4) The grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) The grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or

(6) Any other circumstances determined by the CSRC.

(vii) Vesting of Restricted Shares

The restricted Shares will only be vested when (a) the conditions set out under paragraph (vi) above are fulfilled; and (b) the annual assessment and performance targets as set out under the 2023 Restricted Share Incentive Scheme are achieved. The final number of vested restricted Shares will be subject to the internal assessment of individual performance. The unvested restricted Shares will be cancelled in full by our Company. The vesting schedule of restricted Shares is set out below:

(a) First Tranche:

(1) During the period between the first trading day after 12-month anniversary from the First Tranche Grant Date and the last trading day up to the 24-month anniversary of the First Tranche Grant Date: 30%

(2) During the period between the first trading day after 24-month anniversary from the First Tranche Grant Date and the last trading day up to the 36-month anniversary of the First Tranche Grant Date: 30%

(3) During the period between the first trading day after 36-month anniversary from the First Tranche Grant Date and the last trading day up to the 48-month anniversary of the First Tranche Grant Date: 40%

(b) Second Tranche:

In the event that the Second Tranche Grant Date is on or before the publication of the FY2023 third quarter report of the Company:

(1) During the period between the first trading day after 12-month anniversary from the Second Tranche Grant Date and the last trading day up to the 24-month anniversary of the Second Tranche Grant Date: 30%

(2) During the period between the first trading day after 24-month anniversary from the Second Tranche Grant Date and the last trading day up to the 36-month anniversary of the Second Tranche Grant Date: 30%

(3) During the period between the first trading day after 36-month anniversary from the Second Tranche Grant Date and the last trading day up to the 48-month anniversary of the Second Tranche Grant Date: 40%

In the event that the Second Tranche Grant Date is after the publication of the FY2023 third quarter report of the Company:

(1) During the period between the first trading day after 12-month anniversary from the Second Tranche Grant Date and the last trading day up to the 24-month anniversary of the Second Tranche Grant Date: 50%

(2) During the period between the first trading day after 24-month anniversary from the Second Tranche Grant Date and the last trading day up to the 36-month anniversary of the Second Tranche Grant Date: 50%

The vesting date shall be trading day. However, none of the restricted Shares granted shall be vested during certain periods (a) prior to and/or following (i) the publication of financial reports and/or announcement of results announcement; or (ii) any event or decision that may have a material impact on the share price of our Company; or (b) as prescribed by the CSRC and the Shenzhen Stock Exchange. Prior to the vesting, the restricted Shares granted to the grantee shall not be transferred, used as guarantee or for repayment of debt.

The grantees shall pay the grant price upon fulfilment of the respective vesting conditions of the restricted Shares granted to subscribe for the underlying A Shares to be issued by our Company. The grant price of each restricted Shares shall be RMB36.23.

The number of restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including payment of dividend, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares. Our Company may repurchase the restricted Shares upon occurrence of certain events as set out in the 2023 Restricted Share Incentive Scheme, including but not limited to the change of the positions of the grantee or termination of employment. As of the Latest Practicable Date, the grant price of each restricted Shares have been adjusted to RMB35.98 due to the payment of dividend of the Company for the year ended December 31, 2024.

(viii) Lock-up for Directors and Senior Management Team

If the grantee is a Director or a senior management of our Company who terminates the employment before expiry of the term, during the period of the original term of employment and the following six months, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds. No Share held by such Director or senior management can be transferred within six months after termination of his or her employment.

If the grantee is a Director or senior management of our Company, income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board.

If there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

As of the Latest Practicable Date, save as certain restricted Shares held by Mr. Gao Xichun (高喜春先生), none of the restricted Shares are subject to any lock-up pursuant to the 2023 Restricted Share Incentive Scheme.

(ix) Outstanding Restricted Shares

As of the Latest Practicable Date, (a) 11,477,171 restricted Shares under the 2023 Restricted Share Incentive Scheme have been granted, representing approximately 2.71% of the total issued share capital of our Company as of the Latest Practicable Date; (b) 10,196,753 restricted Shares have been issued under the 2023 Restricted Share Incentive Scheme, representing approximately 2.41% of the total issued share capital of our Company as of the Latest Practicable Date; and (c) no further restricted Shares can be issued under the 2023 Restricted Share Incentive Scheme and therefore there is no dilution effect on our earnings per Share. As of the Latest Practicable Date, all restricted Shares granted by the Company under the 2023 Restricted Share Incentive Scheme have been fully granted and issued to the respective grantees, and the 2023 Restricted Share Incentive Scheme will not involve any issuance of A shares after the Listing.

