BUSINESS

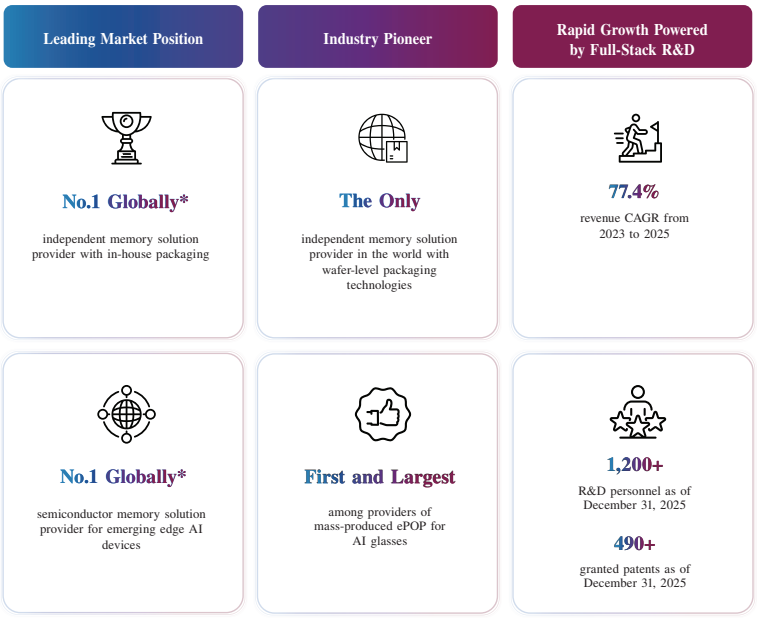
OVERVIEW

Who We Are

We are a leading independent provider of semiconductor memory solution for applications in the AI era, with expertise across the full technology stack — from controller chip design, memory solution design to advanced packaging and testing. We source NAND and DRAM wafers from vendors and foundries and manufacture them into diverse memory solutions tailored to the evolving demands of AI-powered applications. In particular, we offer memory solutions in NAND Flash, DRAM or MCP forms. NAND Flash solutions, such as eMMC, UFS and SSDs, are used for data storage in smart mobiles, PCs, servers and automotives. DRAM solutions, such as LPDDR and DDR, are used for fast data processing in smart mobiles, PCs and edge AI devices. MCPs are integrated memory solutions combining NAND Flash and DRAM. Our semiconductor memory solutions encompass not only the design and sale of memory chips in NAND Flash, DRAM, and MCP formats, but also advanced packaging and testing services that we provide to key stakeholders in the semiconductor industry. We develop the Integrated Solution and Manufacturing (ISM) model, which combines product R&D with advanced packaging and testing, such as wafer-level and chip-level packaging technologies, delivering comprehensive and customized semiconductor memory solutions that empower the AI transformation. This end-to-end capability allows us to tailor configurations to meet each customer's specific application scenarios and technical requirements, delivering more than standard hardware and setting us apart from suppliers focusing solely on chip sales. According to Frost & Sullivan, in terms of sales revenue in 2025, we are among the top 15 market players globally in memory product industry, with a market share of approximately 0.5%.

Our solutions are adopted by renowned customers, including Meta, Google, Alibaba, Xiaomi, OPPO, vivo, HONOR, Transsion, Motorola, ZTE, TCL, HP, Acer, Lenovo, ASUS, Positivo, BYD and ChangAn. We continually invest in memory media analysis, controller chip design, firmware algorithms, ultra-thin stacking, wafer-level packaging technology and high-speed testing, addressing the heightened technical requirements for data transmission efficiency, power efficiency, reliability and integration in the post-Moore's law era. We have also established long-term relationships with global leading NAND and DRAM vendors and foundries, ensuring the stable supply that sustains our product delivery.

The following chart illustrates our business highlights.



Note:

* In terms of relevant revenue in 2025, according to Frost & Sullivan.

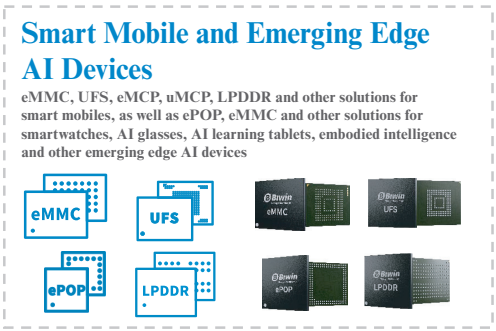
Our Market Opportunities

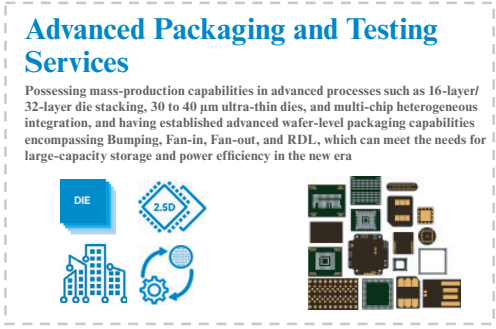
The AI transformation across industries are compelling the semiconductor memory sector to extend its competitive focus beyond wafer capacity expansion to comprehensive performance enhancement.

- ***Massive and Growing Market Size.*** According to Frost & Sullivan, the global memory products market is expected to grow from US$377.5 billion in 2025 to US$723.8 billion in 2030, representing a CAGR of 17.7%, driven by the technological advancement and growth of edge AI devices.
- ***Rapid Technological Evolution in AI.*** (i) AI inferences necessitate substantial memory bandwidth and capacity, fueling growth in DDR5 and LPDDR5X for rapid data access and enterprise SSDs for durable, scalable storage. Meanwhile, we are advancing products to support intensive workloads in servers and data centers. (ii) The proliferation of on-device AI is driving the need for advanced memory solutions to enable seamless and nimble local deployment of LLMs with relatively smaller parameter scale. (iii) For emerging AI applications, including AI/AR glasses, smartwatches, embodied intelligence, edge computing and advanced autonomous driving, we address data transmission efficiency and compact form factors through LPDDR, eMMC, UFS, ePOP and automotive-grade memory solutions.
- ***Increasing Importance of Full-Stack Capabilities.*** The memory wall bottleneck drives the need for advanced memory solutions. Meanwhile, as global wafer fabrication capacity expands, industry competition extends from wafer resource acquisition to holistic technological advancements covering the key steps of the industry value chain. These developments underscore the importance of full-stack technical capabilities.

Our Solutions

We offer semiconductor memory solutions for smart mobile and emerging edge AI devices, PC and enterprise storage, and intelligent automotive and other applications. We also provide advanced packaging and testing services for key stakeholders in the semiconductor industry.





- ***Smart Mobile and Emerging Edge AI Devices***. Our solutions for smart mobile and emerging edge AI devices encompass Low-power DDR (LPDDR), eMMC, UFS, ePOP, eMCP and uMCP. Our solutions have been integrated by renowned customers, such as Meta, Google, Alibaba, Xiaomi, OPPO, vivo, HONOR, Transsion, Motorola, ZTE, TCL, Positivo, Rokid and RayNeo Innovation.

- ***PC and Enterprise Storage***. Our PC storage solutions include SSDs, DRAM modules, portable SSDs (PSSDs) and BGA SSDs, Mini SSDs, as well as LPCAMM2. We provide memory solutions to prominent PC brands, while offering our own-brand products and exclusively operating brand authorizations from HP, Lenovo, Acer and Predator. Under the authorization arrangement, we design, develop, manufacture and sell memory modules and SSDs bearing the authorized brands. Our enterprise storage solutions include SATA SSDs, PCIe SSDs, CXL DRAM modules and RDIMMs, which are primarily deployed by leading server manufacturers and prominent internet companies.

- ***Intelligent Automotive and Other Applications.*** We provide automotive-grade LPDDR, eMMC, UFS, BGA SSDs, and memory cards for photography as well as SSDs and DRAM modules for other applications. Our solutions have passed customer qualifications from several leading domestic automotive OEMs and have been mass delivered to these OEMs.

- ***Advanced Packaging and Testing Services***. We offer advanced packaging services to strategic customers in the semiconductor industry. Complementing this, we possess comprehensive in-house testing capabilities and systems. Together with our technical expertise in developing memory solutions, our advanced packaging and testing services ensure the delivery of reliable memory solutions.

Our Strengths

Pioneering ISM model integrating memory R&D with advanced packaging and testing for AI-oriented semiconductor memory solutions

We have pioneered the ISM model that integrates memory solution R&D with advanced packaging and testing to deliver semiconductor memory solutions that are fully AI-oriented. We have built a full-stack technical capabilities that transform NAND and DRAM wafers to diverse memory solutions. Through this model, we improve R&D efficiency, achieve customization for diverse AI applications, and ensure quality control, positioning us to capitalize on the growth opportunities brought by AI transformation. Our self-developed controller chips deliver reliability and adaptability across diverse application scenarios, strengthening our memory solutions for smart mobiles, emerging edge AI devices and intelligent automotive.

We conduct thorough memory media research to tailor and optimize our solutions' performance for demanding conditions, including wide-temperature environment for automotive-grade applications. Additionally, our firmware algorithms ensure stable read and write performance, incorporating data error correction, lifespan monitoring, abnormal power-loss protection, data encryption, end-to-end data protection and power monitoring and control. These are the core of our memory solution design.

Moreover, we have possessed advanced packaging technologies, including 16/32-layer die stacking, 30 to 40 μm ultra-thin dies, multi-chip heterogeneous integration and wafer-level packaging, enabling high-capacity memory solutions suitable for slim and lightweight form factors. In testing, we have established comprehensive in-house testing capabilities and deployed full-stack, advanced testing platforms.

Integrated production and supply chain for reliable delivery

We leverage smart manufacturing to achieve high yields, short lead times and scalable global delivery. We have developed a comprehensive production system covering packaging, testing and module assembly, achieving full control over our production process. This production system allows us to flexibly adjust production schedules based on customer requirements, maintaining efficient delivery schedules. We have also built a production base capable of wafer-level packaging technology, bringing comprehensive advantages in cost, yield and performance for high-capacity and power-efficient memory solutions. In overseas markets, we have established partnerships for packaging, testing and module assembly in the Americas and India, enabling localized delivery. This global delivery network serves customers across diverse geographies with reliable, efficient solutions, thereby enhancing our brand awareness.

Comprehensive portfolio of semiconductor memory solutions for global leading customers

In the AI era, facing the demands from surging computations with space and power limits, we have achieved penetration in smart mobile and emerging edge AI devices, PC and enterprise storage, intelligent automotive and other applications. In smart mobile and emerging edge AI devices, our memory solutions are adopted by Meta, Google, Alibaba, Xiaomi, OPPO, vivo, HONOR, Transsion, Motorola, ZTE, TCL, Rokid and RayNeo Innovation. We also serve as the primary supplier for Meta's AI/AR glasses, setting the industry benchmark of memory solutions for this emerging application.

Our PC storage solutions are adopted by HP, Lenovo, Acer, Xiaomi and ASUS. Additionally, our enterprise storage solutions are deployed by leading server manufacturers and prominent internet companies. We have achieved mass production and delivered memory solutions to automotive OEMs such as BYD and ChangAn. We are advancing qualifications for our other solutions to build a complete automotive-grade memory solution portfolio for autonomous driving, smart cockpit and real-time navigation. Based on our self-developed controller chip and in-house production, we offer a fully domestic automotive-grade memory solution, thereby ensuring prompt delivery and providing high-quality customer services.

Global business presence and strategic relationships with key industry stakeholders

We pursue a globalization strategy, establishing presence in key markets beyond China, including the Americas, India and Europe. Through deep collaboration with local partners and ongoing innovations, we ensure prompt response to the local market demands and steadily expand market shares in target markets. We have built a distributor network spanning over 60 countries and regions, serving around 500 overseas customers and laying a solid foundation for international expansion.

We maintain long-term, in-depth partnerships with major global NAND and DRAM vendors and foundries, securing stable supplies of key materials through long-term supply agreements to support our business growth. As one of the domestic players with the most certifications from CPU, SoC and system platform providers, our primary products are included on the qualified vendor lists of leading global brands. These certifications significantly amplify our global market presence and establish customer trust.

Visionary management and experienced engineer team driving R&D

Our management team is composed of visionary and proactive industry leaders with strategic insight and extensive management experience. The core team possesses professional backgrounds spanning R&D, sales and marketing, business operations, and capital management. Our management team works seamlessly and possesses profound understanding of global memory products industry trends and customer needs, and unwavering commitment to strategic goals, thereby securing competitive advantages and market leadership.

We have an engineer team covering memory media analysis, controller chip design, firmware algorithm development, software and hardware innovation, as well as advanced packaging and testing, with a total of 1,262 R&D personnel as of December 31, 2025. Our core R&D personnel average over 10 years of industry experience in semiconductor R&D, wafer fabrication and chip design. This blend of professional talent and efficient management mechanisms supports our R&D and business strategy implementation.

OUR STRATEGIES

Enhancing full-stack capabilities and developing innovative solutions for diverse terminal-edge-cloud scenarios, oriented toward the AI era

As AI technologies are increasingly integrated with various industry verticals, we plan to enhance our full-stack technical capabilities and deliver semiconductor memory solutions, thereby meeting the needs for advanced memory solutions and empowering various AI use cases. This AI-oriented growth strategy is underpinned by four key pillars: comprehensive product portfolio, continuous R&D commitment, advanced packaging and intelligent business management.

We are developing a comprehensive portfolio of memory solutions tailored to various AI scenarios' requirements for data transmission efficiency, latency, power efficiency and form factor. We focus on AI use cases such as AI smart devices, edge computing and servers.

We will continue to invest in R&D to cover the key steps on the value chain of the global memory products industry from wafer acquisition to application innovation. By developing the integrated capability, we can promptly deliver memory products suitable for emerging AI applications, while ensuring product quality and meeting varying technical specifications.

We also focus on enhancing advanced packaging technologies such as wafer-level packaging, laying the technological foundation for memory solutions suitable for AI era, which require high capacity, power efficiency and compact form factors.

To ensure effective implementation of our business strategy, we are developing an AI-driven business operations platform across R&D, manufacturing, quality control, supply chain and customer services, creating a measurable, traceable and continuously optimized management system.

Building an internationally leading brand

We intend to enhance our global presence and establish an international brand image. Anchored in a globally oriented approach, we aim to capitalize on domestic manufacturing strength and strategic collaborations with industry partners to reach global customers, thereby tapping growth in various markets. Specifically, we will deepen partnerships with global brands. We also plan to establish a management team with global vision, optimize and integrate global supply chains and production capacity, and strengthen international branding efforts.

In addition to our continued expansion of domestic operations, we plan to provide high-quality services for customers in key markets across the Americas, Europe, Southeast Asia and Middle East. We also continue to collaborate with global brands in overseas markets to broaden our customer bases. By integrating global supply chain resources with our R&D and production expertise, we may provide high-quality services to customers across different regions and synchronize with leading customers in global expansion.

Moreover, we intend to attract R&D, sales and management talent with global vision, recruiting experts worldwide to advance core technical capabilities and production processes. Through enhanced training and incentive programs, we aim to build a team with global footprint.

Pursuing collaboration and acquisition for strategic growth

We intend to pursue strategic collaboration with and acquisition of targets with advanced technologies, talented teams and diverse industry resources that are complementary or synergistic to our portfolio of memory solutions. Specifically, we plan to focus on targets with pioneering technologies, scalable operations and established customer base. We expect to combine our ISM model and global presence with our strategic partners' strengths and advanced technologies to achieve synergies, enhancing our technical capabilities, broadening our product portfolio, and extending our market reach. As of the Latest Practicable Date, we had not identified specific targets for investment, collaboration or acquisition.

Improving profitability through expanding product mix and disciplined cost management

We plan to improve our financial performance by (i) expanding revenue from global customers in industry verticals including emerging edge AI devices, intelligent automotive and servers, (ii) emphasizing on the innovation and commercialization of memory solutions with higher gross profit margins, and (iii) strengthening cost and expense controls across R&D, production, testing and administrative operations.

Our solutions have been adopted by leading global customers across various industries. Building on these relationships, we intend to expand joint development with customers to align our solutions' design with their future product roadmaps, partaking into their product design at the early stage. This approach is intended to promote sales of our solutions and encourage our customers' integration of our premium products, thereby enhancing the sales and profitability. In 2025, revenue from our solutions for smart mobile and emerging edge AI devices accounted for over 50% of our total revenue, and the gross profit margins of these solutions were higher than other segments. By focusing on these solutions, we intend to enhance the gross profit and improve gross profit margin.

To maintain margins, we are enhancing cost efficiency through self-developed testing platforms and in-house packaging facilities in Huizhou and Dongguan production bases, reducing R&D, production and testing costs. As we scale our business, we expect operating expenses as a percentage of revenue to decline, supporting higher net profit and an improved net profit margin over time.

OUR BUSINESS MODEL

We operate the self-developed ISM model that spans across memory media analysis, controller chip design, firmware algorithm development, software and hardware innovation, and advanced packaging and testing. Unlike the IDM model that focuses on wafer fabrication requiring heavy investment, our proprietary ISM model allows us to concentrate resources on memory solution design, and packaging and testing to meet the evolving downstream demands for memory products. Leveraging this ISM model, we are one of the few companies in the industry with full-stack capabilities of transforming NAND and DRAM into memory solutions, addressing diverse storage needs across industry verticals and use cases. Our ISM model enhances R&D efficiency, improves customization capabilities, and strengthens quality control, enabling us to deliver comprehensive solutions customized for different form factor layouts and firmware configurations of end products built.

With the worldwide expansion of wafer fabrication capacity and increasing technical complexity of memory solutions, the focus of the memory products industry's value chain has extended beyond wafer resource acquisition to the integration of memory solution innovations with packaging and testing technologies. Meanwhile, in the post-Moore's Law era where advanced AI applications impose heightened technical requirements across capacity, data transmission efficiency, latency and energy efficiency, the ability to innovate memory solutions and packaging technologies is crucial.

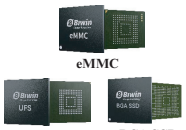
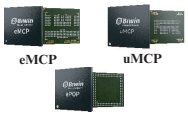
We enable efficient communication between the memory media and the SoC through controller chip design and firmware algorithms, while achieving denser physical-layer interconnection approaching micrometer scale via our wafer-level packaging technologies. Moreover, our understanding of diverse memory media's characteristics derived from comprehensive memory media analysis and in-house testing capabilities honed over a decade of experience enable us to tailor and optimize memory media's performance.

