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

Overview

We are a globally leading branded independent semiconductor memory product enterprise. Based on our vertically integrated capabilities including controller and memory chip design, firmware development, system-level packaging and testing, we design, develop, manufacture and sell a comprehensive portfolio of memory products for edge AI and traditional consumer, enterprise and industrial applications. According to CIC, we are the second largest independent semiconductor memory product enterprise worldwide among more than 100 market players and the largest independent memory product enterprise in China among more than 30 market players, in terms of revenue from memory products in 2025. We have a market share of 1.2% in the global memory product market in 2025, representing a meaningful position for an independent memory enterprise given the large scale of the industry. We currently own and operate three brands — FORESEE, Zilia and Lexar — each focusing on different customer segments and enjoying strong recognition in its respective market. Our leadership among independent semiconductor memory product enterprises stands as a testament to both the significant scale of our global presence and the strength of our brand and product portfolio, underscoring our pivotal role within the broader semiconductor memory industry.

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

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

- **FORESEE**, which we have developed organically for more than a decade, enjoys a strong reputation and significant first-mover advantages, particularly in edge devices such as mobile phone and PC, as well as the automotive sector. According to CIC, FORESEE ranks second globally among independent memory brands in terms of revenue from B2B storage products in 2025, with a market share of 0.5%.

- **Zilia** was introduced in 2023 after we acquired SMART Brazil, a leading Brazilian semiconductor memory company of SMART Global. According to CIC, it is the largest independent memory brand in Latin America in terms of revenue in 2025.

- **Lexar** is a leading global premium brand we acquired in 2017. To date, Lexar-branded products have been sold in over 60 countries and regions and have received numerous international awards, especially in high-end consumer markets such as photography, videography and gaming. According to CIC, Lexar ranks second globally among independent B2C memory brands in terms of revenue in 2025, with a market share of 3.3%.

Our Products and Applications

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

- **Embedded storage** solutions that integrate memory directly into the main systems of electronic products such as AI smartphones, smart wearables, smart vehicles and other intelligent devices;

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

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

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

Our memory and storage products have applications in various segments, covering both consumer grade and non-consumer grade products.

Designed for consumer electronics such as smartphones, tablets, computers and wearable devices, our consumer-grade products leverage the opportunities from the frequent iteration of consumer electronics and the expanding of AI functionalities in edge devices. The integration of large models into edge devices such as AI phones and AI PC continued to increase local data storage and processing requirements, driving growing demand for higher-capacity and higher-performance embedded memory products. The global market of memory products for these edge AI devices reached US$13.8 billion in 2025, and is expected to increase to US$141.5 billion in 2030, representing a CAGR of 59.4%, according to CIC.

Serving enterprise servers and data centers, our enterprise-grade products are poised for explosive growth fueled by the surge in large AI models, increased cloud computing penetration and the rising demand for domestic information infrastructure. Targeting industrial automation equipment, industrial PCs, automotives and a wide range of industrial applications, our industrial-grade products meet stringent specifications for temperature tolerance, durability and high-performance requirements, such as rapid response times and power-loss protection, that are typical for industrial products. In particular, the automotive industry demands high performance and quality, requiring us to continuously develop and maintain superior technical expertise over the long term.

During the Track Record Period, revenue from consumer-grade products accounted for 94.7%, 92.9% and 89.8% of our revenue for the year of 2023, 2024 and 2025, respectively. Our non-consumer-grade products achieved significant growth in both absolute amount and revenue contribution, demonstrating accelerating growth momentum. This reflects our diversified product portfolio and technological capabilities in addressing diverse market needs, as well as our differentiated competitive strategy relative to memory IDMs.

Our Vertically Integrated Capabilities

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

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

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

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

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

Our technological capabilities are built upon a strong R&D team of 1,240 personnel as of December 31, 2025. We have five R&D centers in Shanghai, Chengdu, Shenzhen and Zhongshan in China and Campinas in Brazil. As of December 31, 2025, we held 610 granted patents, including 218 invention patents, 169 software copyrights and 13 registered integrated circuit layout design.