The following table sets forth the number of restricted Shares granted to Directors, senior management or connected persons of our Company under the 2023 Restricted Share Incentive Scheme as of the Latest Practicable Date:

Name of grantee	Position in our Company	Date of grant	Number of restricted Shares granted	Number of restricted Shares forfeited	Number of restricted Shares vested	Number of outstanding restricted Shares	Grant price	Vesting period	Approximate percentage of issued Shares immediately after completion of the Global Offering[(1)]
Senior Management									
Mr. Gao Xichun (高喜春先生). . .	Deputy general manager	May 10, 2023	204,320	–	204,320	–	35.98	30%: May 13, 2024 to May 9, 2025 30%: May 12, 2025 to May 8, 2026 40%: May 11, 2026 to May 7, 2027	0.04%

Notes:

1. The calculation is based on the assumption that no new Shares are issued under the Offer Size Adjustment Option, the Over-allotment Option and the 2026 Restricted Share incentive Scheme, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

The table below sets forth the details of restricted Shares granted to other grantees (excluding Directors, senior management and connected persons of our Company) under the 2023 Restricted Share Incentive Scheme, all of whom are employees of the Group, as of the Latest Practicable Date:

Number of grantees	Date of grant	Number of restricted Shares granted	Number of restricted Shares forfeited	Number of restricted Shares vested	Number of outstanding restricted Shares	Grant price	Vesting period	Approximate percentage of issued Shares immediately after completion of the Global Offering[1]
						RMB		
323	May 10, 2023	10,583,999	1,280,418	9,303,581	–	35.98	30%: May 13, 2024 to May 9, 2025 30%: May 12, 2025 to May 8, 2026 40%: May 11, 2026 to May 7, 2027	2.32%
15.	December 29, 2023	688,852	–	688,852	–	35.98	50%: December 30, 2024 to December 26, 2025 50%: December 30, 2025 to December 28, 2026	0.15%

Notes:

1. The calculation is based on the assumption that no new Shares are issued under the Offer Size Adjustment Option, the Over-allotment Option and the 2026 Restricted Share incentive Scheme, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

2026 Restricted Share Incentive Scheme

The following is a summary of the principal terms of the 2026 Restricted Share Incentive Scheme. The terms of the 2026 Restricted Share Incentive Scheme are subject to, and are in compliance with, the provisions of Chapter 17 of the Listing Rules. No further grant of 2026 Restricted Share Awards under the 2026 Restricted Share Incentive Scheme will be made by the Company unless the 2026 Restricted Share Incentive Scheme and such grant are is in full compliance with the provisions of Chapter 17 of the Listing Rules.

(i) Purpose

The purpose of the 2026 Restricted Share Incentive Scheme is to (a) improve our Group's incentive mechanism; (b) attract and retain talents; (c) incentivize our Group's core employees; and (d) align the interests of the Shareholders with the interests of the Group and the core employees in order to ensure the achievement of our Group's development strategy and operation targets.

(ii) Administration

The 2026 Restricted Share Incentive Scheme is subject to the approval of the Shareholders' meeting and administration of the Board.

(iii) Participants

The participants of the 2026 Restricted Share Incentive Scheme include Directors, senior management of the Company, core and mid-level management of the Group and core business/technical staff. The scope of participants excludes independent Directors and Shareholders or actual controller who individually or collectively hold 5% or more of the Shares of our Company and their respective spouse, parents and children.

(iv) Source and Maximum Number of Shares

The Shares underlying the 2026 Restricted Share Awards shall be A Shares issued and to be issued by our Company and/or repurchased by our Company from the secondary market. As at the Latest Practicable Date, approximately 95.96% 2026 Restricted Share Awards have been granted, and the remaining approximately 4.04% 2026 Restricted Share Awards will be granted within 12 months after the date of approval of the 2026 Restricted Share Incentive Scheme by the Shareholders' meeting (i.e. May 19, 2026), subject to the full compliance with the provisions of Chapter 17 of the Listing Rules.

The 2026 Restricted Share Awards are options granted to the grantees to subscribe for the Restricted A Shares upon satisfaction of certain vesting conditions. For further details, please refer to the paragraph headed "— (vii) Vesting of Restricted Shares" below. The maximum number of Restricted A Shares to be issued under the 2026 Restricted Share Incentive Scheme are 4,817,470 A Shares.