OUR PRODUCTS AND SERVICES

We primarily offer memory solutions catering to different application scenarios: (i) smart mobile and emerging edge AI devices, (ii) PC and enterprise storage, and (iii) intelligent automotive and other applications. Additionally, we provide advanced packaging and testing services for strategic customers within the broader semiconductor industry. Our semiconductor memory solutions are categorized into DRAM solutions, such as LPDDR and DDR, NAND Flash solutions, such as eMMC, UFS and SSDs, as well as multi-chip package (MCP) solutions, such as uMCP, eMCP and ePOP.

BUSINESS

The following table sets forth our major product types and their application scenarios:

Product Types	Smart Mobile and Emerging Edge AI Devices	PC	Enterprise Storage	Intelligent Automotive and Other Applications
NAND Flash	 eMMC; UFS; BGA SSD	 PC Pre-installed SSD; PC Consumer SSD/PSSD	 Enterprise SATA SSD; Enterprise PCIe SSD	 Automotive-grade eMMC; Automotive-grade UFS; Automotive-grade BGA SSD; Industrial-grade SSD
DRAM	 LPDDR	 PC Pre-installed Memory Module; PC Consumer Memory Module	 Enterprise RDIMM; CXL DRAM Modules	 Automotive-grade LPDDR; Industrial-grade Memory Module
MCP	 eMCP; uMCP; ePOP			

Our DRAM solutions are used for temporary, high-speed data handling, mainly encompassing LPDDR and DDR solutions. LPDDR is suitable for battery-limited settings and compact environments such as smart mobiles and emerging edge AI devices for fluid AI interfaces and seamless AI operations, as well as intelligent automotive for centralized operations combining in-vehicle infotainment, ADAS and other functions. On the other hand, DDRs are primarily deployed for PC and enterprise storage.

Our NAND Flash solutions are used for long-term, non-volatile data storage, which keeps information even when powered off. Our NAND Flash solutions mainly include eMMC, UFS and SSDs. In the AI era, eMMC and UFS are advancing to manage growing data volumes from local deployment of LLMs in smart mobiles, as well as real-time navigation in intelligent automotives. SSDs are advancing with enhanced endurance and data transmission efficiency, supporting storage in data-intensive environments.

MCPs integrate multiple chips within a single package for higher density and enhanced performance, thereby addressing storage needs in small-sized AI-enabled devices. Within this category, ePOP, eMCP and uMCP combine NAND Flash directly with DRAM and the controller chip in a single package, facilitating on-device AI features in gadgets like edge AI wearables. In the AI era, MCPs are evolving to enable denser integration, prioritizing miniaturization for AI functions in everyday accessories.

The following table sets forth the sales volume of each semiconductor memory solution category in GB and average selling price per GB of each solution during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
DRAM			
— Sales volume *(million GB)*	68.0	82.0	158.5
— Average selling price *(RMB per GB)*	10.5	14.8	19.1
NAND Flash			
— Sales volume *(million GB)*	8,255.7	10,349.4	13,882.2
— Average selling price *(RMB per GB)*	0.3	0.4	0.5
MCPs			
— Sales volume *(million GB)*	142.4	322.3	579.5
— Average selling price[(1)] *(RMB per GB)*	2.8	2.7	2.8

Note:

(1) The average selling price of MCPs is calculated by dividing the revenue from MCPs by the sales volume of DRAM and NAND Flash embedded in MCPs.

The following table sets forth the sales volume of each business line in GB and average selling price per GB of each solution under each of our business lines during the Track Record Period:

			Year ended December 31,		
			2023	2024	2025
Smart mobile and emerging edge AI devices	**DRAM**	Sales Volume *(million GB)*	25.3	43.9	53.6
		Average selling price *(RMB/GB)*	10.7	14.0	17.6
	NAND Flash	Sales Volume *(million GB)*	1,931.3	5,014.5	6,016.5
		Average selling price *(RMB/GB)*	0.3	0.5	0.4
	MCP	Sales Volume *(million GB)*	128.8	260.8	501.7
		Average selling price *(RMB/GB)*	2.8	2.8	2.8
PC and enterprise storage	**DRAM**	Sales Volume *(million GB)*	23.6	28.9	67.8
		Average selling price *(RMB/GB)*	14.7	16.5	19.1
	NAND Flash	Sales Volume *(million GB)*	5,225.2	4,034.5	5,651.6
		Average selling price *(RMB/GB)*	0.3	0.4	0.4
	MCP	Sales Volume *(million GB)*	0.1	0.9	1.5
		Average selling price *(RMB/GB)*	1.1	1.1	1.5
Intelligent automotive and other applications.	**DRAM**	Sales Volume *(million GB)*	19.2	9.3	38.2
		Average selling price *(RMB/GB)*	5.2	13.3	21.3
	NAND Flash	Sales Volume *(million GB)*	1,099.2	1,300.4	2,214.1
		Average selling price *(RMB/GB)*	0.3	0.4	0.7
	MCP	Sales Volume *(million GB)*	13.5	60.6	76.4
		Average selling price *(RMB/GB)*	2.4	2.6	2.5

The global memory products market is influenced by the periodic fluctuations in supply-demand dynamics, which affected the average selling prices during the Track Record Period. Since the second half of 2023, the global demand for memory products began to recover from the downturn in the year prior, propelled by the rapid development of AI applications and a broader resurgence in the global economy, which in turn led to the increases in memory product prices and corresponding improvements in our average selling prices. In 2024 and 2025, as global inventory level of memory products stabilizes and the demand from AI applications increased, the average selling prices for memory products increased. According to Frost & Sullivan, our business performance and gross profit margins were generally in line with our industry peers during the Track Record Period.

Smart Mobile and Emerging Edge AI Devices

Smart Mobiles

Smart mobiles need a combination of LPDDR for quick temporary data handling for local deployment of LLMs on small parameter scale, and high-speed NAND Flash storage, such as UFS or eMMC for reliable data processing without compromising the device's operation speed. As smart mobiles evolve toward thinner and lighter forms, they demand increasingly compact, integrated solutions with greater capacity and data transmission efficiency, such as uMCP and eMCP. As of the Latest Practicable Date, our solutions have been incorporated into smart mobiles and tablets of various leading brands, such as OPPO, vivo, Honor, Transsion, Motorola, ZTE, TCL and Positivo.

In the AI era, smart mobiles and tablets require memory solutions with greater-capacity, higher-data transmission efficiency and faster memory within compact form factors. Such heightened technical requirements necessitate memory media analysis capabilities, controller chip designs and firmware algorithm development, as well as packaging technologies that stack more dies in constrained spaces while enhancing interconnect density and data transmission efficiency. Our advanced packaging capabilities, including high-density die stacking and fine-pitch interconnection at the micrometer scale, address these challenges while maintaining our solutions' thermal efficiency.

Key Characteristics of Our Solutions

- *LPDDR*

Our LPDDR5/5X solution is well-suited for powering AI-enabled smart mobiles. It achieves data rates up to 9,600 Mbps with approximately 25% lower power consumption compared to prior generations, enabling faster AI processing while extending battery life. Our compact 8.26 × 12.4 mm FBGA245 package minimizes motherboard footprint, providing greater design flexibility for thinner, lighter smart mobiles, and supports versatile capacities from 48 Gb to 128 Gb. We have developed the multi-layer die stacking, high-capacity ultra-thin LPDDR solution, offering high-capacity and slim solutions with enhanced data transmission efficiency.

- *UFS and eMMC*

Our UFS 3.1 solution, enables fast loading and saving of large files during video streaming or multitasking. Our eMMC 5.1 solution provides reliable, customizable solutions for smooth file and software handling, as well as command queuing for faster responses, secure erase for safe wiping and reliable writes.

- *eMCP and uMCP*

Our eMCP and uMCP solutions integrate NAND Flash storage with LPDDR memory or processors into a single compact package, simplifying system design, minimizing PCB footprint, and boosting efficiency. Our uMCP5, based on LPDDR5/5X, achieves a 55% reduction in PCB footprint compared to discrete UFS and LPDDR setups, supporting configurations like 512 GB storage plus 8 GB LPDDR.

Emerging Edge AI Devices

We provide semiconductor memory solutions tailored for AI/AR glasses, smartwatches, smart learning tablets, embodied intelligence applications and other emerging edge AI devices. By employing multi-die stacking and optimizing signal integrity and power delivery during the packaging, our memory solutions ensure stable, high-speed operation under the thermal constraints of compact edge AI devices. As of the Latest Practicable Date, our ePOP solutions had been adopted by leading global and domestic brands, including Meta, Google, Alibaba, Xiaomi, Rokid, and RayNeo Innovation, with our ROM + RAM solution serving as a key component for AI/AR glasses

and smart watches. Additionally, through our collaborations with Meta, we have established the industry benchmarks for memory solutions used in AI/AR glasses. Through our integrated technical capabilities, we plan to capture the substantial potential of edge AI device market.

Key Characteristics of Our Solutions

- *LPDDR*

Our LPDDR5/5X solutions are suited for emerging edge AI devices, where they power on-device AI functions like real-time health monitoring, gesture recognition, and predictive alerts.

- *UFS and eMMC*

Our breakthrough eMMC solution, with a size of 7.16 × 7.16 × 0.73 mm, leverages advanced packaging technology to align with the smart wearable's evolution toward extreme miniaturization, lightweight construction and ultra-thin layouts. Its power-efficient architecture reduces energy loss to enable extended battery life, while our quality management ensures reliability and durability. For smart wearables, our UFS options deliver faster data handling in similarly compact packages.

- *ePOP*

Our ePOP solutions use advanced multi-layer die stacking, ultra-thin dies and multi-chip heterogeneous integration to deliver a package as slim as 0.54 mm, reducing PCB footprint and supporting lighter, thinner product layouts. In particular, our ePOP5X combines eMMC 5.1 with LPDDR5/5X, offering data rates up to 8,533 Mbps and sequential read speeds of 300 MB/s to ensure smooth operation even in heavy-load scenarios.

PC and Enterprise Storage

PC Storage

We provide PC storage solutions to both enterprise customers, including PC brand owners, PC OEMs and system integrators for preinstallation, and individual users in the aftermarket. Our PC storage solutions encompass DDRs, including DDR4 and DDR5, and SSDs equipped with different protocols, including PCIe Gen4 SSDs, PCIe Gen5 SSDs and portable SSDs (PSSDs). We also offer BGA SSDs and Mini SSDs that cater to devices with lightweight, ultra-thin devices. Our Mini SSD stands out as one of TIME's Best Inventions of 2025. These solutions load operating systems and applications, cache and persist data while delivering the data transmission efficiency and capacity required for desktops, laptops, all-in-one PCs and gaming systems.

For enterprise customers, we primarily offer customized SSDs and DRAM modules, as well as LPCAMM2 meeting their software and hardware specifications. As of the Latest Practicable Date, our PC storage solutions had been admitted to the approved vendor lists of leading PC brands, including HP, Lenovo, Acer, ASUS and Xiaomi. Our BGA SSDs have been admitted on Google's approved vendor list. In addition, our enterprise storage solutions have been incorporated into a wide range of CPU and operating platforms. For individual users, we operate our Biwin brand and hold exclusive global operating authorizations from leading brands, including HP, Lenovo, Acer and Predator. In 2023, 2024 and 2025, revenue generated from brand authorization amounted to RMB1,065.8 million, RMB1,214.4 million and RMB1,618.3 million, respectively, accounting for 29.7%, 18.1% and 14.3%, respectively, of the total revenue for each period.

Our PC storage solutions provide high capacities and transfer efficiency, facilitating the PC brands' transition to AI PCs. AI PCs integrate on-device AI processing for tasks like generative computing, real-time collaboration and local model inference, demanding memory solutions with enhanced data transmission efficiency, large capacities, low latency and endurance to handle intensive workloads without compromising speed or efficiency. Through our collaborations with leading PC brands, we gain market insights of their evolving technical needs, enabling the development of tailored PC storage solutions.

Key Characteristics of Our Solutions

- *SSDs and DRAM Modules for Enterprise Customers*

Our PCIe Gen5 SSDs provide high sequential read and write speeds, with large capacity, supporting complex tasks in desktops and servers. Complementing this, our DDR5 modules offer capacities from 8 GB to 32 GB at frequencies up to 5,600 Mbps, with smart power management and built-in error correction to maintain operation during intensive workloads. For space-limited setups like ultra-thin laptops and IoT devices, our BGA SSDs deliver up to 1 TB in a tiny 11.5 × 13.0 × 1.35 mm package, featuring low power use, shock resistance and reliability through 16-layer die stacking, encapsulation simulation and proprietary firmware algorithms. Our Mini SSD has a capacity up to 2TB of NVMe storage crammed into an ultra-compact 15mm x 17mm x 1.4mm, which is roughly the size of a micro-SIM card or coin, with 3,700 MB/s read speeds.

- *SSDs and DRAM Modules for Individual Users*

Our Own Brand

Our PC storage solutions also serve intensive tasks such as 4K video editing, 3D rendering and AI-accelerated workflows. In particular, our Biwin DW100 DRAM offers capacities from 16 GB to 192 GB at speeds up to 8,400 MT/s, supporting smooth multitasking and high frame rates for competitive gaming and live streaming. Additionally, our Biwin X570 PRO SSD, with its high sequential read/write speeds and great capacities, has achieved widespread acceptance. Through collaborations with e-sports teams, e-sports events and platforms, we have become a go-to provider of reliable PC storage solutions.

Brand Authorizations

During the Track Record Period, we obtained brand authorizations from prominent PC brands, including HP, Lenovo, Acer and Predator, which granted us the rights to design, develop, manufacture and sell memory modules and SSDs bearing their trademarks, primarily targeting individual consumers in the PC storage market. These authorizations enable us to leverage the established brand recognition to rapidly penetrate diverse markets.

The salient terms of our brand authorization agreements are set forth as follows:

- *Term*: Generally with a defined term negotiated on the case-by-case basis, renewable upon mutual consent.
- *Scope of Authorization*: We are allowed to use the authorized brand's trademark solely for the manufacturing, packaging, marketing and sales of specified products. We may sell the products bearing such brands in designated regions and channels.
- *Transferability*: We are generally not allowed to assign, transfer or convey any rights to third parties without the licensor's consent.
- *Royalties and Fees*: We are generally required to pay royalties based on the sales of relevant products, subject to defined minimum guaranteed royalty obligations. We are also required to pay one-time authorization fees.
- *Termination*: The agreements can be terminated for material breaches committed by any parties.

- *LPCAMM2*

Our LPCAMM2 delivers an ultra-high-speed data transfer rate of 7,500 MT/s. This product incorporates 16GB high-density DRAM and features a differential clock architecture, complemented by a 10-layer PCB design and advanced packaging technology, which collectively ensure high stability during high-frequency operations while enhancing energy efficiency and spatial optimization.

Enterprise Storage

We also provide solutions for enterprise use cases, such as data centers, servers, cloud computing and big data. Our enterprise storage solutions include SATA SSDs, PCIe SSDs, CXL DRAM modules and RDIMM.

Key Characteristics of Our Solutions

- *SATA SSDs*

SATA SSDs use the SATA interface, which is a common standard for connecting storage to computers and servers, to provide fast, reliable and non-volatile data storage without the moving parts of traditional hard drives. Our 2.5-inch SATA SSDs, support capacities up to 7.68 TB and include features such as power-loss protection to safeguard data during outages, end-to-end data protection for data integrity, thermal throttling to prevent overheating, dynamic and static wear leveling for even usage, power management for energy efficiency, firmware backup for recovery, and internal RAID for redundancy. Our 2.5-inch SATA SSDs are deployed in diverse sectors including government, finance, telecommunications, IoT and data centers.

- *PCIe SSDs*

PCIe SSDs connect directly to a computer's motherboard via the PCIe interface. Our PCIe Gen5 SSDs support capacities up to 7.68 TB with read and write speeds reaching 14 GB/s and 10 GB/s, respectively, making them optimal for distributed storage, databases, AI workloads and big data analysis.

- *CXL DRAM Modules*

CXL DRAM modules use the CXL standard to enable high-speed, shared memory pools between processors like CPUs and GPUs. Our CXL 2.0 DRAM modules support capacities up to 256 GB for efficient memory sharing to meet demanding CPU and GPU requirements in AI systems.

- *RDIMMs*

Our RDIMM delivers speeds up to 5,600 MT/s and capacities up to 128 GB, optimizing throughput for AI inference and real-time analytics. Utilizing DRAM dies and proprietary testing software, our RDIMM undergoes stringent validation to guarantee quality and reliability, enabling seamless support for cloud, edge, and high-performance computing in data centers, internet infrastructure and workstation environments.

Intelligent Automotive and Other Applications

Our memory solutions for intelligent automotive encompass LPDDR, eMMC, UFS, BGA SSDs and memory cards. Automotive OEMs apply stringent vendor admission standards. Obtaining qualification from automotive OEMs is a mandatory prerequisite for their authorized supplier and commence mass production and delivery. This qualification process typically involves a rigorous series of technical assessments for a group of candidate suppliers, during which we submit product samples to potential customers for comprehensive testing regarding performance, compatibility with their devices and systems, as well as long-term reliability. Upon successful completion of these tests, suppliers are formally admitted to the customer's approved vendor list. Such qualification does not typically have a fixed expiration date and generally remains valid for the lifecycle of the relevant end-product, ensuring robust, long-term relationships with the suppliers. Automotive OEMs typically set heightened technical requirements, including wide temperature and extended voltage tolerance, high endurance under heavy mixed workloads and power cycling, comprehensive data integrity and power-loss resilience, and resistance to shock, vibration, humidity and electromagnetic interference, requiring industry-leading technical capabilities.

Through our IATF 16949-certified production base, we develop automotive-grade solutions suitable for autonomous driving and smart cockpit. Leveraging our memory media analysis capability, we select memory media suitable for diverse environments. In addition, our automotive memory solutions incorporate our proprietary eMMC controller chip, SP1800. This proprietary controller chip design capability allows us to customize solutions catering to customers' different vehicle models. As of the Latest Practicable Date, our memory solutions had been adopted by major automotive OEMs including BYD and ChangAn. In addition, we provide memory solutions tailored for intelligent automation, smart transportation and telecommunication, and high-quality photography, demanding high performance and high quality.