Our Global Footprint

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

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

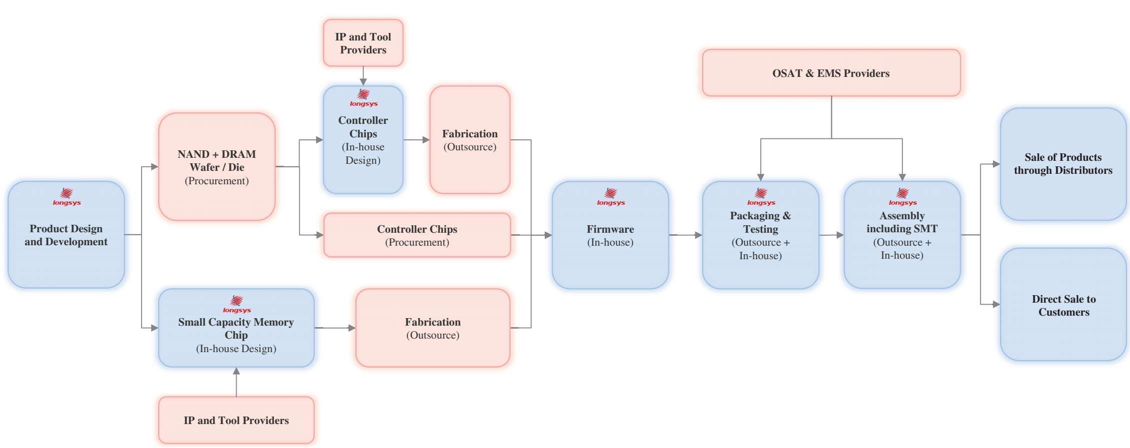
Our strategic acquisitions have further accelerated our overseas expansion and enhanced our global footprint. Our acquisition of Lexar, a premium international consumer memory brand founded in California, has significantly extended our access to global retail and distribution channels and strengthened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

Our Business Model

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

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

The following diagram illustrates our typical business model:



OUR COMPETITIVE STRENGTHS

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

OUR GROWTH STRATEGIES

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

SALES AND CUSTOMERS

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

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

PROCUREMENT AND SUPPLIERS

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

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

COMPETITIVE LANDSCAPE AND MARKET POSITION

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

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

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB	*% of Revenue*	*RMB*	*% of Revenue*	*RMB*	*% of Revenue*
	(in thousands, except percentages)					
Revenue	10,125,112	100.0	17,463,650	100.0	22,766,170	100.0
Cost of sales	(9,653,091)	(95.3)	(14,704,494)	(84.2)	(18,673,002)	(82.0)
Gross profit	**472,021**	**4.7**	**2,759,156**	**15.8**	**4,093,168**	**18.0**
Other income and gains	101,821	1.0	496,048	2.8	606,368	2.7
Research and development expenses	(593,654)	(5.9)	(910,301)	(5.2)	(1,047,824)	(4.6)
Selling and distribution expenses	(481,980)	(4.8)	(772,122)	(4.4)	(885,602)	(3.9)
Administrative expenses	(453,225)	(4.5)	(634,585)	(3.6)	(669,199)	(2.9)
Impairment losses on financial assets	(1,141)	(0.0)	(1,732)	(0.0)	(749)	(0.0)
Other expenses	(20,341)	(0.2)	(75,238)	(0.4)	(120,600)	(0.5)
Financial costs	(82,150)	(0.8)	(271,304)	(1.6)	(230,372)	(1.0)