(v) Date of Grant and Term of the 2026 Restricted Share Incentive Scheme

The 2026 Restricted Share Incentive Scheme shall be effective from the First Tranche Grant Date (as defined below) up to the date when all the 2026 Restricted Share Awards have been vested or cancelled. The term of the 2026 Restricted Share Incentive Scheme shall not exceed 60 months.

The grant of the 2026 Restricted Share Awards will be conducted as follow:

(a) First tranche (i.e. 4,152,160 restricted Shares) (the "First Tranche"):

The date on which the First Tranche are granted shall be determined by the Board within 60 days after the date of approval of the 2026 Restricted Share Incentive Scheme by the Shareholders' meeting (the "**First Tranche Grant Date**"). The First Tranche Grant Date must be a trading day.

(b) Second tranche (i.e. 188,860 restricted Shares) (the "Second Tranche"):

The date of which the Second Tranche are granted shall be determined by the Board within 12 months after the date of approval of the 2026 Restricted Share Incentive Scheme by the Shareholders' meeting (i.e. May 19, 2026) (the "**Second Tranche Grant Date**"), subject to the full compliance with the provisions of Chapter 17 of the Listing Rules.

(vi) Conditions to the Grant of Restricted Shares

The 2026 Restricted Share Awards will only be granted to selected participants if the following conditions are fulfilled:

(a) With respect to our Company, none of the following circumstances having occurred:

(1) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountants' report for the most recent fiscal year;

(2) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountants' report for the most recent fiscal year;

(3) Our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;

(4) Applicable laws and regulations prohibit the implementation of any share incentive scheme; or

(5) Any other circumstances determined by the CSRC.

(b) With respect to a grantee, none of the following circumstances having occurred:

(1) The grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;

(2) The grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;

(3) The grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;

(4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) The grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or

(6) Any other circumstances determined by the CSRC.

(vii) Vesting of 2026 Restricted Share Awards

The 2026 Restricted Share Awards will only be vested when (a) the conditions set out under paragraph (vi) above are fulfilled; and (b) the annual assessment and performance targets (being the revenue of the Company for the respective years) as set out under the 2026 Restricted Share Incentive Scheme are achieved. The final number of vested 2026 Restricted Share Awards will be subject to the internal assessment of individual performance. The unvested 2026 Restricted Share Awards will be cancelled in full by our Company. The vesting schedule of 2026 Restricted Share Awards is set out below:

The Vesting Schedule

(a) First Tranche:

(1) During the period between the first trading day after 12-month anniversary from the First Tranche Grant Date and the last trading day up to the 24-month anniversary of the First Tranche Grant Date: 40%

(2) During the period between the first trading day after 24-month anniversary from the First Tranche Grant Date and the last trading day up to the 36-month anniversary of the First Tranche Grant Date: 30%

(3) During the period between the first trading day after 36-month anniversary from the First Tranche Grant Date and the last trading day up to the 48-month anniversary of the First Tranche Grant Date: 30%

(b) Second Tranche:

In the event that the Second Tranche Grant Date is on or before the publication of the FY2026 third quarter report of the Company:

(1) During the period between the first trading day after 12-month anniversary from the Second Tranche Grant Date and the last trading day up to the 24-month anniversary of the Second Tranche Grant Date: 40%

(2) During the period between the first trading day after 24-month anniversary from the Second Tranche Grant Date and the last trading day up to the 36-month anniversary of the Second Tranche Grant Date: 30%

(3) During the period between the first trading day after 36-month anniversary from the Second Tranche Grant Date and the last trading day up to the 48-month anniversary of the Second Tranche Grant Date: 30%

In the event that the Second Tranche Grant Date is after the publication of the FY2026 third quarter report of the Company:

(1) During the period between the first trading day after 12-month anniversary from the Second Tranche Grant Date and the last trading day up to the 24-month anniversary of the Second Tranche Grant Date: 50%

(2) During the period between the first trading day after 24-month anniversary from the Second Tranche Grant Date and the last trading day up to the 36-month anniversary of the Second Tranche Grant Date: 50%

The vesting date shall be trading day. However, none of the 2026 Restricted Share Awards shall be vested during certain periods (a) prior to and/or following (i) the publication of financial reports and/or announcement of results announcement; or (ii) any event or decision that may have a material impact on the share price of our Company; or (b) as prescribed by the CSRC and the Shenzhen Stock Exchange. Prior to the vesting, the 2026 Restricted Share Awards granted to the grantee shall not be transferred, used as guarantee or for repayment of debt.