Key Characteristics of Our Solutions

- *LPDDR*

Our LPDDR solutions temporarily hold critical data for real-time processing, such as navigation updates, camera feeds, or predictive maintenance alerts. Compared to LPDDR solutions for smart mobile devices and edge AI wearables, our automotive-grade LPDDR is designed for durability, wider operational tolerance and extended endurance to withstand harsh conditions.

- *eMMC and UFS*

Our automotive and industrial-grade eMMC and UFS withstand extreme temperatures from –40°C to 105°C or higher, adhere to AEC-Q100 automotive reliability standards for extended lifespan and durability under vibration and shock, employ stricter quality controls targeting low defect rates and zero failures. In particular, we offer eMMC solutions that incorporate our proprietary SP1800 controller chip. SP1800 withstands temperatures from –40°C to 85°C for stable operation in harsh conditions, and its in-house design facilitates ongoing maintenance, customization and lifecycle management for complex scenarios.

- *BGA SSDs*

Our BGA SSDs for intelligent automotive are compact solutions offering capacities from 256 GB to 1 TB and fast read/write speeds. These solutions also feature advanced error correction for high-density packing, fast boot times, data security and isolation to ensure stable operation in harsh automotive conditions like vibrations and extreme temperatures.

- *Memory Cards*

Our TAC series memory cards are tailored for automotive dash cams, enabling 4K and 8K high-definition recording through industrial-grade 3D TLC flash, delivering stable data writing without frame drops and up to 90,000 hours of continuous recording. Our memory cards support 4K RAW video and high-speed burst-mode photography, while offering capacities from 32 GB to one TB, wide temperature adaptability and durable features for harsh driving environments.

Advanced Packaging and Testing Services

AI inference, smart mobile devices and emerging edge AI devices require enhanced data transmission efficiency and greater capacity within limited space. Companies with advanced packaging technologies are better positioned to meet the new performance, power efficiency and form factor requirements, while in-house testing capabilities further ensure product quality, reliability and supply stability. Our packaging and testing capabilities therefore distinguish us from our industry peers. Together with our other core technical strengths, including memory media analysis, controller chip design and firmware algorithms, as well as experience in developing memory solutions for diverse application scenarios, these capabilities enable us to deliver high-performance, high-quality memory solutions to key stakeholders of the broader semiconductor industry in the AI era.

We are capable of advanced packaging technologies, enabling multiple die-stacking on compact form factors. For instance, we are capable of Fan-out Memory Stacking (FOMS), enabling versatility, reliability and efficiency to meet diverse customer needs. Additionally, we are one of the few companies possessing wafer-level packaging technology, which is critical for developing semiconductor memory solutions tailored for edge AI devices.

Our comprehensive, in-house testing capabilities are built on our decade-long experience in memory solutions testing, enabling tests across all solution types, from functionality and reliability to performance under stress. Additionally, we maintain a full-stack testing framework that integrates advanced systems with our proprietary testing tools, enabling validation for diverse applications. We identify optimal testing methodologies tailored to specific memory solutions, thereby improving overall testing efficiency in ensuring memory solutions' quality and reliability.

OUR CORE TECHNOLOGIES

Memory Media Analysis

Memory media analysis lays the foundation for the R&D of memory solutions. Beginning with NAND and DRAM wafers, which can be engineered into products for various application scenarios, we have conducted memory media characterization across different environmental conditions and use cases to investigate failure mechanisms and develop matching test and screening algorithms. Our memory media analysis enables performance optimization that maximize the practical value of each wafer by aligning memory media's physical features with designed application scenarios. In addition, data from storage media analysis can be used for controller chip design, firmware algorithm optimization and testing algorithm development.

Controller Chip Design

Controller chips are specialized ICs for SSDs, eMMC and UFS, which manage data operations between the memory media and processors, coordinating data transfers, minimizing latency and handling various tasks. We deliver memory solutions incorporating with our proprietary controller chips while customizing for different product layouts and firmware configurations.

Our self-developed controller chip, SP1800, features a proprietary architecture that enables parallel data processing for rapid response while using 4K Low-density Parity Check (4K LDPC) algorithm, a modern error-correction method designed to detect and fix data errors more effectively, and SRAM Error Correction Code (SRAM ECC), a built-in mechanism that automatically detects and corrects small errors in the chip's internal memory. In addition, this chip can withstand a wide temperature range, enabling stable operations under low- and high-temperature environments. This chip also supports quad-level cell (QLC) media that stores more data bits per cell compared to triple-level cell (TLC).

Firmware Algorithm

Our firmware algorithms create specialized software instructions embedded in our memory solutions, enabling them to efficiently manage data, correct errors and save power. We possess core firmware algorithm capabilities in relation to interface protocols, FTL core management, QoS scheduling, data protection and data security, meeting technical demands arising from diverse application scenarios. We have also realized co-optimization across controller chip design and firmware algorithms to enhance algorithm efficiency and to implement application-oriented hardware acceleration and performance tuning, strengthening competitiveness of our solutions in smart wearables, enterprise storage and industrial and automotive-grade applications.

Advanced Packaging and Testing

We possess advanced packaging technologies, including BGA (a compact grid-based package), Flip Chip (a way of mounting chips upside down for better performance) and FOMS packaging technology (a high-density stacking method that allows several chips to be combined in a very small space). Building on these technologies, we have delivered high-capacity memory chips in compact form factors. For instance, we combine advanced packaging technology with proprietary firmware algorithms to customize our ultra small eMMC solutions, which are less than 1/3 the size of other eMMC solutions.

In particular, our FOMS merges fan-out techniques with multi-layer memory die stacking, employing processes like wire bonding, bumping, and redistribution layers (RDL) to deliver high-capacity and slim memory solutions. It embeds stacked memory dies in protective molding to create a reconstructed wafer, enabling multi-die integration and high-density interconnection that offer high data transmission efficiency over other packaging methods. FOMS ensures high yields and reliability at lower costs, providing enhanced capacity density, data transmission efficiency, power efficiency and signal integrity in space-constrained applications, such as smart mobiles.

Capitalizing on our industry experience, we have built an in-house testing capability. Through a comprehensive portfolio of testing platforms, we ensure the consistent delivery of memory solutions, enhancing R&D efficiency, and enabling customization for diverse customer needs.

RESEARCH AND DEVELOPMENT

Our R&D team underpins our sustained growth and product development. As of December 31, 2025, our R&D team comprised 1,262 professionals, of whom 23.3% held a master's degree or above with relevant industry experience. Our IC design team has an average of over ten years of industry experience, while our advanced packaging team has an average of over ten years of experience, supporting capabilities from R&D to mass production. Our semiconductor testing team also has extensive experience in testing equipment hardware, testing algorithms and automated testing software platforms. During the Track Record Period, our R&D expenses amounted to RMB250.0 million, RMB447.4 million and RMB632.4 million in 2023, 2024 and 2025, respectively, representing 7.0%, 6.7% and 5.6% of our revenue for the respective period. As of December 31, 2025, we had over 200 trademarks, over 490 granted patents and over 230 patent applications in Chinese mainland. See "Appendix VI — Statutory and General Information — Further Information about the Business — Intellectual Property Rights."

R&D Process

We follow a customer demand driven approach with an integrated development system. Cross functional teams from market research procurement manufacturing finance and quality areas oversee the full process from market needs analysis and project approval through development verification and release. This ensures advanced technology product quality and commercial success. Product development follows six stages covering planning design verification reliability testing and launch. Business and technical reviews are conducted at each stage to safeguard delivery quality.

We also conduct advance research on key technologies guided by our product strategy and industry trends. This approach shortens product development time and improves efficiency. The advanced research follows similar stages from project formulation based on business needs and input from experts and suppliers through in depth exploration and prototype development to integration into products.

R&D Initiatives

- ***SP1800 eMMC.*** We are developing the eMMC powered by our proprietary SP1800 controller chip. The SP1800 eMMC targets industrial-grade applications such as control boards and robotics. Additionally, we target automotive-grade applications for in-vehicle entertainment and telematics that are compliant with AEC-Q100 Grade 2 standards and support extreme temperatures as well as consumer-grade applications for smart mobiles and wearables.

- ***UFS 3.1 Controller Chip.*** We are advancing our new UFS 3.1 controller chip for both automotive and consumer applications. This controller chip powers our upcoming Biwin TAU series, a next-generation memory solution that outperforms standard eMMC with write speeds five times faster. The TAU series is fully AEC-Q100 certified for operation between -40°C and 105°C, making it ideal for the high-speed, low-latency requirements of ADAS and cockpits. Furthermore, our UFS 3.1-based memory solutions supports consumer AI applications by balancing rapid data transfer with energy efficiency.

- ***Ultra-Thin ePOP5X.*** We are developing the ultra-thin ePOP5X, which applies to smart wearables and AR glasses. Our innovations and strengths include overcoming traditional packaging thickness limits by reducing the maximum thickness for industry-leading slimness, which creates extra design space on top for more flexible structures and added functions in wearables and smart glasses, supporting advances in thin, integrated designs.

- ***NVMe Enterprise Storage.*** We are developing NVMe enterprise storage solutions that support the NVMe 2.0 protocol, integrating our self-developed core algorithms and advanced flash storage technology. This product targets applications such as AI inference, online transaction processing, business intelligence analysis, data warehousing, cold data archiving, streaming services, web servers and edge computing nodes.

R&D Collaborations

During the Track Record Period, we entered into R&D collaboration agreements, primarily with technology companies and academic institutions. Under such arrangements, we are generally responsible for setting project scope and validation standards, and reviewing and accepting deliverables, while our research partners are generally responsible for conducting design and development to agreed standards, completing required certifications, delivering comprehensive technical packages, and providing ongoing technical support to facilitate manufacturing and product acceptance. Payments are generally made based on project milestones, such as sample acceptance, completion of commissioned R&D and certification. We own the intellectual property arising from these collaborations.

PRODUCTION

Our ISM model emphasizes the production process and advanced packaging and testing. This integrated approach enables a comprehensive product development cycle. During the Track Record Period, we outsourced certain production of SSDs and memory modules for PC storage to OSAT facilities during peak seasons. Under the outsourcing arrangements, qualified third parties are responsible for manufacturing, assembly and testing, while we retain control over key materials, quality standards and delivery timelines. The outsourcing arrangements complement our in-house production. By securing external capacity, the outsourcing arrangements enables us to better accommodate short-term demand surges for SSDs and memory modules for PC storage, which improve our production flexibility and allow us to scale capacity without placing additional burden on our in-house resources. This strategic arrangement ensures consistent quality, timely delivery and optimal resource utilization. In 2023, 2024 and 2025, revenue generated from the sales of products manufactured under outsourcing arrangements amounted to RMB509.1 million, RMB685.3 million and RMB1,258.0 million, respectively. Costs arising from such arrangements during the same periods amounted to RMB506.9 million, RMB565.4 million and RMB825.1 million, respectively.

Production Process

The production of semiconductor memory solutions comprises front-end-of-line ("FEOL") wafer fabrication and back-end-of-line ("BEOL") packaging, testing and module assembly. FEOL wafer fabrication is performed by wafer fabs, while we primarily conduct BEOL operations at our Huizhou production base. Our workflow for packaging covers wafer thinning, die singulation, chip interconnection, loading and plastic encapsulation, and testing. Our module assembly process further attaches chips to the PCB. Our wafer-level packaging bridges FEOL wafer fabrication and BEOL packaging and testing. During this process, multi-layer metallization and advanced interconnect technologies are applied to connect on-wafer circuits, establishing robust electrical connectivity, enhancing signal integrity and supporting optimal device performance. We primarily conduct the wafer-level packaging at our Dongguan production base.

Production Equipment and Machinery

We procure advanced equipment from top-tier global suppliers to meet the stringent quality standards of our customers and deliver reliable semiconductor memory solutions. The majority of our production equipment is highly automated, enhancing production efficiency and optimizing yield. Our packaging and testing equipment includes wire bonders for fine-pitch chip-to-substrate interconnections, backgrinding system, wafer-level packaging equipment for bump electroplating, die attach system for precise placement of thin or high-stack chips, laser dicing and grooving systems for accurate wafer singulation, high-precision and low-stress plastic molding system, flip-chip bonders for advanced FC-BGA packaging, ATE for batch testing of functional, electrical and high-frequency parameters, and burn-in ovens and handlers for reliability stress testing. Our automated production equipment enables stable product delivery, efficient production and tailored solutions.

Production Bases

As of the Latest Practicable Date, we had two production bases in China. Our Huizhou production base is the primary hub for BEOL operations, focusing on advanced packaging and module assembly for 12-inch wafers. It supports end-to-end processes from wafer preparation through packaging, testing and reliability screening. We also operate a production base in Dongguan, which is dedicated to wafer-level packaging. The facility is currently undergoing sampling production and validation, and is scheduled to commence mass production in the fourth quarter of 2026. It is designed to support scalable and flexible advanced packaging, with capabilities covering wafer-level processes and integrated reliability testing to meet diverse customer and application requirements. The table below sets forth information regarding our production bases as of December 31, 2025.

Production Bases	Location	Area *(sq.m.)*	Capabilities	Production Commencement Year
Huizhou Production Base	No. 25, Qiaofei Road, Chenjiang Street, Zhongkai District, Huizhou City, Guangdong Province, China	99,917[(1)]	BEOL production phase	2021
Dongguan Production Base	No. 6 Xingye Road, Songshan Lake Park, Dongguan City, Guangdong Province, China	68,201[(2)]	Wafer-level packaging	2026

Notes

(1) Gross floor area that measures the area of the cumulative floor space across all levels.

(2) Site area that measures the area the entire parcel.

Production Capacity and Utilization Rates

Set forth below are the details of the designed production capacity and utilization rates for our production bases for the years indicated.

	Year ended December 31,								
	2023			2024			2025		
	Designed production capacity[(1)] *(thousand units)*	Actual production volume[(2)] *(thousand units)*	Utilization rate (%)[(3)]	Designed production capacity[(1)] *(thousand units)*	Actual production volume[(2)] *(thousand units)*	Utilization rate (%)[(3)]	Designed production capacity[(1)] *(thousand units)*	Actual production volume[(2)] *(thousand units)*	Utilization rate (%)[(3)]
Packaging and Testing	149,916	142,299	94.9	212,593	201,956	95.0	258,074	247,110	95.8
Module Assembly	7,248	6,547	90.3	9,300	7,287	78.4[(4)]	10,800	9,223	85.4

Notes:

(1) Our designed production capacity is calculated by multiplying the maximum operating time of 24 hours per working day by the overall equipment utilization (OEU), which refers to the proportion of time that our equipment is actually used for production, then by the number of days per month per year. The actual production volume for packaging and testing includes both (i) the packaging and testing for our memory solutions, and (ii) packaging and testing services provided to our customers.

(2) The actual production refers to actual output for the relevant period.

(3) The utilization rate during the period is calculated by dividing the actual production by the designed capacity for the same period.

(4) The utilization rate for our module assembly decreased from 90.3% in 2023 to 78.4% in 2024, as we enlarged the designed production capacity for module assembly and were still in the process of production ramp-up according to marketing strategy. We were cautious in sales and marketing of our products in anticipation of a market downturn in the second half of 2024, allowing us to manage inventory levels and avoid overproduction during periods of softer demand, while positioning for full ramp-up in 2025 as market conditions are expected to improve, thereby optimizing resource allocation and aligning production with projected recovery in demand.

Production Expansion Plan

Our production expansion strategy is determined primarily based on (i) the anticipated supply and demand for our solutions, (ii) the utilization rate of our production facilities and the feasibility of further expansion, (iii) the estimated investment and operational costs, and (iv) the availability of capital resources.

SEASONALITY

Our sales of SSDs and memory modules for PC storage targeted at individual users exhibit seasonality, with volumes and revenue typically peaking in the second half of the year. This pattern is driven by heightened consumer demand during major holiday seasons, such as Christmas, New Year and back-to-school periods. Additionally, promotional events like Double 11, Black Friday and regional shopping festivals further stimulate purchases by offering discounts and bundles that encourage consumers to buy memory products. As a result, the peak season of the sales of these categories tend to occur in the second half of the year, aligning closely with global retail cycles and consumer spending trends in the personal computing market.

SUPPLY CHAIN MANAGEMENT

Supplier Selection and Management

Our core raw materials include (i) NAND and DRAM wafers, (ii) controller chips, which are typically standardized, general-purpose components, as distinguished from our proprietary controller chips that are produced in-house and designed for customized eMMC solutions, and (iii) auxiliary materials, such as substrates and PCBs. We do not manufacture any other raw materials or components.

Our procurement strategy is driven by customer sales orders and dynamic market demand forecasts. We maintain strategic stockpiles of NAND and DRAM wafers, to support our business growth and meet the increasing demand from our major customers. The semiconductor industry is characterized by cyclical fluctuations in supply and pricing. Our strategic stockpiling also strengthens our resilience against potential supply disruptions and price volatility, thereby securing a stable cost base and continuous supply for our production needs. This approach contributes to longer inventory turnover days but represents a deliberate and controlled operational strategy, enabling us to navigate industry cycles effectively and ensure reliable delivery to customers. Our standard procurement process aligns with our annual business planning cycle. Under this framework, we list key materials with detailed requirements, enabling the procurement department to issue rolling forecasts to suppliers and negotiate supply agreements tailored to specific material categories.

Our suppliers are assessed, evaluated and certified in coordination with R&D and operations teams, and procurement decisions are continuously optimized by monitoring market trends, inventory levels, customer orders and capital allocation. We maintain long-term relationships with leading global NAND and DRAM vendors, securing diversified supply across multiple sources to mitigate single-supplier dependency.

Under long-term agreements, we determine forecast-based procurement volumes with defined delivery windows, which enhances supply visibility and enables more effective production planning and inventory management. In the meantime, we shortened end-to-end delivery cycles from wafer to finished products to facilitate raw material consumption within pricing windows. We also conduct regular assessments of suppliers' capacity, geographic footprint, inventory position and business continuity planning, and incorporate third-party market intelligence as well as insights from leading hardware platform providers. To assess suppliers' inventory positions, we gather information from their quarterly financial reports and earnings calls, direct communications with their sales and marketing teams, and third-party consulting firms. For instance, high supplier inventory levels signal potential price declines, prompting us to lower our own inventory levels, while low levels indicate possible price increases, allowing us to adjust accordingly. For business continuity planning, we evaluate suppliers' product iteration roadmaps and discontinuation plans through regular quarterly business reviews and quarterly technical reviews, enabling us to make timely adjustments and align our strategies with their updates. Inventory water-level decisions refer to our proactive determinations of optimal stock levels based on market forecasts of memory price fluctuations. In anticipated downtrends, we maintain minimal levels of approximately three months to mitigate risks, whereas in uptrends, we extend the inventory reserves to six months or more to secure supply and

cost advantages. Collectively, these measures are designed to ensure continuity of supply, enhance our ability to navigate cyclical price movements. Our strategic collaborations with leading NAND and DRAM vendors also create a synergistic feedback loop that provides them with critical insights into evolving downstream demands. We engage in deep technical cooperation with these vendors from the nascent stages of product development, particularly in wafer-level packaging and testing. For instance, utilizing our expertise in FOMS packaging technology, we jointly define technical specifications with these upstream vendors to integrate fan-out packaging with multi-layer memory chip stacking.

The salient terms of our supplier agreements are set forth as follows:

- *Logistics*. The supplier is required to deliver products to the designated location by using qualified logistics service providers. The supplier bears all associated transportation expenses.
- *Pricing*. Prices are set forth in the agreement based on prevailing market conditions and negotiations, with provisions for periodic renegotiation as mutually agreed.
- *Transfer of Risks*. Risks transfer to us upon our acceptance of the products or their delivery to the location designated by us.
- *Warranty*. The warranty period is typically 12 months from the acceptance of products.
- *Termination*. We may terminate the supply agreement if the supplier's delays disrupt our production, or by mutual agreement through negotiation.
- *Allocation of Liabilities*. The supplier is responsible for any damages resulting from product recalls or product liabilities caused by the defects of the products provided by the supplier.
- *Export Control*. The supplier undertakes to comply with applicable export control and sanctions laws in the United States, the PRC and other relevant jurisdictions, and must promptly inform us of any pertinent details, including the products' Export Control Classification Number (ECCN), required licenses and end-use restrictions.

Major Suppliers

Our major suppliers primarily comprise NAND and DRAM vendors. Raw materials procured from these suppliers mainly consisted of wafers and memory chips. The memory chips we procured were primarily NAND Flash memory chips, which we encapsulated into SSDs when our packaging capacity was tight during peak seasons. Purchase from our five largest suppliers in each year during the Track Record Period was RMB2,994.2 million, RMB3,332.2 million and RMB8,667.5 million respectively, accounting for 58.2%, 62.4% and 66.1% of our total purchases for the same year, respectively. Purchase from our largest supplier in each year during the Track Record Period was RMB866.1 million, RMB1,252.7 million and RMB3,838.3 million respectively, accounting for 16.8%, 23.5% and 29.3% of our total purchases for the same year/period, respectively. According to Frost & Sullivan, supplier concentration is common in the memory product industry.

The following tables set forth details about our five largest suppliers in each year/period of the Track Record Period:

For the year ended December 31, 2023

No.	Supplier	Background	Products/ services provided to us	Purchase amount *(RMB'000)*	% of our total purchase amount	Year of commencement of business relationship with us
1	Supplier B	Incorporated in Singapore, it primarily engages in the design, manufacturing and distribution of semiconductor memory and storage solutions.	Wafers, memory chips	866,082	16.8%	2014
2	Company C	Incorporated in Guangdong, China, it primarily engages in electronics manufacturing, investment, and technology development services.	Wafers, memory chips	682,299	13.3%	2020
3	Supplier F	Incorporated in Wuhan, China, it primarily engages in the development and production of semiconductor storage solutions.	Wafers, memory chips	584,557	11.4%	2021
4	Supplier A	Incorporated in Hong Kong, China, it primarily engages in international trade and the distribution of consumer goods and electronics.	Wafers, memory chips	437,208	8.5%	2021
5	Supplier E	Incorporated in Hong Kong, China, it primarily engages in the trading, distribution, and development of electronic components and related technologies.	Wafers, memory chips	424,045	8.2%	2017
	Total			**2,994,191**	**58.2%**	

For the year ended December 31, 2024

No.	Supplier	Background	Products/ services provided to us	Purchase amount *(RMB'000)*	% of our total purchase amount	Year of commencement of business relationship with us
1	Supplier B	Incorporated in Singapore, it primarily engages in the design, manufacturing and distribution of semiconductor memory and storage solutions.	Wafers, memory chips	1,252,658	23.5%	2014
2	Supplier G	Incorporated in Zhejiang, China, it primarily engages in international trade and supply chain management services.	Wafers, memory chips	661,082	12.4%	2023
3	Company C	Incorporated in Guangdong, China, it primarily engages in electronics manufacturing, investment, and technology development services.	Wafers, memory chips	649,626	12.2%	2020
4	Supplier E	Incorporated in Hong Kong, China, it primarily engages in the trading, distribution, and development of electronic components and related technologies.	Wafers, memory chips	405,295	7.6%	2017
5	Supplier H	Incorporated in Fujian, China, it primarily engages in technology development, industrial manufacturing, and international trade.	Wafers, memory chips	363,547	6.7%	2022
	Total			**3,332,208**	**62.4%**	

For the year ended December 31, 2025

No.	Supplier Code	Background	Products/ services provided to us	Purchase amount *(RMB'000)*	% of our total purchase amount	Year of commencement of business relationship with us
1	Supplier B	Incorporated in Singapore, it primarily engages in the design, manufacturing and distribution of semiconductor memory and storage solutions.	Wafers, memory chips	3,838,320	29.3%	2014
2	Supplier G	Incorporated in Zhejiang, China, it primarily engages in international trade and supply chain management services.	Wafers, memory chips	1,332,956	10.2%	2023
3	Supplier I	Incorporated in Singapore, it primarily engages in providing flash-based data storage solutions.	Wafers, memory chips	1,303,586	9.9%	2024
4	Supplier E	Incorporated in Hong Kong, China, it primarily engages in the trading, distribution, and development of electronic components and related technologies.	Wafers, memory chips	1,301,482	9.9%	2017
5	Company C	Incorporated in Guangdong, China, it primarily engages in providing information technology services, system integration, software development, memory solutions and consulting solutions.	Wafers, memory chips	891,194	6.8%	2020
				8,667,538	66.1%	

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. We have maintained long-term and stable relationships with our major suppliers. Our Directors are of the view that our relationships with major suppliers are unlikely to experience any material adverse changes.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year/period of the Track Record Period.

Warehousing and Logistics

During the Track Record Period and as of the Latest Practicable Date, we primarily operated our own warehouse. During the Track Record Period and as of the Latest Practicable Date, the majority of our product transportation was provided by independent third-party logistics service providers. We had 15, 18 and 22 logistics service providers in 2023, 2024 and 2025, respectively. We typically enter into service agreements with logistics service providers with competent qualifications, service ability and competitive price. The logistics service providers are generally held responsible for any damages or losses incurred during the transportation process. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in the warehousing or delivery of our products or suffered any loss due to late delivery or mishandling of products by our warehousing and logistics service providers.

Inventory Management

Our inventory management team is responsible for overseeing inventory policies, on-site storage and inventory movement, and ensuring compliance with regulatory requirements and our internal quality standards. We conduct regular inventory audits to address issues such as overstocking, obsolescence, expiration, or material loss. We operate an integrated digital inventory management system covering procurement, logistics, storage and distribution, which provides real-time visibility into inventory status, enhances tracking accuracy and supports timely response to customer demand. We have established a comprehensive auditing framework that includes monthly, quarterly and annual stocktaking plans. This structured approach ensures completeness and accuracy of inventory data, maintaining consistently high reconciliation rates between physical stock and system records. During the Track Record Period, we did not encounter any significant inventory shortages. As of December 31, 2023, 2024 and 2025, our inventory balance was RMB3,552.2 million, RMB3,537.4 million and RMB7,868.4 million, respectively.

SALES AND MARKETING

We have established a market presence overseas. During the Track Record Period, we had a distributor network spanning over 60 countries and regions, across the Americas, Southeast Asia and Europe. In 2023, 2024 and 2025, our revenue from overseas sales amounted to RMB1,548.2 million, RMB3,325.7 million and RMB6,030.1 million, respectively, accounting for 43.1%, 49.7% and 53.4% of our total revenue during the same periods, respectively. As of the Latest Practicable Date, our overseas sales were not subject to any specific licensing requirements or regulatory approvals, and the sales of our solutions did not violate any sanctions or export control measures. The following table sets forth a breakdown of our revenue by geographical regions, in an absolute amount and as a percentage of our total revenue, for the periods indicated:

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

Note:

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

Sales Channels

We have an experienced sales and marketing team, consisting of 223 personnel as of December 31, 2025. Our products are sold through both direct sales and distribution. The table below sets out a breakdown of our revenue in both absolute amount and percentage of our total revenue by sales channel for the periods indicated:

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

Direct Sales

Our direct sales model targets global enterprise customers. We acquire and retain these direct sales customers through our well-established brand reputation, tailored product offerings and targeted marketing initiatives, including customer referrals and participation in industry exhibitions. Our product strengths and proven track record of successful collaborations with these leading enterprises position us as a preferred vendor for enterprises. We have cultivated strong customer loyalty among our customers.

For individual users, we sell memory products under our Biwin brand and hold exclusive global operating authorizations from leading brands, including HP, Lenovo, Acer and Predator. We also sell our products through self-operated stores on certain e-commerce platforms, reaching directly to individual users.

The salient terms of our direct sales agreements during the Track Record Period are set out below:

- *Duration*. We typically enter into a long-term agreement with the customer that automatically renew unless terminated by either party with 30 days' prior written notice.
- *Payment and Credit Terms*. Customers must pay within the specified credit period following the later of (i) delivery, (ii) acceptance of the goods, or (iii) receipt of the invoice; we generally extend credit terms up to 90 days.
- *Logistics*. We deliver products to the customer or the designated location, with the customer bearing all related transportation expenses.
- *Transfer of Risks*. Risks transfer to the customer upon acceptance of the products or delivery to the designated location.
- *Termination*. Either party may terminate the agreement upon 30 days' prior written notice.

Distributorship

We collaborate with distributors to expand our market reach and effectively serve the needs of customers in various regions. Our distributors primarily include companies specializing in the sales of electronic components and storage products, with presence across various regions in China and in a number of overseas jurisdictions. According to Frost & Sullivan, it is in line with the industry norm to sell memory products through distributorship.

Our relationship with our distributors is a buyer and seller relationship, where our distributors directly acquire products from us. We recognize sales revenues from distributors when the control over our products is transferred to them. We select our distributors based on their financial strength, industry experience, geographic coverage, and sales and technical capabilities. To maintain effective control over our distribution channel and ensure consistent service quality, we explicitly prohibit the engagement of sub-distributors in our distributorship agreement. While we do not impose mandatory sales targets or minimum purchase volumes on distributors, we determine the prices of our products, and our distributors must comply with our pricing strategy with limited flexibility. We also conduct periodic performance evaluations to assess distributors' sales performance, compliance with distribution agreements and overall operational effectiveness. To incentivize their sales performance and foster distributor loyalty, we generally provide sales rebates for distributors who meet our performance goals. In 2023, 2024 and 2025, such sales rebates amounted to RMB38.1 million, RMB14.6 million and RMB19.5 million, respectively.

During the Track Record Period, to our best knowledge, all of our distributors are Independent Third Parties, and there are no other material relationships with us. As our distribution network is highly diversified with a large number of distributors operating across different regions, we believe that we are not subject to concentration risk in respect of any single distributor.

To prevent channel stuffing, we stipulate in our distribution agreement that product returns are generally not accepted except for defective items. The volume of products supplied to distributors is carefully calibrated based on market forecasts of no less than four weeks. We also gather information of the distributor inventory levels to ensure that inventory remains at a reasonable level. In addition, we provide training to our sales personnel to enhance their awareness of channel stuffing risks. To avoid channel cannibalization, we specify geographic markets for our distributors. In the contract, we prohibit any distributor from approaching our direct sales customers or those registered with other distributors by restricting such order applications. Given that we have buyer-seller relationships with our distributors, under which we do not allow product returns without defects, we did not observe channel stuffing risks under our distributorship. In terms of pricing, we provide distributors with recommended retail price ranges and guidance to promote market stability and uniformity.

The following table sets forth the movement in the number of our domestic distributors during the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Number of distributors as at the beginning of year	199	217	286
Addition of new distributors	75	110	120
Termination of distributors[(1)]	57	41	57
Net increase/(decrease) of distributors	18	69	63
Number of distributors as at the end of year	**217**	**286**	**349**

Note:

(1) Terminated distributors are primarily distributors who did not have any transactions with us in the preceding two financial years, and were deemed to be inactive.

The following table sets forth the movement in the number of our overseas distributors during the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Number of distributors as at the beginning of year	237	229	254
Addition of new distributors	51	68	78
Termination of distributors[1]	59	43	61
Net increase/(decrease) of distributors	(8)	25	17
Number of distributors as at the end of year	**229**	**254**	**271**

Note:

(1) Terminated distributors are primarily distributors who did not have any transactions with us in the preceding two financial years, and were deemed to be inactive.

In 2023, 2024 and 2025, we engaged 446, 540 and 620 distributors, respectively, comprising 217, 286 and 349 domestic distributors and 229, 254 and 271 overseas distributors, respectively. During the same periods, we terminated 116, 84 and 118 distributors, respectively, comprising 57, 41 and 57 domestic distributors and 59, 43 and 61 overseas distributors, respectively, primarily due to the optimization of our distributor network. During the Track Record Period and up to the Latest Practicable Date, we had not terminated distributors due to material breaches of the relevant distributorship agreements.

The salient terms of our standard distribution agreements with our domestic and overseas distributors during the Track Record Period are set out below:

	Domestic Distributors	Overseas Distributors
Sales Restriction	Distributors are authorized to sell products solely within the designated geographical markets and are prohibited from selling outside those territories.	Distributors are authorized to sell products solely within the designated geographical markets and are prohibited from selling outside those territories.
Exclusivity	We generally do not prohibit our distributors from selling products of our competitors	We generally do not prohibit our distributors from selling products of our competitors
Payment and Credit Terms	Distributors must pay within the specified credit period following the later of (i) delivery, (ii) acceptance of the goods, or (iii) receipt of the invoice; we generally provide credit terms of 30 days.	Distributors must pay within the specified credit period, typically 30 days from the invoice date, and payments are to be made in USD unless otherwise agreed. Distributors are responsible for any currency exchange or related fees.

	Domestic Distributors	Overseas Distributors
Customer Services	Distributors are required to maintain a qualified customer service team within their authorized territories, subject to our right to supervise and inspect service quality.	Distributors are required to maintain a qualified customer service team within their authorized territories, subject to our right to supervise and inspect service quality.
Logistics	Distributors are responsible for delivering our products to end-customers and bear all associated transportation expenses.	Distributors are responsible for delivering our products to end-customers and bear all associated transportation expenses.
Rebates	We may provide sales rebates to distributors who achieve agreed performance thresholds or sales targets.	We may provide sales rebates to distributors who achieve agreed performance thresholds or sales targets.
Product Returns	We generally do not accept returns except for defective products.	We generally do not accept returns except for defective products.

Pricing

Pricing of our semiconductor memory solutions is determined by evaluating: (i) cost of sales; (ii) technological complexity and specifications of our solutions; (iii) prevailing market condition; (iv) customer demand and order visibility; and (v) production capacity. There are no material differences between our domestic and overseas pricing strategies. To address the cyclical nature of the semiconductor market, we adjust periodically based on real-time market conditions and input cost fluctuations. To mitigate the pricing volatility, we take several measures, including: (i) secure high-volume orders from key customers for demand predictability; (ii) align procurement with near-term shipment plans; and (iii) enhance product promotion. Pricing decisions are regularly reviewed to reflect input costs, demand, competition and our product roadmap.

Marketing

Our sales and marketing teams operate across key domestic and international regions to conduct market research, engage customers, promote new solutions and provide after-sales support. Our global service, delivery and channel network includes direct operations in 17 countries, and a distributor network spanning over 60 countries and regions as of the Latest Practicable Date, complemented by marketing initiatives such as industry exhibitions, technical forums and online seminars that highlight our advanced technologies, integrated solutions and industry expertise.

OUR CUSTOMERS

Our customers primarily comprise distributors and smart mobile, edge AI devices and PC manufacturers. Our end customers primarily comprise industry leading global mobile device and PC manufacturer, data centers and computing servers providers and leading automotive OEMs. During the Track Record Period, revenue contributed from our five largest customers accounted for 32.3%, 46.7% and 40.9% of our total revenue in 2023, 2024 and 2025, respectively, while the largest customer contributed 8.9%, 17.2% and 11.0% of our total revenue, respectively, for the same periods. During the Track Record Period, we typically granted a credit term of no more than 90 days to our customers.