No consideration is required by the grantees for the grant of 2026 Restricted Share Awards. The grantees shall pay the grant price (i.e. the exercise price) upon fulfilment of the respective vesting conditions of the 2026 Restricted Share Awards granted to subscribe for the Restricted A Shares to be issued by our Company. The grant price of each Restricted A Share shall be RMB192.92.

The number of Restricted A Share and/or the grant prices will be adjusted upon the occurrence of certain events, including payment of dividend, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares. Our Company may repurchase the Restricted A Share upon occurrence of certain events as set out in the 2026 Restricted Share Incentive Scheme, including but not limited to the change of the positions of the grantee or termination of employment. The exercise period of the 2026 Restricted Share Awards is same as the vesting period of the 2026 Restricted Share Awards.

(viii) Lock-up

There are no specific lock-up requirements under the 2026 Restricted Share Incentive Scheme other than those required under applicable laws and regulations. If there is any change in the applicable laws and regulations on lock-up requirements, the grantee shall comply with the amended laws and regulations.

(ix) Outstanding Restricted Shares

As of the Latest Practicable Date, the number of Restricted A Shares was 4,622,820, representing approximately 0.98% of the issued Shares immediately following the completion of the Listing (assuming no changes to our issued and outstanding Shares between the Latest Practicable Date and the Listing). The final number of Restricted A Shares shall be less than 4,817,470. Assuming full exercise of the 2026 Restricted Share Awards by issue of A Shares,

instead of repurchase of A Shares from the secondary market, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised) will be diluted by up to approximately 1.06%, and the maximum dilution effect on our earnings per Share would be approximately 1.06%.

The following table sets forth the number of 2026 Restricted Share Awards granted to Directors, senior management or connected persons of our Company under the 2026 Restricted Share Incentive Scheme as of the Latest Practicable Date:

Name of grantee	Position in our Company	Address	Date of grant	Number of 2026 Restricted Share Awards granted	Number of 2026 Restricted Share Awards forfeited	Number of 2026 Restricted Share Awards vested	Number of outstanding Restricted A Shares	Grant price (i.e. exercise price)[3]	Vesting period[2]	Approximate percentage of issued Shares immediately after completion of the Global Offering[1]
								(RMB)		
Director										
Mr. Wang Jingyang (王景陽先生)	Executive Director	No. 41, Lane 599 Zhoudongnan Road Zhoupu Town Pudong New Area Shanghai China	May 19, 2026	86,900	-	-	86,900	192.92	40%: May 18, 2027 to May 17, 2028 30%: May 18, 2028 to May 17, 2029 30%: May 18, 2029 to May 17, 2030	0.02%
Senior management										
Mr. Huang Qiang (黃強先生)	Deputy general manager	Units 2001, 2201, 2301, B Tower Horoy Qianhai Finance Centre Phase II No. 5059, Tinghai Avenue, Nanshan Street Shenzhen-Hong Kong Cooperation Zone Qianhai, Shenzhen China	May 19, 2026	86,900	-	-	86,900	192.92	40%: May 18, 2027 to May 17, 2028 30%: May 18, 2028 to May 17, 2029 30%: May 18, 2029 to May 17, 2030	0.02%
Mr. Zhu Yu (朱宇先生)	Deputy general manager	Units 2001, 2201, 2301, B Tower Horoy Qianhai Finance Centre Phase II No. 5059, Tinghai Avenue, Nanshan Street Shenzhen-Hong Kong Cooperation Zone Qianhai, Shenzhen China	May 19, 2026	46,340	-	-	46,340	192.92	40%: May 18, 2027 to May 17, 2028 30%: May 18, 2028 to May 17, 2029 30%: May 18, 2029 to May 17, 2030	0.01%
Mr. Xu Gangling (許剛翎先生)	Deputy general manager and the board secretary	Units 2001, 2201, 2301, B Tower Horoy Qianhai Finance Centre Phase II No. 5059, Tinghai Avenue, Nanshan Street Shenzhen-Hong Kong Cooperation Zone Qianhai, Shenzhen China	May 19, 2026	57,930	-	-	57,930	192.92	40%: May 18, 2027 to May 17, 2028 30%: May 18, 2028 to May 17, 2029 30%: May 18, 2029 to May 17, 2030	0.01%

Name of grantee	Position in our Company	Address	Date of grant	Number of 2026 Restricted Share Awards granted	Number of 2026 Restricted Share Awards forfeited	Number of 2026 Restricted Share Awards vested	Number of outstanding Restricted A Shares	Grant price (i.e. exercise price)[3]	Vesting period[2]	Approximate percentage of issued Shares immediately after completion of the Global Offering[1]
								(RMB)		
Ms. Li Yuhua (黎玉華女士) . . .	Financial controller	Units 2001, 2201, 2301, B Tower Horoy Qianhai Finance Centre Phase II No. 5059, Tinghai Avenue, Nanshan Street Shenzhen-Hong Kong Cooperation Zone Qianhai, Shenzhen China	May 19, 2026	26,070	-	-	26,070	192.92	40%: May 18, 2027 to May 17, 2028 30%: May 18, 2028 to May 17, 2029 30%: May 18, 2029 to May 17, 2030	0.01%
Other connected persons of the Company										
Mr. ROGERIO DUAIR JACOMINI NUNES.	Chief executive of a subsidiary	Avenida Tégula No. 888, Modules 3 to 6, Centro Empresarial Atibaia (CEA), Ponte Alta District, CEP 12952-820, Brazil	May 19, 2026	28,960	-	-	28,960	192.92	40%: May 18, 2027 to May 17, 2028 30%: May 18, 2028 to May 17, 2029 30%: May 18, 2029 to May 17, 2030	0.01%
Ms. Zhang Fengwen (張鳳雯女士) . . .	Director of a subsidiary	Flat B, 7/F, Ever Gain Centre, 28 On Muk Street, Sha Tin, Hong Kong	May 19, 2026	5,790	-	-	5,790	192.92	40%: May 18, 2027 to May 17, 2028 30%: May 18, 2028 to May 17, 2029 30%: May 18, 2029 to May 17, 2030	0.001%
Other grantees granted with 86,000 restricted Shares or more										
Mr. Yan Shuyin (閆書印)	Vice president	No. 811 Yunjuan South Road, Nanhui Xinchengzhen, Pudong New Area, Shanghai, China	May 19, 2026	86,900	–	–	86,900	192.92	40%: May 18, 2027 to May 17, 2028 30%: May 18, 2028 to May 17, 2029 30%: May 18, 2029 to May 17, 2030	0.02%
Mr. Chen Zeyu (陳澤宇)	Vice president	No. 33 Xinghai Street, Wuzhong District, Suzhou, Jiangsu Province, China	May 19, 2026	86,900	–	–	86,900	192.92	40%: May 18, 2027 to May 17, 2028 30%: May 18, 2028 to May 17, 2029 30%: May 18, 2029 to May 17, 2030	0.02%

The table below sets forth the details of 2026 Restricted Share Awards granted to other grantees (excluding Directors, senior management and connected persons of our Company) under the 2026 Restricted Share Incentive Scheme, all of whom are employees of the Group, as of the Latest Practicable Date:

Range of underlying Restricted A Shares	Number of Grantees	Date of grant	Number of 2026 Restricted Share Awards granted	Number of 2026 Restricted Share Awards forfeited	Number of 2026 Restricted Share Awards vested	Number of outstanding Restricted A Shares	Grant price (i.e. exercise price)[3]	Vesting period[2]	Approximate percentage of issued Shares immediately after completion of the Global Offering[1]
							(RMB)		
30,001 A Shares to 85,999 A Shares . .	9	May 19, 2026	376,540	–	–	376,540	192.92	40%: May 18, 2027 to May 17, 2028 30%: May 18, 2028 to May 17, 2029 30%: May 18, 2029 to May 17, 2030	0.08%
5,001 A Shares to 30,000 A Shares . .	249	May 19, 2026	2,499,170	–	–	2,499,170	192.92	40%: May 18, 2027 to May 17, 2028	0.55%
1 A Share to 5,000 A Shares	370	May 19, 2026	1,234,420	–	–	1,234,420	192.92	30%: May 18, 2028 to May 17, 2029	0.27%

Notes:

(1) The calculation is based on the assumption that no new Shares are issued under the Offer Size Adjustment Option, the Over-allotment Option and the 2026 Restricted Share incentive Scheme, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

(2) The exercise period of the 2026 Restricted Share Awards is same as the vesting period of the 2026 Restricted Share Awards.

(3) No consideration is required by the grantees for the grant of the 2026 Restricted Share Awards.

5. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under PRC laws is likely to fall upon any member of our Group.