The following tables set forth the details of our five largest customers in each year/period of the Track Record Period:

For the year ended December 31, 2023

No.	Customer	Background	Product/service provided	Revenue attributable to the customer *(RMB'000)*	% of our total revenue	Year of commencement of business relationship with us
1	Customer F	Incorporated in Shanghai, China, it operates domestically and primarily engages in industrial manufacturing and trading services.	SSD, memory modules	318,921	8.9%	2018
2	Customer G	Incorporated in Beijing, China, it operates on a global scale and primarily engages in IT services, digital solutions and technology distribution.	SSD, memory modules	269,103	7.5%	2019
3	Customer H	Incorporated in Guangdong, China, it operates on a global scale and primarily engages in the development and production of telecommunications equipment and electronics.	Embedded storage products, SSD	200,165	5.6%	2018
4	Customer B	Incorporated in Hong Kong, China, it operates mainly in China and primarily engages in the distribution of electronic components and semiconductor products.	Embedded storage products, SSD	197,601	5.5%	2018
5	Customer I	Incorporated in Guangdong, China, it operates domestically and primarily engages in the development and manufacturing of communication technology products and solutions.	Embedded storage products	175,336	4.8%	2022
Total				**1,161,126**	**32.3%**	

For the year ended December 31, 2024

No.	Customer	Background	Product/service provided	Revenue attributable to the customer *(RMB'000)*	% of our total revenue	Year of commencement of business relationship with us
1	Customer J	Incorporated in Hong Kong, China, it operates on a global scale and primarily engages in the manufacturing and distribution of consumer electronics and smart mobiles.	Embedded storage products	1,152,107	17.2%	2017
2	Customer B	Incorporated in Hong Kong, China, it operates mainly in China and primarily engages in the distribution of electronic components and semiconductor products.	Embedded storage products, SSD	558,071	8.3%	2018
3	Customer K	Incorporated in Beijing, China, it operates on a global scale and primarily engages in the development, manufacturing, and sales of computers, smart mobiles, and IT solutions.	Embedded storage products, SSD	554,281	8.3%	2012
4	Customer I	Incorporated in Guangdong, China, it operates domestically and primarily engages in the development and manufacturing of communication technology products and solutions.	Embedded storage products	515,154	7.7%	2022
5	Customer L	Incorporated in Hong Kong, China, it operates mainly in China and primarily engages in the trading and distribution of electronic components and related products.	Embedded storage products	347,182	5.2%	2023
Total				**3,126,795**	**46.7%**	

For the year ended December 31, 2025

No.	Customer Code	Background	Product/service provided	Revenue attributable to the customer *(RMB'000)*	% of our total revenue	Year of commencement of business relationship with us
1	Customer B	Incorporated in Hong Kong, China, it primarily engages in the distribution of electronic components and semiconductor products.	Embedded storage products, SSD	1,248,818	11.0%	2018
2	Customer J	Incorporated in Hong Kong, China, it primarily engages in the manufacturing and distribution of consumer electronics and smart mobiles.	Embedded storage products	1,186,816	10.5%	2017
3	Customer K	Incorporated in Beijing, China, it primarily engages in the development, manufacturing, and sales of computers, smart mobiles, and IT solutions.	Embedded storage products, SSD	827,278	7.3%	2012
4	Customer I	Incorporated in Guangdong, China, it primarily engages in the development and manufacturing of communication technology products and solutions.	Embedded storage products	714,967	6.3%	2022
5	Customer N	Incorporated in Shenzhen, China, it primarily engages in the distribution of electronic components and the provision of technical solutions and value-added services across consumer electronics, telecommunications, industrial control, and automotive sectors.	Embedded storage products, SSD	649,948	5.8%	2019
Total				4,627,827	40.9%	

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period of the Track Record Period.

OVERLAPPING SUPPLIERS AND CUSTOMERS

During the Track Record Period, Company C, a company primarily engaging in providing electronics manufacturing, technology services and solutions, was one of our five largest suppliers in 2023, 2024 and 2025. Our relationship with Company C began in 2020. We primarily sold embedded storage products and SSDs to Company C. Revenue from Company C for 2023, 2024 and 2025 was RMB15.2 million, RMB0.9 million and RMB21.2 million, respectively, accounting for 0.42%, 0.01% and 0.20% of our total revenue for the respective periods. During the Track Record Period, gross profit margin from sales to Company C amounted to -12.1%, 9.8% and 13.0% in 2023, 2024 and 2025, which were in line with the trend of our overall gross profit margin. We primarily procured wafers from Company C. The purchase amount attributable to Company C for 2023, 2024 and 2025 was RMB682.3 million, RMB649.6 million and RMB891.2 million, respectively, accounting for 13.3%, 12.2% and 6.8% of our total purchases for the respective periods.

During the Track Record Period, Supplier F, a company primarily engaging in the development and production of semiconductor storage solutions, was one of our five largest suppliers in 2023. Our relationship with the supplier began in 2021. We primarily procured wafers and memory chips from Supplier F. Purchase from Supplier F for 2023, 2024 and 2025 was RMB584.6 million, RMB26.8 million and RMB502.7 million, respectively, representing approximately 11.4%, 0.5% and 3.8% of our total purchase amount for the respective periods. However, since 2023, our purchases has declined rapidly as we began diversifying sourcing from alternative vendors to maintain supply chain stability. We primarily sold SSDs and provided packaging and testing services to Supplier F. Revenue from Supplier F for 2023, 2024 and 2025 was RMB95.3 million, RMB81.5 million and RMB124.8 million, respectively, accounting for approximately 2.7%, 1.2% and 1.1% of our total revenue for the respective periods.

During the Track Record Period, Supplier H, a company primarily engaging in technology development, industrial manufacturing, and international trade, was one of our five largest suppliers in 2024. Our relationship with the supplier began in 2022. We primarily procured wafers and memory chips from Supplier H. Purchase from Supplier H for 2023, 2024 and 2025 was RMB76.1 million, RMB363.5 million and nil, respectively, representing approximately 1.5%, 6.7% and nil of our total purchase amount for the respective periods. However, since 2023, our purchases from Supplier H declined as we diversified supply chain to enhance our supply chain management. Revenue from Supplier H for 2023, 2024 and 2025 was nil, RMB6.7 million and nil, respectively, accounting for nil, 0.1% and nil of our total revenue for the respective periods.

During the Track Record Period, we had separate transactions with various entities of Company C. Negotiations of the terms of our sales to and purchases from Company C were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our transactions with Company C were conducted in the ordinary course of business under normal commercial terms and on an arm's-length basis. In addition, negotiations of the terms of our purchase from Supplier F and Supplier H were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our purchase from and sales to Supplier F and Supplier H were conducted in the ordinary course of business under normal commercial terms and on an arm's-length basis. According to Frost & Sullivan, it is in line with the industry norm that memory solutions providers sell memory solutions to customers while procuring wafers and memory chips from them.

SANCTIONS, EXPORT CONTROL, TARIFFS, AND OUTBOUND INVESTMENT RULES

Sanctions Risks

Pursuant to Chapter 4.4 of the Guide for New Listing Applicants, we have conducted an assessment of our sanctions risk exposure, with a focus on transactions involving sanctioned regions or countries (the "**Relevant Regions**") or sanctioned targets, particularly those designated under the U.S. Specially Designated Nationals ("**SDN**") List or Entity List. As advised by our Sanctions Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we did not engage in any transactions that would constitute a violation of applicable U.S. sanctions laws or similar international sanctions regimes, nor did we engage in any Primary or Secondary Sanctioned Activities as defined under Chapter 4.4 of the Guide.

We did not conduct any business in jurisdictions subject to U.S. comprehensive or regional sanctions. Accordingly, as advised by our Sanctions Legal Advisor, our exposure to jurisdictional sanctions risk in the Relevant Regions is minimal and manageable. During the Track Record Period and up to the Latest Practicable Date, we did not have any transactions involving Relevant Regions or entities designated under the SDN List. Our limited interactions were confined to certain entities designated under the Entity List. As advised by our Sanctions Legal Advisor, these transactions with customers and suppliers on the BIS Entity List during the Track Record Period and up to the Latest Practicable Date did not constitute any primary or secondary sanctioned activities under applicable U.S. export control regulations, including the Export Administration Regulations ("**EAR**").

Transactions with Supplier F

Supplier F, an enterprise incorporated in Wuhan, China, primarily engages in the development and production of semiconductor memory products. It was designated on the Entity List on December 16, 2022. During the Track Record Period, we primarily procured wafers and memory chips from Supplier F, which were then manufactured for memory solutions. Purchase from Supplier F for 2023, 2024 and 2025 was RMB584.6 million, RMB26.8 million and RMB502.7 million, respectively, representing approximately 11.4%, 0.5% and 3.8% of our total purchase amount for the respective periods. The U.S. export control framework does not prohibit entities from procuring items not subject to the EAR from parties listed on the Entity List, provided such items fall outside the jurisdictional scope of the EAR. Since the items supplied by Supplier F were developed entirely within the PRC and did not incorporate any U.S.-origin technology, software or other components, our Sanctions Legal Advisor is of the view that our procurement from Supplier F did not fall within the scope of the EAR or give rise to a violation.

Furthermore, during the Track Record Period, we sold PCIe SSDs, which did not incorporate any U.S.-origin items nor involve any technology, software, or plant or equipment subject to the EAR, to Supplier F. Revenue from Supplier F for 2023, 2024 and 2025 was RMB95.3 million, RMB81.5 million and RMB124.8 million, respectively, accounting for approximately 2.7%, 1.2% and 1.1% of our total revenue for the respective periods. Items subject to the EAR are prohibited from being delivered to Entity List-designated entities. An item is "subject to the EAR" if it meets any of the following conditions: (1) it is of U.S. origin, wherever located; (2) it is located in the U.S., regardless of origin; (3) it is a foreign-made item that contains U.S.-origin controlled content exceeding the applicable de minimis threshold (10% or 25%); or (4) it is a foreign direct product (FDP) of U.S.-origin technology, software or plant/equipment that is subject to the EAR, and meets certain control thresholds (e.g., Entity List FDP Rule or AI-specific FDP Rule). The products that we sold to Supplier F did not incorporate any U.S.-origin items that are subject to the EAR, and the manufacturing process of such products did not involve any technology, software or plant/equipment subject to the EAR. As a result, according to our Sanctions Legal Advisor, the products we sold to Supplier F were not subject to the EAR, and the sales to Supplier F did not violate the EAR.

Sales to Three Customers Designated under the Entity List

During the Track Record Period, we had commercial relationships with three customers that were affiliated entities within a leading technology group incorporated in Guangdong, China, which engages in the research, development, manufacturing, and sales of telecommunication equipment, digital technology solutions, and consumer electronics. These three customers were included on the BIS Entity List. We primarily sold to these three customers certain tools and materials commonly used in memory products and semiconductor manufacturing, including manual test jig, conductive adhesive, and automatic sorting machine. Our revenues attributable to these customers for the years ended December 31, 2023, 2024 and 2025 amounted to RMB1.8 million, RMB1.9 million and RMB10.0 million, respectively, representing approximately 0.05%, 0.03% and 0.09% of our total revenue for the corresponding periods.

As advised by our Sanctions Legal Advisor, the items supplied to the three customers were developed entirely within the PRC and did not incorporate U.S.-origin technology, software, or components to trigger jurisdiction under the EAR *de minimis* rule. Nonetheless, pursuant to the foreign-direct product provisions of the EAR, certain foreign-produced items may be subject to the EAR, where they are captured by the Foreign Direct Product ("**FDP**") Rule set out in section 734.9. The FDP Rule applies only where (i) the relevant foreign-produced item is the direct product of certain technology or software that is of U.S.-origin or otherwise subject to the EAR and is identified on the Commerce Control List ("**CCL**"), or the foreign-produced item is produced by a plant or major component of a plant that itself is the direct product of such U.S.-origin technology or software; and (ii) a jurisdictional or destination linkage exists such that, applying the classification and licensing framework under the EAR, there is the requisite knowledge and factual nexus that the foreign-produced item will be exported, reexported or transferred (in-country) in a manner that would cause it to become subject to the EAR and potentially require authorization.

Based on information provided by us regarding the technical characteristics and supply chain of the relevant products, and subject to the assumptions and limitations customary in such analyses, our Sanctions Legal Advisor is of the view that the products involved are unlikely to be the direct product of technology or software subject to the EAR on the CCL, or produced by a plant or major component that is itself the direct product of such U.S.-origin technology or software, within the meaning of section 734.9. On this basis, the relevant transactions are not expected to have fallen within the scope of the FDP Rule and therefore are not expected to have required a license under the EAR on that ground.

Procurement from Entities Designated Under Entity List

Five of our suppliers were designated on the Entity List during the Track Record Period and up to the Latest Practicable Date. Among these transactions, we procured thermogel from one supplier, an enterprise incorporated in Jiangsu, China, which primarily engages in research, development, manufacturing and sales of composite materials and components. The final delivery to this supplier was completed prior to the effective date of its designation on the BIS Entity List. Our Sanctions Legal Advisor has advised that our procurement from this supplier is not subject to export control restrictions under the Entity List or other mandatory licensing requirements under the EAR. Our other suppliers mainly provide wafers and foundry services for us. These suppliers are affiliated entities within a leading semiconductor manufacturing group incorporated in Shanghai, China, which engages in the research, development and manufacturing of integrated circuits, as well as the provision of wafer foundry and related technical services. Wafers and foundry services from these suppliers did not contain any items subject to the licensing requirements or other restrictions under the EAR. Purchase from these suppliers for 2023, 2024 and 2025 was nil, RMB4.0 million and RMB7.4 million, respectively, accounting for approximately nil, 0.08% and 0.06% of our total purchase amount for the respective periods. During the Track Record Period and up to the Latest Practicable Date, we did not provide any U.S.-origin items or items otherwise subject to the EAR to these suppliers for the manufacturing of semiconductor products. Our engagement with these suppliers was limited to the procurement of finished foundry services, and did not involve the export, re-export or transfer of controlled items by us. Therefore, such transactions with these suppliers are not expected to give rise to licensing requirements or other restrictions under applicable U.S. export control or sanctions regulations. According to our Sanctions Legal Advisor, our risk exposure regarding U.S. export controls and economic sanctions is immaterial.

Export Control Risks

We have assessed our exposure to export controls risk, and are of the view that such exposure does not have, nor is expected to have, a material adverse impact on our business. During the Track Record Period, we procured certain U.S.-origin raw materials and components, equipment, and ancillary materials for manufacturing, including U.S.-origin NAND and DRAM wafers, which are classified as Export Control Classification Number ("**ECCN**") 3A991 and EAR99 under the EAR. Our procurement from U.S. suppliers amounted to RMB16.5 million, RMB15.6 million and

RMB54.3 million in 2023, 2024 and 2025, respectively, accounting for 0.5%, 0.3% and 0.7% of the total costs of raw materials and consumables used in the respective periods. Items classified as EAR99 are subject to EAR and not covered by the CCL that imposes special licensing requirements. EAR99 items can generally be exported without a license. Additionally, we procured certain U.S.-origin packaging and testing equipment classified as 3A999, 3B991, 3B992 or EAR99. While the aforementioned U.S.-origin items classified under ECCN 3A991, 3B991, 3B992 and 3A999 are subject to the control reasons of "Anti-terrorism" and/or "Regional Stability" (which only applies to export or reexport to Iraq or Pakistan or transfer within Iraq or Pakistan) under the CCL of the EAR, the relevant license requirements triggered by such control reasons do not apply generally to exports destinated to China. Moreover, none of our procurement transactions for U.S.-origin items involve any prohibited or restricted end users, end uses, or other destinations of concern that would trigger an export license requirement under the EAR. As a result, none of our procurement of these U.S.-origin items have triggered any export license requirements under the EAR, or encountered any material restrictions arising from import or export controls, tariffs or sanctions. This procurement process was managed through our established supply chain protocols, which include due diligence on suppliers and compliance with relevant regulations.

As advised by our Sanctions Legal Advisor, our U.S.-origin products or products located in the U.S. are not sold to any prohibited or restricted end users, end uses, or other destinations of concern that would trigger an export license requirement under the EAR. Foreign-made or foreign-produced items may also be subject to the EAR pursuant to the *de minimis* rule and the FDP rules. Under the *de minimis* rule, foreign-made items that incorporate more than a set percentage of controlled U.S.-origin content by value are subject to the EAR. In this context, "controlled content" means the U.S.-origin item would require a license or license exception to export the item to its ultimate destination. The 3A991 items we use are not "controlled content" when exported to destinations not subject to "Anti-terrorism" control reason (e.g., Cuba, Iran, North Korea, and Syria). As advised by our Sanctions Legal Advisor, as we do not export our products to these restricted destinations, our foreign-made products are not subject to the EAR under the *de minimis* Rule. In addition, the sale of our products may be subject to the FDP rules under the EAR due to our use of U.S.-origin equipment, which could impose licensing requirements for transactions involving: (i) entities designated on the Entity List with applicable footnotes, including Footnote 1, 4 and 5; (ii) entities in certain sanctioned jurisdictions (e.g., Russia, Belarus, or Iran); (iii) foreign-produced items subject to national security controls as designated in the applicable ECCN of the Commerce Control List of the EAR; (iv) foreign-produced items specified in a 9x515 ECCN, "600 series" ECCN or other specified ECCNs; or (v) foreign produced item being used for certain specified end-uses (e.g. supercomputer-related). Based on the review of our product technical parameters, customer base, and transaction records, our Sanctions Legal Advisor is of the view that our transactions during the Track Record Period and up to the Latest Practicable Date did not trigger licensing requirements under the FDP rules, especially in light of the compliance analysis of our transactions with entities on the BIS Entity List.

Looking ahead, as we have planned not to conduct business in sanctioned countries or regions and will strictly comply with local laws and regulations in all overseas activities, our globalization strategies, which primarily involve brand building, channel expansion, and hiring of local employees, are not expected to undergo material changes in light of these policies and regulations. Furthermore, we plan to preclude any procurement of strictly controlled equipment and materials and apply for required licensing to ensure compliance with relevant laws and regulations, further reducing potential export control risks. Consequently, our overseas expansion and revenue from overseas customers will not be materially affected by tariffs, sanctions, import/export controls or anti-dumping laws and regulations. For the U.S.-origin items we currently procure, we have identified commercially viable, non-U.S. substitutes for certain key categories, including NAND and DRAM wafers, as well as core packaging and testing equipment. All identified substitute suppliers have proven mass-production capabilities and price competitiveness to meet our existing and

projected production needs, and hold recognized market standing in their respective industry segments. The foregoing mitigation measures are formulated as proactive arrangements to address potential future tightening of export control regulations.

Based on the reasons above and our business practice, our Directors and Sanctions Legal Advisor are of the view that we have complied with all licensing requirements under the EAR and that we have not encountered, nor are we expected to encounter any material restrictions arising from import or export controls, including those associated with the use of U.S.-origin raw materials, components, and equipment. Based on the foregoing, nothing has come to the attention of the Sole Sponsor that would cast doubt on the view of the Company and Sanctions Legal Advisor above.

U.S. Tariffs

During the Track Record Period, we generated revenue of approximately RMB188.2 million, RMB253.3 million and RMB288.9 million from sales to the United States in 2023, 2024 and 2025, respectively, representing approximately 5.2%, 3.8% and 2.6% of our total revenue for the respective years. The principal products that we export to the U.S. market are storage products of PRC origin, comprising SSDs, memory cards and memory modules, as well as memory chips. We transact with our U.S. customers on the basis of trade terms including EXW (Ex Works), FCA (Free Carrier), FOB (Free On Board) and CIP (Carriage and Insurance Paid To), pursuant to each of which any applicable U.S. import tariffs are borne by the customers. As of the Latest Practicable Date, the maximum U.S. tariff rate applicable to any of our products was 60%, which applied solely to our memory chips and comprised a 0% Most Favored Nation (MFN) general rate, a 50% PRC-targeted tariff imposed under Section 301 of the U.S. Trade Act of 1974, and a 10% global tariff imposed under Section 122 of the U.S. Trade Act of 1974.

We have assessed both the direct and indirect effects of U.S. tariffs on our business, including impacts on our upstream suppliers and downstream customers. For sales to customers in the U.S., since any applicable U.S. import tariffs are contractually borne by the customers, we have not incurred any incremental tariff costs on these sales. In addition, none of our customers cancelled or reduced orders, deferred payments or requested price reductions because of tariff-related impacts during the Track Record Period and up to the Latest Practicable Date, nor did we make any pricing adjustments, offer any rebates or absorb any tariff costs to retain these customers. Consequently, our sales volume, average selling prices, payment collection cycles and commercial relationships with U.S. customers remained materially unchanged. Additionally, PRC tariffs on U.S. goods did not cause material effects on our cost structure, gross margin or working capital during the Track Record Period and up to the Latest Practicable Date, as our purchases of raw materials and equipment from the United States represented only an immaterial portion of our total procurement, and none of our suppliers requested price adjustments due to these tariffs.

Taking into account (i) the limited and decreasing proportion of our total revenue derived from the U.S. during the Track Record Period, (ii) the absence of any material direct or indirect adverse effects on our cost structure, gross margin, order volume, product pricing, customer payment collection or commercial relationships during the Track Record Period and up to the Latest Practicable Date, whether through our upstream suppliers or downstream customers, and (iii) recent developments in U.S. tariff policies, including the substantial reduction in tariff levels between the United States and China announced in October and November 2025, the U.S. Supreme Court ruling on February 20, 2026 striking down certain tariffs imposed under executive orders, and the subsequent introduction of a new temporary 10% across-the-board global import duty, our Directors are of the view that the U.S. tariffs had not caused, and are not expected to cause, any material adverse impact on our business operations or financial performance during the Track Record Period and up to the Latest Practicable Date. Based on the foregoing, nothing has come to the attention of the Sole Sponsor that would cast doubt on the Company's view above.

Outbound Investment Rules

Under the OIR, a PRC entity is classified as a "covered foreign person" under the OIR if it: (i) engages in a "covered activity"; (ii) maintains a specified relationship with one or more persons of a country of concern that engages in a "covered activity"; or (iii) participates in a joint venture with a U.S. person where such joint venture engages in a "covered activity."

We have been advised by our Sanctions Legal Advisor that only three Group entities qualify as "covered foreign persons" under the OIR, each by reason of engaging in "covered activities" involving either integrated circuit design or packaging.

Our other Group entities' business activities do not fall within the scope of "covered activities" under the OIR. For example, our Company primarily engages in the sales of semiconductor memory products, product design, storage media research, and firmware algorithm development. Although we hold equity interests in each of the three subsidiaries mentioned above, we do not satisfy the affiliate relationship test, as the proportion of our revenue, operating income, capital expenditure, and operating expenses attributable to such "covered foreign persons" did not reach or exceed 50 percent in the fiscal year 2025. Furthermore, we do not participate in any joint venture that engages, or plans to engage, in any "covered activity." Based on the above, investments in our H Shares, including those made in connection with our proposed [REDACTED], would not constitute notifiable or prohibited transactions under the OIR. Especially, investments in our H Shares would not be re-characterized as indirect "covered transactions" with our subsidiaries, provided that the offering [REDACTED] are not intended to fund the three subsidiaries who are "covered foreign persons." In addition, following our [REDACTED], acquisitions of our publicly traded H Shares by U.S. persons would generally fall within the publicly traded securities exception under 31 C.F.R. § 850.501(a), provided the investment does not confer rights beyond standard minority shareholder protections. On those bases, we have been advised that U.S. persons participating in our proposed [REDACTED] or [REDACTED] our shares after [REDACTED] would not be subject to notification or prohibition requirements under the OIR.

QUALITY CONTROL

We have established a comprehensive quality management system in line with ISO9001 and IATF16949 standards. Our consumer-grade products are certified under various industrial quality standards and SoC platform testing standards. Our SSD products fully comply with safety and environmental certification requirements. Our quality system extends across the entire product lifecycle. We implement Final Visual Inspection (FVI), pre-warehouse checks, random sampling and unboxing tests to ensure closed-loop quality management. Any nonconformities are addressed through root cause analysis and improvement measures. We have established a customer complaint response mechanism and after-sales service system, with written policies ensuring timely resolution of issues and consistent service quality. We generally provide a warranty period from one to five years for different product types, which, according to Frost & Sullivan, is in line with the prevailing industry practice. Our warranty covers product defects or failures to meet agreed quality standards. After the warranty expires, maintenance and repair services may be provided for a fee set in line with the industry standard. We did not experience any product recalls or product liabilities during the Track Record Period and up to the Latest Practicable Date.

THIRD-PARTY PAYMENT ARRANGEMENT

Background

During the Track Record Period, certain of our customers (the "**Relevant Customer(s)**") settled their payments with us through third-party payors who are not parties to the relevant sales contracts (the "**Third-Party Payor(s)**," and such arrangement(s), the "**Third-Party Payment Arrangement(s)**"). The Third-Party Payors were entities duly authorized by our customers to facilitate payments on their behalf, including but not limited to their supply chain partners, affiliates or other designated payment entities, ensuring efficient and compliant transaction processing in line with customer

preferences and operational needs. The number of Relevant Customers was three, five and four, in 2023, 2024 and 2025, respectively, and the number of Third-Party Payors was four, eight and four for the same periods. The aggregate amount of third-party payments (the "**Third-Party Payments**") we received was RMB10.8 million, RMB4.1 million and RMB3.3 million in 2023, 2024 and 2025, respectively, which accounted for 0.3%, 0.06% and 0.03% of our total revenue for the relevant periods. The total revenue attributable to the Third-Party Payments was the same as the above aggregate Third-Party Payments amount for the corresponding year, respectively, and such revenue constituted an immaterial proportion of our total revenue for each year during the Track Record Period. No individual Relevant Customer made material contribution to our revenue during the Track Record Period. To the best knowledge of our Directors, none of the Relevant Customers or their respective Third-Party Payers had any other past or present relationship (whether business, employment, family, trust, fund flow, financing or otherwise) with us, our subsidiaries, shareholders, directors or senior management, or any of their respective associates. During the Track Record Period and up to the Latest Practicable Date, we had not received any claims from Third-Party Payors or their liquidators.

During the Track Record Period and up to the Latest Practicable Date, we had not proactively initiated any Third-Party Payment Arrangements, nor had we participated in any other forms of such arrangements. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not provided any discount, commission, rebate, or other benefits to any of the Relevant Customers or the Third-Party Payors to facilitate or encourage the Third-Party Payment Arrangements. The payment, the pricing terms and other general commercial terms of the Relevant Customers are generally the same as our other customers. As advised by our PRC Legal Advisor, our Third-Party Payment Arrangements do not contravene any prohibitive provisions under PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, as confirmed by the Directors, (1) we had not encountered any disputes with, nor received any refund request from, any Relevant Customer or Third-Party Payor, and (2) we had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the Third-party Payment Arrangements, and there were no instances of breaches of PRC laws and regulations, money laundering activities or tax related administrative penalties in relation to the Third-party Payment Arrangement.

Our Directors has confirmed that, during the Track Record Period and up to the Latest Practicable Date, (i) all the Third-Party Payments were related to genuine transactions between us and the Relevant Customers and were made by bank transfers; (ii) the amount of Third-Party Payments received by us from Third-Party Payors corresponded with the transaction amount in the relevant sales orders, records, and/or invoices between the Relevant Customers and us; (iii) all relevant transactions involving Third-Party Payments were completed were settled as specified in respective agreements; and (iv) the Relevant Customers and the Third-Party Payors were Independent Third Parties of us and our Directors, and the settlements made by the Third-Party Payors were not financed, directly or indirectly, by us, our Shareholders, Directors, senior management, or any of their respective associates; (v) nothing came to our attention that would cause our Directors to doubt the genuineness. Based on the foregoing, our Directors believe, and the PRC Legal Advisor advises that, the risk of possible claims from Third-Party Payors for the return of funds is low. Having taken into account (i) the views of our PRC Legal Advisor and our Directors as described above, (ii) the work and procedures performed by our internal control consultant, (iii) the relevant documents and information obtained by the Sole Sponsor from us, and (iv) the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor which would reasonably cause it to cast doubt on our Directors views as stated above in any material aspects in respect of (i) the genuineness of the underlying transactions between us and the Relevant Customers, (ii) the compliance status of the Third-party Payment Arrangements, and (iii) the independence of the Relevant Customers and the Third-Party Payors from us, and the basis and funding source for such settlements.

Reasons for Utilizing Third-Party Payment Arrangements

During the Track Record Period, our Relevant Customers utilized Third-Party Payment Arrangements mainly because Relevant Customers may arrange their related parties or third parties to settle their outstanding amounts due to us for their operational convenience for facilitating payment efficiency, which is commercially justifiable. This arrangement allows the Relevant Customers to expedite the settlement process and overcome immediate liquidity constraints, thereby ensuring that sales orders are fulfilled without delays associated with banking clearance or cumbersomeness of corporate accounts. According to Frost & Sullivan, it is a relatively common practice in the memory products industry for companies to settle payments through Third-Party Payors.

Internal Control Measures for Third-Party Payment Arrangements

To safeguard us against risks associated with Third-Party Payment Arrangements, we have enhanced our internal control measures, including: (i) we have prohibited any Third-Party Payment Arrangement; (ii) we have evaluated Relevant Customers effectively, through a comprehensive review process, including background checks on our Relevant Customers by our finance and legal teams, verification on their fiscal condition and credit history, continuous tracking of their payment, ensuring that all payments comply with our internal policies to guarantee legitimate, genuine and traceable sources of funds. We conduct screenings of the qualifications, identities and backgrounds of Third-Party Payors to ensure alignment between their identities and the corresponding records on file; and (iii) we have informed our employees about the risks of third-party payment arrangements and our strengthened internal control measures, requiring all our employees to reject or return any payments made in such arrangements that do not comply with the aforementioned procedures.

Our Directors are of the view that the above internal control measures are effective and adequate in preventing unauthorized Third-party Payment Arrangement and its associated risks, and our Directors will oversee the effectiveness of the above internal controls on the Third-party Payment Arrangement in the future. Based on the independent due diligence work performed by the Sole Sponsor, and having considered the work and procedures performed by our internal control consultant, nothing material has come to the attention of the Sole Sponsor that would cause the Sole Sponsor to disagree with the aforementioned view of our Directors in any material respect.

We had ceased Third-Party Payment Arrangement in October 2025 and had prohibited Third-Party Payment Arrangement going forward. Considering that our revenue generated from Third-Party Payment Arrangements as a percentage of our total revenue was immaterial, our Directors confirm that the Third-Party Payment Arrangements would not have any material adverse impact on our business, financial conditions or results of operations.

COMPETITION

The memory product industry encompasses the design, manufacturing and distribution of hardware components essential for data storage and access, primarily categorized by core wafer types such as NAND Flash, DRAM for volatile high-speed memory and MCPs that integrate NAND Flash and DRAM for enhanced performance in compact forms. These products span various forms including embedded storage, SSDs enabling faster read and write speeds and shock resistance as upgrades over traditional hard drives in consumer and enterprise settings, memory modules, LPDDR for energy-efficient solutions in smart mobiles, automotive and servers, as well as removable storage like universal serial bus drives and secure digital cards for portable data transfer. The industry chain is structured into upstream segments providing NAND and DRAM wafers and controller chips, midstream operations focusing on solution design, packaging and testing, and diverse downstream applications. Driven by the expansion of AI, edge computing and the increasing demand for high-performance storage solutions across consumer electronics, automotive, industrial and cloud sectors, the global memory products market expanded from US$212.5 billion in 2021 to US$289.0 billion in 2025, representing a CAGR of 8.0%. This market is projected to reach US$723.8 billion by 2030. See "Industry Overview." This industry is inherently cyclical, with fluctuations

arising from supply-demand imbalances influenced by technological advancements, global macroeconomic conditions and, most significantly, demand variations from downstream industries. Historically, from 2020 to 2024, it experienced an upward cycle driven by robust demand and procurement in consumer electronics and data centers, followed by a downturn due to economic headwinds, overcapacity and inventory buildup, before recovering amid AI-driven demand and inventory normalization. Looking forward, downstream markets are developing rapidly propelled by AI advancements, including large-scale model integration and inference needs that amplify requirements for real-time data processing and memory, fostering sustained growth in emerging scenarios such as edge AI devices and intelligent automotive, while moderating cyclical volatility and supporting an overall upward trajectory from 2025 to 2030.

We operate in a highly competitive industry. Failure to compete effectively could adversely affect our market share, growth and profitability. See "Risk Factors — Risks Relating to Our Business and the Industry — We face intensified competition in the memory products industry, and our failure to innovate or respond to the market trends may undermine our competitiveness.

INTELLECTUAL PROPERTY

Intellectual property rights are important to our business. As of December 31, 2025, we had over 200 trademarks and over 490 granted patents in Chinese mainland. During the Track Record Period, save for three patents not related to our core technologies or products which we co-owned with universities, we self-owned all of our patents as well as patent applications that are material to our operations. We co-own three patents with academic institutions pursuant to our R&D collaboration arrangements. None of these patents is essential to our memory solutions or to the core technologies underpinning such solutions.

To safeguard our proprietary processes, we enter into confidentiality agreements with consultants, advisers, and contractors, as well as non-competition and confidentiality agreements with senior management, key R&D personnel and other employees who have access to sensitive business information. Our standard employment contracts include assignment clauses that grant us ownership of all inventions, technology, know-how and trade secrets developed during the course of employment. To reinforce these measures, we provide regular training to strengthen employees' awareness of confidentiality obligations and maintain the integrity of our data and trade secrets through physical security for our premises and advanced physical and electronic safeguards for our IT systems.

Other than a patent infringement lawsuit disclosed in "— Legal Proceedings and Compliance — Legal Proceedings Regarding Certain Patents," we were not involved in other material proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent during the Track Record Period and up to the Latest Practicable Date.

INFORMATION TECHNOLOGY

Our key information technology systems include Supplier Relationship Management (SRM) system that manages supplier information and contracts, Customer Relationship Management (CRM) system streamlines customer management and contracts, and Office Automation (OA) system that streamlines administrative processes.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any information technology system failure or downtime that had a material adverse effect on our business operations.

DATA PRIVACY AND PROTECTION

We do not have access to or control over the data stored in our memory solutions. In the course of our business operations, we mainly collect, store and process data relating to transactions with corporate customers, such as their names, addresses, contact information and order details. We generally do not directly collect or process personal information from customers or any important data identified by the competent government authorities. In addition, we did not have any cross-border data transactions during the Track Record Period and up to the Latest Practicable Date, and we are not an operator of a network platform or an operator of a critical information infrastructure under the Cybersecurity Review Measures.

We have implemented a comprehensive set of data protection policies. These policies cover access control, data transfer, backup and disaster recovery, safeguarding company assets and preventing unauthorized access or disclosure. A centralized data management framework has been established to enforce these measures, supported by regular training programs aimed at enhancing employee awareness of data security and ensuring strict compliance with privacy regulations in daily operations.

Under our policies, all company data, including sensitive operational and production information, is classified as proprietary and subject to strict protection. Employees are explicitly prohibited from transferring or disclosing such information without proper authorization. Access to databases is restricted to authorized personnel, with user permissions and activities carefully monitored to maintain accountability. Daily data backups are conducted, and off-site storage ensures data availability and business continuity in the event of a breach or other disaster. Additionally, we have implemented password protocols, regular system vulnerability assessments, and intrusion detection measures to safeguard data integrity and prevent unauthorized access.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any administrative penalties for violating applicable laws and regulations in respect of the collection, storage, use and protection of personal data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

ESG Management

We have established a three-tier governance structure of "Decision-Making-Management-Execution" to ensure clear responsibilities, effective implementation and robust oversight of ESG work. As the highest decision-making body for ESG matters, our Board is responsible for formulating our sustainability strategy and quantitative targets, reviewing our annual ESG plans and performance, and identifying and managing material sustainability issues. We have established a Strategy and Sustainable Development Committee comprising executive Directors which regularly reviews management reports, supervises the implementation of our strategies and decision-making on material issues, analyzes and makes recommendations on our long-term development strategy, major investment decisions and ESG governance work, and coordinates the formulation of ESG strategies and targets for Board review. At the execution level, under the ESG Leadership Group, functional ESG task groups comprising heads or authorized representatives of each business unit and functional department are responsible for implementing environmental management, employee development, supply chain management and compliant operations to ensure the effective application of ESG principles at all levels of our Company.

ESG Materiality Assessment

To ensure focus on the most relevant ESG issues, we have established a structured materiality assessment mechanism assessing both the financial materiality of ESG topics and their impact materiality on the economy, environment and society. Our assessment process begins with background research to understand our business model, operating environment and stakeholder landscape, followed by design questionnaires aligned with the double-materiality principle and collect feedback from internal and external stakeholders. After analysing the questionnaire results, we integrate business relevance, stakeholder expectations and the Group's operational characteristics to determine the relative significance of each topic and develop a consolidated list of material ESG issues which comprise the following:

Aspect	Material ESG Risk/ Opportunity	Impact Period	Impact	Response Measures
Environment	Climate Change Response	Medium to long term	Physical and transition risks arising from climate change may negatively affect our production and operations, such as extreme weather events, rising sea levels and regulatory risks.	Formulate the Carbon Emissions Management Guidelines (《碳排放管理規範》), improve the internal environmental management system, adopt targeted emission reduction and adaptation measures, and continuously advance full-lifecycle carbon management.
	Environmental Compliance Management	Medium to long term	Inadequate environmental management, insufficient implementation of environmental protection measures or non-compliance with regulations may result in direct financial losses or reputational damage.	Establish an environmental management system in line with ISO 14001 (《ISO14001 環境管理體系》) to continuously enhance our environmental management performance.
	Pollutant Emissions	Short term	Failure to properly manage and control pollutant emissions in accordance with applicable laws and regulations may cause pollution expansion and trigger environmental liability risks.	Strictly comply with relevant laws and regulations, and regularly engage third-party monitoring institutions to test pollutant concentrations and ensure compliant discharge.
	Waste Management	Medium to long term	Improper or non-compliant disposal of waste over an extended period may cause environmental pollution around the facility and undermine local ecological balance.	Implement waste classification, collection and treatment mechanisms, and build compliant hazardous-waste storage facilities to prevent negative environmental impacts.
	Energy Management	Medium to long term	Excessive or inefficient energy use may lead to higher electricity costs or even power outage events, affecting normal business operations.	Set energy-saving targets, continually reduce energy consumption, and use power monitoring systems to track real-time energy usage and avoid overload conditions.
	Water Resource Utilization	Medium to long term	Scientifically effective water-saving measures can reduce our operating costs.	Establish a wastewater recovery system, improve water recycling efficiency, set water-use control targets and include water-saving results in performance assessments.