B. Litigation

Save as disclosed in the sections headed "Business" and "Financial Information" in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

C. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the H Shares of our Company. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

Each of Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and each of the Joint Sponsors, we have agreed to pay each of the Joint Sponsors a fee of US$750,000 to act as the sponsors of our Company in connection with the proposed listing on the Hong Kong Stock Exchange.

D. Compliance Advisor

Our Company has appointed Somerley Capital Limited as our compliance advisor in compliance with Rules 3A.19 of the Listing Rules.

E. Qualification of Experts

The qualification of the experts, as defined under the Listing Rules, who have given opinions in this document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	Licensed corporation under the SFO to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Citigroup Global Markets Asia Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities under the SFO
Zhong Lun Law Firm	Company's PRC legal advisor
Pinheiro Neto Advogados	Legal advisors as to Brazilian law to our Company
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
China Insights Industry Consultancy Limited	Independent industry consultant

Name	Qualification
Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells International LLP)	Legal advisor as to (a) international sanctions laws and U.S. Outbound Investment Rule to our Company; and (b) the IP Proceedings
Ernst & Young (China) Advisory Limited	Independent transfer pricing consultant

F. Consents of Experts

Each of the experts as referred to in "— 5. Other Information — E. Qualification of Experts" in this Appendix has given and has not withdrawn its consent to the issue of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in any member of our Group 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.

G. Binding Effect

This document shall have the effect, if an application 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.

H. No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since April 30, 2026, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this document, and up to the date of this document.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

J. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to the section headed "Summary of the Articles of Association — Increase, Decrease, Repurchase and Transfer of Shares — Repurchase of Shares" in Appendix V to this document.

K. Preliminary Expenses

We have not incurred any material preliminary expenses.

L. Promoters

Within two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this document.

M. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in Note 38 to the Accountants' Report in Appendix I to this prospectus.

N. Miscellaneous

Save as disclosed in this document:

(i) within the two years immediately preceding the date of this document:

(a) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(b) no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;

(c) no commissions, discounts, brokerages or other special terms had 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; and

(d) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(ii) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(iv) our Company has no outstanding convertible debt securities or debentures;

(v) there is no arrangement under which future dividends are waived or agreed to be waived;

(vi) save for the A Shares of our Company that are listed on the Shenzhen Stock Exchange, and save for the H Shares to be issued in connection with the Global Offering, none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(vii) all necessary arrangements have been made to enable the H Shares to be admitted into CCASS for clearing and settlement.

O. 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).

1. 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:

(a) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — 2. Further Information about Our Business — A. Summary of Our Material Contracts" in Appendix VI (subject, in case of the Subscription Agreements, to the omission of the Sensitive Information) to this document; and

(b) the written consents referred to in the section headed "Statutory and General Information — 5. Other Information — F. Consents of Experts" in Appendix VI to this document.

2. DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of our Company at **www.longsys.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report from Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the Track Record Period;

(d) the report on review of the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2026 from Ernst & Young, the text of which is set out in Appendix IA to this document;

(e) the report from Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this document;

(f) the CIC Report;

(g) the PRC legal opinions issued by Zhong Lun Law Firm in respect of certain general corporate matters and property interests of our Group in Chinese Mainland;

(h) the Brazilian legal opinion issued by Pinheiro Neto Advogados in respect of Brazilian law and certain general corporate matters of our Group;

(i) the legal memoranda issued by Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells International LLP), our International Sanctions Legal Advisor, in respect of, among other things, certain international sanctions laws, tariffs and U.S. outbound investment restrictions matters of our Group;

(j) the legal memorandum issued by Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells International LLP), our IP Proceedings Legal Advisor, in respect of, among other things, the IP Proceedings;

(k) the transfer pricing analysis report issued by Ernst & Young (China) Advisory Limited;

(l) the material contracts referred to in the section headed "Statutory and General Information — 2. Further Information about Our Business — A. Summary of Our Material Contracts" in Appendix VI to this document in the form delivered to the Registrar of Companies for registration;

(m) the written consents referred to in section headed "Statutory and General Information — 5. Other Information — F. Consents of Experts" in Appendix VI to this document;

(n) the contracts referred to in the section headed "Statutory and General Information — 3. Further Information About Our Directors — A. Particulars of Directors' Service Contracts" in Appendix VI to this document;

(o) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof; and

(p) the terms of the 2026 Restricted Share Incentive Scheme.

3. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the 2026 Restricted Share Incentive Scheme will be made available for public inspection at our Company's Hong Kong legal adviser's office in Hong Kong at 18/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus.



深圳市江波龍電子股份有限公司

Shenzhen Longsys Electronics Co., Ltd.