Aspect	Material ESG Risk/ Opportunity	Impact Period	Impact	Response Measures
Social	Employee Rights Protection	Short term	Non-compliant or improper labour contract practices may lead to labour disputes or litigation, harming our reputation and increasing employee turnover.	Establish the Recruitment Management Measures (《招聘管理辦法》) to regulate and improve the execution of labour contracts — including signing, performance and termination — and safeguard employee rights.
	Employee Training and Development	Medium to long term	Inaccurate identification of training needs may reduce training effectiveness, fail to meet employee development needs, lower work efficiency and limit employee growth opportunities.	Develop training plans based on the our strategy and employees' career development trajectories, ensure that employees gain practical learning outcomes.
	Occupational Health and Safety	Short term	Inaccurate identification of occupational hazard factors may result in inadequate control measures, increasing the risk of workplace accidents.	Establish an occupational health and safety management system aligned with ISO 45001 (《ISO45001 職業健康安全管理體系》) and conduct annual occupational hazard testing to ensure effective risk control.
	Product Quality Management	Short term	Product quality levels failing to meet customer requirements may lead to negative incidents such as customer complaints and product returns, thereby damaging our brand image and customer loyalty.	Establish quality management systems in line with ISO 9001 and IATF 16949 (《ISO9001 質量管理體系》《IATF 16949 質量管理體系》), improve full-process quality control, adopt special rectification and enhancement measures, and continuously improve product quality.
	Research and Development	Medium term	Frequent changes in customer requirements may result in continuous adjustments to design and development plans, causing delays in new product introduction, missing the optimal market timing, and losing potential customers and market opportunities.	Determine R&D directions based on technological development trends and market needs, continue investing in R&D, and respond to evolving downstream market requirements.
	Customer Service	Short term	An increase in customer complaint rates and a decline in customer satisfaction may arise from events such as complaint handling timelines failing to meet customer requirements, ineffective corrective measures, and repeated occurrence of quality issues, thereby increasing the likelihood of product returns and refunds.	Establish the Complaint Handling Procedures (《投訴處理程序》), standardise complaint management processes, implement effective remedial and preventive measures, and ensure professional and timely resolution of customer issues.
	Sustainable Supply Chain	Short term	Suppliers failing to meet Company procurement standards may increase procurement risks, affect production schedules and product quality, and reduce customer satisfaction.	Require suppliers to sign the Supplier Social Responsibility Agreement (《供應商社會責任承諾書》) and Supplier Quality Assurance Agreement (《供應商質量保證協議》), evaluate suppliers based on quality, occupational safety, business integrity and operational capability, and strengthen supplier management.

Aspect	Material ESG Risk/ Opportunity	Impact Period	Impact	Response Measures
	Community Contribution	Medium to long term	Actively participate in our charitable activities to enhance brand social recognition and influence, and establish a positive corporate image.	Continuously participate in social donation activities, including areas such as earthquake relief, public welfare funds and education support, actively pay attention to livelihood needs, and fulfil corporate responsibility through practical actions.
Governance	Corporate Governance	Short term	Non-compliant operation of the shareholders' meeting, board of directors and board of supervisors, inadequate internal control, and unreasonable equity structure may increase corporate governance risks and affect our normal operations.	Strictly establish a corporate governance mechanism with clear responsibilities, mutual checks and balances, and standardised and effective operations in accordance with relevant laws and regulations, standardise our operations, and promote our sustained and stable development.
	Business Ethics	Medium to long term	Incidents of commercial bribery and corruption may trigger significant legal risks, exposing us to substantial fines and litigation disputes, thereby resulting in major economic losses.	Formulate and improve regulations and systems related to business ethics to prevent, promptly identify and strictly combat fraudulent activities such as commercial bribery and embezzlement from the source, ensuring the transparency and compliance of our operations.

Green Development

Environmental Management and Objectives

We adhere to national and local environmental protection laws and regulations including the Environmental Protection Law of the PRC. We have established a framework of environmental objectives and actions focused on energy management by optimizing energy structure and efficiency through advanced equipment, intelligent monitoring systems and energy-saving processes to reduce energy consumption per unit of output while increasing clean energy usage; resource conservation by promoting the circular economy, material recycling, reuse and packaging recycling to minimize raw material consumption; waste management through a system of classification, reduction and resource management ensuring hazardous waste is handled by qualified entities with full traceability; greenhouse gas reduction via energy audits, carbon emission accounting, energy-saving renovations and green technology substitution to lower emissions in production and office operations; and water resource management by strengthening conservation and wastewater treatment, promoting recycling and recovery to improve utilization while ensuring all discharges meet standards. As of December 31, 2025, our key production bases had obtained ISO 14001 Environmental Management System certification, and we had established energy and water consumption monitoring mechanisms across packaging, testing, warehousing and logistics processes for continuous tracking and dynamic management of environmental performance. We have set phased 2026 targets including a 3% reduction in overall energy consumption intensity, a 4% reduction in water consumption intensity per unit with 100% wastewater discharge compliance, 100% waste disposal compliance, a 2% reduction in greenhouse gas emissions intensity, and continued 100% pollutant emission compliance and information monitoring coverage, all compared with 2025.

BUSINESS

Addressing Climate Change

We have established a climate risk management process with reference to the IFRS S2 — Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB) and consider the high-emission scenarios (SSP5–8.5) and low-emission scenarios (SSP1–2.6) proposed by the Intergovernmental Panel on Climate Change (IPCC) of the United Nations.

We classify climate-related risks into two major categories (namely, physical risks and transitional risks):

Risk Type	Risk Event	Risk Level	Potential Impact	Mitigation Measures
Physical Risks (SSP5–8.5 High-Emission Scenarios)	Extreme weather events such as heavy rainfall, typhoons and extreme high temperatures;	Low	It may cause damage to production facilities, partial shutdowns or logistics delays, and affect delivery and operations.	We will improve flood prevention, drainage and emergency response mechanisms, optimize plant layout and enhance the disaster resilience and temperature control capabilities of our equipment.
	Rising sea levels	Low	Potential flooding and infrastructure corrosion risks in coastal plants.	We will regularly assess risks in coastal areas and gradually optimize site selection and structural protection standards.
Transitional Risks (SSP1–2.6 Low-Emission Scenarios)	Policy Risks	Medium	Driven by global carbon emission reduction targets, governments worldwide have successively introduced stringent carbon emission regulations and policies covering carbon pricing, carbon tariffs and carbon labeling. Our exported products will face tighter compliance requirements and supervision.	Driven by global carbon emission reduction targets, governments worldwide have successively introduced stringent carbon emission regulations and policies covering carbon pricing, carbon tariffs and carbon labeling. Our exported products will face tighter compliance requirements and supervision.
	Increasing low-carbon expectations from customers and chains	Low	Failure to meet carbon footprint or green procurement requirements may impact our market share.	We will promote green product design and procurement, and collaborate with supply chain partners to achieve coordinated carbon reduction.

At the same time, in terms of potential opportunities arising from climate change, we have also identified two major opportunities:

Opportunity Type	Opportunity	Potential Impact	Action Plans
Products and Markets	Growing demand for low-carbon and energy-efficient products	Green design becomes the key to market competition.	We will accelerate the research and development of energy-saving technologies, and promote energy efficiency certification and green product layout.
Financing	Improvement of green finance and carbon market mechanisms	Green credit, bonds and carbon reduction projects expand financing channels.	We will participate in green financing initiatives and carbon trading mechanisms to enhance ESG ratings and capital attractiveness.

In accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2021), we identified all greenhouse gas emission sources across our operational and value-chain boundaries, covering Scope 1, Scope 2 and relevant Scope 3 categories, conducted detailed analysis of each source and its drivers, and established medium- and long-term emission-reduction targets consistent with prevailing industry practices according to Frost & Sullivan. Our total GHG emission intensity in 2025 was 7.1 tCO_2e per RMB million revenue; using 2025 as the baseline, we target a 2% reduction by 2026 and a cumulative 10% reduction by 2030 to advance our low-carbon transformation and energy structure optimization.

We have formulated the following greenhouse gas emission goals.

	For the Year Ended December 31,		
	2023	2024	2025
Total GHG Emissions (tCO_2e)	34,818.8	47,167.5	79,868.2
Scope 1 — Direct GHG Emissions (tCO_2e)	53.3	59.2	58.1
Scope 2 — Indirect GHG Emissions (tCO_2e)	22,802.1	30,489.7	55,197.6
Scope 3 — Other Indirect GHG Emissions (tCO_2e)	11,963.4	16,618.6	24,612.6
Total GHG Emission Intensity (tCO_2e/RMB million revenue)	9.7	7.0	7.1

Emissions Control

Under our ESG governance framework, we maintain a comprehensive waste and pollutant management system covering office, production and supply chain operations to ensure classification, reduction, resource utilization and compliant disposal in accordance with national and local environmental laws and regulations. We implement a pollution prevention accountability system supported by the Pollutant Prevention and Management Code, Waste Management Target System and Hazardous Waste Management Plan and Reporting System, reinforced by real-time monitoring of pollution sources and treatment facilities. In wastewater management, we adopt closed-loop cooling, process optimization and independent treatment systems to reduce discharges and increase reuse rates, achieving 100% compliance at our key production bases in 2025. For waste management, we apply classified collection with full traceability, entrust hazardous waste to qualified third parties and promote reuse and recycling of non-hazardous waste, also achieving 100% compliance in 2025. In exhaust gas management, we control VOCs and particulate matters through adsorption and condensation systems with centralized treatment of organic solvent vapors and dust particles, supported by regular monitoring and maintenance to ensure compliance.

Resource Management

We have established an energy and water resources management accountability mechanism at our manufacturing bases, under which we conduct regular assessments, identify key usage processes and optimize production processes and equipment to enhance resource utilization efficiency and reduce consumption intensity. In water resource management, we implement the Water Resource Conservation Management Policy through a dedicated supervision team and improve efficiency by optimizing processes, upgrading equipment and recycling wastewater, ensuring all treated wastewater meets national and local discharge standards. In energy management, with electricity as our primary energy source, we adopt a "conservation first, efficiency enhancement" approach by applying advanced energy-saving technologies and equipment to optimize our energy structure and reduce consumption.

	For the Year Ended December 31,		
	2023	2024	2025
Total Water Consumption (m^3)	272,031.0	387,424.0	522,932.8
Total Energy Consumption (tons of standard coal)	10,859.3	14,507.5	22,304.4
Energy Consumption Intensity (tons of standard coal/unit product)	3.0	2.2	2.0

Win-Win Development and Shared Future

Product and Service Safety and Quality

We have formulated multiple core quality management system control policies, including the Audit Management Control Procedures (《審核管理控制程序》) and the Product Development Control Procedures (《產品開發控制程序》). We have established a Quality Center dedicated to quality management and implemented a product life-cycle quality management and control mechanism, and the Supplier Management Control Procedure (《供應商管理控制程序》), which define the requirements on product safety, health protection, intellectual property protection and customer privacy protection. In 2025, we recorded no major customer complaints, recalls or administrative penalties arising from product safety or quality issues.

Employee Development

We strictly abide by the Labor Law, the Labor Contract Law and other relevant laws and regulations, and have established a standardized and transparent employment management system to protect the rights and interests of employees. In terms of training and promotion, we attach importance to employee capacity building and career development planning, and have established a multi-tiered training system covering onboarding, on-the-job and promotion stages. The training content covers professional skills, management capabilities and overall personal development, while a "mentoring, helping and guiding" mechanism is adopted to promote knowledge inheritance and job growth. In 2025, we achieved a 100% training coverage rate for new employees and personnel in key positions, with an average of approximately 5.2 training hours per person. We regularly organize special management and technical trainings, provide vertical promotion and horizontal rotation opportunities for core employees, and forms a career development channel that integrates performance evaluation, capability enhancement and promotion incentives.

Occupational Health and Safety

We integrate safety management into business decision-making with unified leadership and tiered accountability under a long-term mechanism of prevention first, full participation and continuous improvement. We maintain a systematic mechanism covering risk identification, hazard inspection, emergency response and health protection, with dedicated safety personnel at each production base conducting regular risk assessments, targeted protective measures and dynamic monitoring of hazardous operations. In 2025, we achieved 100% coverage in safety training covering fire and emergency response, equipment operation, protective equipment use and accident handling, provided appropriate protective equipment, conducted regular emergency drills and performed occupational health examinations with 100% coverage for employees exposed to occupational hazards, resulting in no major safety accidents or occupational health incidents.

Sustainable Supply Chain

Our supply system covers a range of processes such as raw materials, components, packaging and equipment, providing strong support for our stable production and international operations. With core policies including the Supplier Management and Control Procedure (《供應商管理控制程序》), the Supplier Evaluation Report (《供應商評鑑報告》), the Supplier Annual Quality Target Commitment Letter (《供應商年度質量目標承諾書》) and the Procurement Management Procedure (《採購管理作業程序》), we have formed a management structure led by the Quality Center, the Procurement Department and the Technology R&D Center, with the coordination of relevant departments, to regulate key processes such as supplier admission review, on-site evaluation and qualification recognition.

We and key suppliers sign the Social Responsibility Commitment, which explicitly requires suppliers to comply with relevant laws and regulations in the course of their production and operations, protect the legitimate rights and interests of employees, prohibit the use of child labor and forced labor, and ensure a safe and healthy workplace. We regularly conduct environmental and social risk identification and assessments across all stages of the supply chain.

We encourage suppliers to adopt environmentally preferable and recyclable materials, and conduct on-site audits, document reviews, and random inspections. In 2025, we verified the social responsibility, occupational health and safety, and environmental friendliness of key suppliers through on-site assessments, achieving a coverage rate of 31.3%. For suppliers that fail to meet environmental or social standards, we provide rectification guidance and follow-up verification, and initiate exit procedures when necessary to ensure the stability, sustainability, and compliance of the supply chain. Most key suppliers have obtained ISO 9001 Quality Management System, ISO 14001 Environmental Management System and QC080000 Hazardous Substance Process Management certifications. Some core suppliers have further obtained the certification under the Responsible Business Alliance (RBA) Code of Conduct, and meet international standards in labor rights, environmental protection and business ethics.

Community Contribution

We organize Factory Tour activities inviting community residents and students to visit our production bases and R&D centers, providing guided tours, interactive demonstrations and hands-on experiences that enhance understanding of semiconductor manufacturing processes, technological innovation and environmental management practices while strengthening mutual trust and inspiring young people's interest in science and technology. In 2025, our charitable donations totaled approximately RMB200,000, primarily for education assistance and community charity programs.

Professional Integrity

We have formulated the Anti-Fraud and Whistleblowing Management Policy and incorporated employee integrity requirements, confidentiality obligations and disciplinary measures into the Employee Handbook, while organizing training on trade secret protection and integrity awareness. We maintain an anti-corruption risk assessment mechanism under which designated personnel identify and monitor risks in key positions, processes and cooperation links, with strengthened oversight of procurement, financial approval and contract execution; violations are handled promptly through case notifications and training to reinforce compliance. We also promote an integrity culture via periodic internal anti-corruption briefings sharing typical cases and root causes, and have established internal complaint channels together with audit, anti-corruption and accountability mechanisms to ensure timely handling of whistleblowing information and protection of whistleblowers.

During the Track Record Period, two employees were convicted of the crime of non-state functionary bribery, both of which have been confirmed by final criminal judgments. In 2025, we initiated civil proceedings against the relevant employees and suppliers, and none of such cases had been subject to a final judgment as of the Latest Practicable Date.

EMPLOYEES

As of December 31, 2025, we had 2,852 employees, the majority of whom are based in Chinese mainland. The following table sets forth a breakdown of our full-time employees by business function as of the same date:

Business Function	Number of Employees	Percentage of total employees *(%)*
Research and Development	1,262	44.3
Production	953	33.4
Sales and Marketing	225	7.9
Administrative and Management	412	14.4
Total	**2,852**	**100.0**

We have established a labor union to facilitate communication among employees and to protect their rights. We have maintained a good relationship with our employees and did not have any material labor dispute during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain insurance coverage over our daily operations. Our principal insurance policies primarily include business operation insurance, logistics insurance, credit insurance and employee social insurance. In line with general market practices, we do not maintain certain policies that are not available in the locations wherein we operate, or that are not generally required by laws. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover our potential liability or losses." We believe that our insurance coverage is adequate for our business and in line with general market practice. We expect to continue to review and assess our risk portfolio and make necessary and appropriate adjustment to our insurance plans to align with our needs and with industry practice. During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in relation to our business.

PROPERTIES

Our headquarter office is located in Shenzhen, Guangdong Province, China. As of the Latest Practicable Date, we did not have any single property with a book value accounting for 15% or more of our total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report, as described under paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

As of the Latest Practicable Date, we obtained land use rights certificates for two parcels of land with an aggregate site area of approximately 103,762.4 sq.m. in the PRC. These parcels of land are generally used for industrial purposes. According to our PRC Legal Advisors, our use of these parcels of land does not contravene the use specified in the land use rights certificates, and we were not involved in any land use rights disputes during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, we own two properties in the PRC. As of the same date, we leased 21 properties material to our business in the PRC (each of which is over 300 sq.m.), primarily for research and development, office, and warehousing purposes. To the best of our knowledge, fire safety inspections have been conducted by the relevant property management team with respect to all of our leased premises or the buildings where such premises are located.

LICENSES, PERMITS AND APPROVALS

As advised by our PRC Legal Advisors, we had duly obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates are valid and subsisting as of the Latest Practicable Date. We renew the licenses, permits, approvals and certificates from time to time. We do not expect any material obstacles in renewing our licenses, permits, approvals and certificates required for our operations.

LEGAL PROCEEDINGS AND COMPLIANCE MATTERS

Legal Proceedings Regarding Certain Patents

As of the Latest Practicable Date, we are involved in four patent infringement lawsuits filed in Nanjing Intermediate People's Court. Two of these lawsuits were filed in September 2025 ("**Case 2174" and "Case 2175**"), and the other two were filed in April 2026 ("**Case 520" and Case 521**"). All four lawsuits were initiated by the same plaintiff, Emtier Storage Technology (Shenzhen) Co., Ltd. (埃姆梯爾存儲技術(深圳)有限公司) (the "**Plaintiff**"), a Shenzhen-based company pursuing patent litigations and patent licensing. The Plaintiff acquired the patents in question through a chain of transfers (the "**Disputed Patents**"). The Plaintiff asserts that the Disputed Patents involved are SEPs related to the eMMC standard formulated by the JEDEC Solid State Technology Association. Consequently, the Plaintiff contends that any product conforming to that eMMC standard, such as our eMMC solution, falls within the protective scope of the Disputed Patents and alleges that they have fulfilled their obligations to license these patents on FRAND terms. An SEP is a patent that claims an invention that must be used to comply with a technical standard. To prevent the abuse of this power and to ensure the standard remains accessible to the industry, SEP holders are typically required to commit to licensing their patents on FRAND terms. These FRAND terms imply that the patent holders must offer licenses to other implementers at rates that are fair and reasonable, and they cannot discriminate between similarly situated licensees. The Plaintiff alleges that we were at fault during licensing negotiations and subsequently engaged in unauthorized manufacturing and sales activities, which constitute patent infringement. The Plaintiff is seeking court orders to compel us to immediately cease the alleged infringing behavior, including cessation of the manufacture and sale of the products, and to destroy existing inventory. Additionally, the Plaintiff seeks to hold us liable for economic losses incurred, provisionally calculated at RMB608,425 for each of Cases 2174 and 2175 and RMB25 million for each of Cases 520 and 521, as well as all litigation costs.

While both lawsuits involve the same parties and similar factual backgrounds, they have been filed as four lawsuits as they concern the alleged infringement of four distinct invention patents with different technical scopes and claims. With respect to the Cases 2174 and 2175 filed in September 2025, the Case 2174 concerns Patent No. ZL200680051271.3, titled "Method for booting host device from MMC/SD device, host device bootable from MMC/SD device, and MMC/SD device method for booting host device therefrom," while the Case 2175 concerns Patent No. ZL201110159902.6, titled "Method for booting host device from MMC/SD device and related devices." Both of the Disputed Patents are related to the same product and are valid until November 27, 2026. With respect to Cases 520 and 521 filed in April 2026, Case 520 concerns Patent No. ZL201510093389.3 titled "Extended Utilization Area of Storage Device", and Case 521 concerns Patent No. ZL200980106241.1, also titled "Extended Utilization Area of Storage Device." Both patents relate to the same technology and remain valid until January 30, 2029. As of the Latest Practicable Date, all of these four proceedings remain ongoing without any judgments or rulings issued.

According to our IP litigation counsel: (i) with Cases 2174 and 2175, National Industrial Information Security Development Research Center (國家工業信息安全發展研究中心), established under the Ministry of Industry and Information Technology (MIIT) of the PRC to provide objective technical verifications, has conducted a technical analysis comparing the two of Disputed Patents involved in Cases 2174 and 2175 with the relevant technical features of the eMMC standard, concluding that neither of the Disputed Patents constitutes SEPs as their technical features do not correspond to, and are not the equivalent to, the relevant technical features of the eMMC standard. This independent technical report issued by this authoritative third-party institution thus renders the likelihood of a finding of infringement in each lawsuit extremely low; (ii) even in the unlikely event that the any of the four Disputed Patents were determined by the court to be standard essential patents and infringement were found, the SEP holders must agree to license their patents under FRAND licensing commitments. The licensing process for an SEP generally involves bilateral commercial negotiations rather than a rigid administrative procedure. Typically, the patent holder notifies the implementer of the infringement and offers a license, or the implementer requests a license. Under the FRAND framework, while there is no single formal government procedure to "apply" for a license, the patent holder cannot arbitrarily refuse to grant a license to a willing licensee. Conversely, we, as the implementer, must also demonstrate a willingness to negotiate and accept FRAND terms to benefit from protection against injunctions. Pursuant to Article 24 of the Supreme People's Court's Interpretation II on Several Issues Concerning the Application of Law in the Trial of Patent Infringement Dispute Cases, courts generally do not support claims for injunctive relief where a recommended national, industry, or local standard explicitly identifies the necessary patent and the patent holder deliberately breaches its FRAND licensing commitments during the patent use negotiations, resulting in failure to reach an agreement. We have consistently upheld FRAND principles and actively engaged in negotiations with the plaintiff in full goodwill and cooperation. We have formally engaged with the patent holder to discuss the terms of a potential license should the patents be deemed valid and infringed. This engagement demonstrates our status as a willing licensee, making the Plaintiff's request to cease our manufacturing or sales of the products lacking merits and likely to be dismissed; (iii) for Cases 2174 and 2175, the Disputed Patents will expire in November 2026. Even if the Plaintiff were found to be the patent holder, upon expiry, it will no longer have the right to prohibit others from practicing the patent. In particular, considering that patent infringement litigation typically requires two to three years to complete first-instance and second-instance proceedings and these cases remain in the first-instance stage, it can reasonably be expected that the protection period of the patents in dispute will have expired before the conclusion of the second-instance proceedings, at which point we will no longer be subject to the restrictions of the patents in dispute. Accordingly, following the expiry of the patent term, we will not be exposed to legal risks relating to injunctive relief for alleged infringement of these patents. With respect to the other two Disputed Patents involved in Cases 520 and 521, which will expire in January, 2029, we are engaging in formal and ongoing licensing negotiations with the Plaintiff to ensure that we may continue using the technology relating to the Disputed Patents; (iv) even if the court finds for the Plaintiff, the requested monetary compensation is relatively immaterial to our financial condition. Regarding Cases 2174 and 2175, the Plaintiff claims enforcement costs of RMB608,425 per case (RMB1,216,850 in total), which is immaterial to our overall financial condition. For Cases 520 and 521, the Plaintiff seeks RMB25 million per case (RMB50 million in total) for economic losses and enforcement costs. According to our IP litigation counsel, the actual court-awarded damages are expected to be far below the alleged damages. Pursuant to Article 71 of the PRC Patent Law (2020 Revision), damages are determined by the patent holder's actual loss, the infringer's profits, a reasonable royalty multiple, or statutory damages. If damages were calculated based on our profits derived from the two Disputed Patents, the amount allocable to the two Disputed Patents would be minimal. These two patents are related to the same underlying technology and therefore represent a single technological contribution, therefore constituting only a small fraction of the overall patented technologies that collectively contribute to our profits derived from memory products. Accordingly, after apportioning profits to reflect the limited contribution of the disputed patents relative to the overall patented technologies embedded in the products, the actual damages awarded by the court would fall far below the amount claimed by the Plaintiff.

Based on our IP litigation counsel's assessment of the abovementioned reasons, our Directors are of the view that these legal proceedings are not expected to have any material adverse impact on our business operations or financial performance. We are actively negotiating with the Plaintiff regarding the use of the patent, and no final settlement agreement has been executed. We will continue to monitor the progress of these discussions and assess their impact on our litigation strategy. Based on the foregoing, and in particular the findings from the IP litigation counsel, nothing has come to the attention of the Sole Sponsor that would cast doubt on the IP litigation counsel's view above.

Historical Non-Compliance Incidents

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

Social Insurance and Housing Provident Funds

During the Track Record Period, we did not make adequate social insurance and housing provident fund contributions for certain of our employees primarily because some employees are reluctant to bear their share of social insurance and housing provident funds strictly in portion to their salary. In 2023, 2024 and 2025, the shortfall in our social insurance and housing provident contributions amounted to RMB12.7 million, RMB13.8 million and RMB9.2 million, respectively.

As advised by our PRC Legal Advisor, under the PRC Social Insurance Law, if an employer fails to make social insurance contributions in full and on time, the competent authority may order the employer to make up the shortfall within a prescribed period and impose a daily late payment fee of 0.05% of the outstanding amount. If the employer still fails to comply, the competent authority may impose a fine ranging from one to three times the outstanding amount. Under the Regulations on the Administration of Housing Provident Funds, if an employer fails to make housing provident fund contributions in full and on time, the housing provident fund management center may order the employer to make up the shortfall within a prescribed period and, if the employer fails to comply, may apply to the PRC courts for compulsory enforcement. No administrative penalties would be imposed under such circumstances.

In addition, as advised by our PRC Legal Advisor, under Article 19(1) of the Interpretation (II) by the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**Interpretation**"), promulgated on July 31, 2025 and effective from September 1, 2025, any agreement or undertaking between an employer and an employee to waive the payment of social insurance contributions shall be deemed invalid by the People's Court. Where an employer fails to make social insurance contributions as required by law, and the employee is entitled to seek to terminate the employment contract and claim economic compensation pursuant to Article 38(3) of the PRC Labor Contract Law. See "Regulatory Overview — Laws and Regulations Relating To Labor And Social Security — Social Insurance and Housing Provident Fund."

Our PRC Legal Advisor has advised us that pursuant to the Notice of the State Taxation Administration on Implementing Certain Measures to Further Support and Serve the Development of the Private Economy (《國家税務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》), tax authorities at all levels are required to maintain stable contribution payment arrangements and are expressly prohibited from collectively recovering prior-year social insurance premium arrears owed by enterprises. Our PRC Legal Advisor confirmed that we had not been subject to any administrative penalties for failure to pay the full amount of social insurance contributions or housing provident fund contributions during the Track Record Period. In addition, our PRC Legal Advisor has interviewed the competent authorities, who confirmed that in practice they would not

take the initiative to pursue recovery of historical social insurance or housing provident shortfalls, demand back-payments or impose administrative penalties on employers unless they receive complaints from the relevant employees. Based on the interviews with the competent authorities, our PRC Legal Advisor further advised us that, (i) if we promptly make up upon request, we would not be subject to administrative fines under Article 86 of the PRC Social Insurance Law; and (ii) even in the event of employee complaints regarding social insurance, authorities are unlikely to require retroactive full-amount contributions for historical period of all employees. In the absence of material employee complaints, the likelihood of being subject to material administrative penalties or mandatory retroactive contributions is considered remote. As such, our Directors are of the view, and our PRC Legal Advisor concurs, that the shortfalls in social insurance and housing provident contributions would not have a material adverse effect on our business, financial condition or results of operations. Given the remoteness of receiving administrative penalties, we have not rectified the shortfall nor made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

Moreover, our Directors are of the view, and our PRC Legal Advisor concurs, that the Interpretation will not have a material adverse effect on our business, financial condition or results of operations, taking into account that: (i) the Interpretation does not change the existing legal framework on social insurance and housing provident fund contributions; (ii) it does not create any new basis for reassessing contribution shortfalls or impose heightened penalties; (iii) during the Track Record Period, the Company did not enter into any agreement with employees, nor did it accept any undertaking from employees, under which the Company would not be required to make social insurance contributions for such employees; and (iv) any contribution shortfalls have already been fully reflected in our shortfall calculations.

We have also implemented internal control measures to ensure compliance regarding our social insurance and housing provident contributions. Such measures primarily include: (i) designating dedicated personnel to regularly monitor the payment status of social insurance and housing provident fund contributions; (ii) strengthening communication with employees to ensure understanding of contribution bases; (iii) providing regular training for our management personnel, the human resources department and relevant employees on legal and regulatory requirements applicable to human resources management; and (iv) consulting our internal legal team and external PRC legal counsel to stay up to date with regulatory developments.

Going forward, we undertake to rectify any non-compliance when required by the competent authorities. See "Risk Factors — Risks Relating to Our Industry and Business — We may be subject to additional contributions of social insurance premium and housing provident funds, and late payments and fines imposed by relevant governmental authorities."

Defects Relating to Leased Properties

During the Track Record Period, four of our leased properties located in the Honghua Ling Industrial South Zone, Nanshan District, Shenzhen (the "**Honghua Ling Properties**"), did not hold title certificates, arising from historical illegal constructions associated with rural urbanization processes in Shenzhen. As confirmed by our PRC Legal Advisor, our lessor has declared these properties as historical illegal buildings and obtained the Shenzhen Rural Urbanization Historical Illegal Building Survey Declaration Receipt (《深圳市農村城市化歷史遺留違法建築普查申報收件回執》), while the Shenzhen Public Security Fire Department and the then Shenzhen Municipal Planning and Land Resources Bureau have respectively verified and confirmed these properties' compliance with fire safety conditions for use and the construction engineering planning. According to our PRC Legal Advisor, our leasing of the Honghua Ling Properties do not constitute material violations of applicable laws and regulations. Furthermore, under the written confirmation issued by the Shenzhen Nanshan District Bureau of Industry and Information Technology, the Honghua Ling Properties are included in the 2017 Shenzhen Nanshan District Urban Renewal Unit Plan, with Phase I construction commenced in the third quarter of 2022 and expected to be completed in approximately five years, and Phase II to follow. Demolition of these properties is not anticipated

before the third quarter of 2027. Shenzhen Nanshan District Bureau of Industry and Information Technology has committed to facilitating relocations for existing tenants like us and arranging for suitable alternative places to mitigate any disruptions to our operations. In addition to the Honghua Ling Properties, another leased property lacks ownership certificates provided by the lessors, which could potentially disrupt our continued use. However, these properties and Honghua Ling Properties primarily serve office and R&D functions, and alternative premises are readily available. As advised by our PRC Legal Advisor, these title defects of our leased properties would not have a material adverse effect on our ongoing operations.

As of the Latest Practicable Date, we use six leased properties as our offices or employee dormitories, which are inconsistent with the registered production usage stated in the relevant title certificates. According to the Administrative Measures for Commercial House Leasing (《商品房屋租賃管理辦法》), the relevant authorities may order our lessors to rectify such inconsistencies and order us to cease using the leased properties. During the Track Record Period and up to the Latest Practicable Date, we did not receive any claims or notices that may affect our current use of the leased properties from relevant competent authorities. Additionally, these leased properties are not material to our business operations, and alternative properties are readily available. As such, as advised by our PRC Legal Advisor, the inconsistent use of such leased properties would not cause material adverse effects to our business operations.

If we are required to relocate due to the aforementioned matters, we do not expect to experience material difficulties in relocating to alternative premises, as the affected sites are not our primary production facilities and suitable replacement properties are readily available. Based on our current planning, we estimate that a relocation would take less than two months, with expected relocation expenses of approximately RMB1.1 million and fit-out costs of approximately RMB36.0 million for a comparable site.

In addition, as of the Latest Practicable Date, the lease agreements of 20 of the properties that are material to our business operations had not been registered and filed with the relevant land and real estate management departments in the PRC primarily because (i) some of the leased properties were subleased and the sublessors were unable to provide the ownership documents required for registration; (ii) certain properties lacked complete ownership certificates due to historical developer issues and the available documents did not meet the formal registration requirements; and (iii) we prioritized operational flexibility for short-term or temporary-use leases. We have properly maintained the agreements and payment records for such leases and some properties lease agreements are currently undergoing the procedures for lease registration and filing. Under the relevant PRC laws and regulations, the parties to a lease agreement are required to register and file the executed lease agreement with the competent government authorities. As advised by our PRC Legal Advisor, the failure to register or file such agreements does not affect their validity. However, according to the relevant PRC regulations, we may be ordered by the competent authorities to register the lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. The potential maximum penalties we may face as of the Latest Practicable Date was approximately RMB200 thousand. During the Track Record Period and up to the Latest Practicable Date, we had not received any order from the relevant authorities requiring registration of these lease agreements, and no administrative penalty had been imposed on us for non-registration. In addition, in the case where we are ordered by the competent authorities to register the lease agreements, we undertake to complete the relevant registration and filing requirements. Consequently, according to our PRC Legal Advisor, the non-registration of our leased properties would not cause material adverse effects to our business operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We maintain an internal control and risk management system to safeguard operations and support sustainable growth. We have developed and implemented written internal control and risk management policies, which are continuously reviewed and refined to ensure compliance and operational efficiency. We place a strong focus on legal compliance, asset protection and the integrity of financial reporting while also striving to enhance operational efficiency in alignment with our strategic objectives. We have established a clear and well-structured internal control architecture that defines roles and responsibilities across the board of directors, audit committee, audit department and other relevant departments. The audit committee oversees the implementation and effectiveness of our internal controls, whereas the audit department leads the execution of control initiatives and coordinates across departments to ensure consistency and accountability. In addition, our independent internal audit function plays a central role in evaluating and improving our control environment. We take a proactive approach to managing operational risks that primarily stem from deficiencies in internal processes, human errors, IT system failures or external events. Our comprehensive risk management strategy includes clearly defined roles and responsibilities, structured incentive frameworks and systematic processes for identifying, assessing, monitoring and mitigating risks. By implementing these measures, we aim to minimize potential financial losses and ensure business continuity.

AWARDS AND RECOGNITIONS

The following table sets out major awards and recognitions we received as of the Latest Practicable Date:

Year	Awards/Recognition	Awarding Authority
2025	2025 Most Valuable STAR Market Listed Company	STAR Market Daily (STAR Market 6th Anniversary Summit)
2025	2025 ODCC Annual Outstanding and Excellent Achievements	ODCC
2025	TIME's Best Inventions of the Year	TIME
2025	Outstanding Edge AI Storage Leadership Award	GMIF (Global Memory Innovation Forum)
2025	2025 Annual Solid-State Drive Enterprise Gold Award	DOIT Global Flash Memory Summit
2024	Meta Reality Lab Technological Innovation Award	Meta Reality Labs
2024	2024 Annual Enterprise-Class Solid-State Drive Product Gold Award	China Data & Storage Summit
2024	"China Chip" Outstanding Supporting Service Enterprise	China Electronics and Information Industry Development Institute
2023	FMS2023 Most Innovative Memory Technology	Future of Memory and Storage