	For the year ended December 31,					
	2023		2024		2025	
	RMB	*% of Revenue*	*RMB*	*% of Revenue*	*RMB*	*% of Revenue*
	(in thousands, except percentages)					
Share of profits/(losses) of associates	371	0.0	(266)	(0.0)	(225)	(0.0)
(Loss)/Profit before tax	**(1,058,278)**	**(10.5)**	**589,656**	**3.4**	**1,744,965**	**7.7**
Income tax credit/(expense)	221,022	2.2	(84,425)	(0.5)	(247,194)	(1.1)
(Loss)/Profit for the year	**(837,256)**	**(8.3)**	**505,231**	**2.9**	**1,497,771**	**6.6**

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

Non-IFRS Measures

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

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

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Reconciliation of profit/(loss) for the year to adjusted profit/(loss) (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)			
(Loss)/Profit for the year	**(837,256)**	**505,231**	**1,497,771**
Add:			
Equity-settled share-based payment expense[(1)]	198,081	232,173	91,481
Fair value change of financial assets at fair value through profit or loss – Equity instrument	(36,046)	(286,709)	(191,465)
Adjusted (loss)/profit (non-IFRS measure)	**(675,221)**	**450,695**	**1,397,787**
Add:			
Depreciation and amortization	134,402	457,788	445,458
Net finance costs	48,066	254,430	211,291
Income tax (credit)/expenses	(221,022)	84,425	247,194
Adjusted EBITDA (non-IFRS measure)	**(713,775)**	**1,247,338**	**2,301,730**

Note:

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

We recorded adjusted loss (non-IFRS measure) of RMB675.2 million in 2023, primarily due to the sustained weak demand in our end markets, particularly in key sectors such as mobile phones and PCs, driven by the global economic slowdown, continued de-stocking efforts by downstream enterprise customers for the majority of 2023 and rising inflation.

Revenue

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)					
Embedded storage	4,422,919	43.6	8,425,271	48.3	10,012,076	44.0
SSDs	2,802,425	27.7	4,146,913	23.7	5,569,596	24.5
Mobile storage	2,327,529	23.0	3,207,978	18.4	4,894,013	21.5
DIMM	513,095	5.1	1,527,023	8.7	2,216,494	9.7
Others[1]	59,144	0.6	156,465	0.9	73,991	0.3
Total	**10,125,112**	**100.0**	**17,463,650**	**100.0**	**22,766,170**	**100.0**

Note:

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

We possess three brands: FORESEE, Lexar and Zilia. The following table below sets forth a breakdown of our revenue by brand, both in absolute amounts and as percentages of our total revenue, during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
	(RMB in thousands, except percentages)					
FORESEE	3,672,254	36.3	7,364,317	42.2	9,066,128	39.8
Lexar	2,425,775	23.9	3,524,584	20.2	4,741,420	20.8
Zilia	37,212	0.4	2,307,966	13.2	2,898,612	12.7
Others[1]	3,989,871	39.4	4,266,783	24.4	6,060,010	26.7
Total	**10,125,112**	**100.0**	**17,463,650**	**100.0**	**22,766,170**	**100.0**

Note:

(1) "Others" consist of revenue from sales of products under our ODM business, rendering of services and other sources.

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

Gross Profit and Gross Margin

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

	For the year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)					
Embedded storage	(72,670)	(1.6)	1,163,956	13.8	1,623,260	16.2
SSDs	90,189	3.2	595,221	14.4	784,044	14.1
Mobile storage	545,014	23.4	897,801	28.0	1,408,944	28.8
DIMM	(93,845)	(18.3)	100,786	6.6	284,354	12.8
Others	3,333	5.6	1,392	0.9	(7,434)	(10.0)
Total	**472,021**	**4.7**	**2,759,156**	**15.8**	**4,093,168**	**18.0**

Our gross profit and gross margin improved significantly from 2023 to 2024, primarily due to (i) the overall recovery of memory product industry where there was a rebound in product demand and an increase in prices, and (ii) our strategic restocking in anticipation of the industry's recovery in late 2023, allowing us to procure wafers and other raw materials at relatively lower prices, resulting in lower costs for products sold in 2024 and higher gross profit and gross margin. Our gross profit and gross margin further improved from 2024 to 2025, primarily due to (i) increased memory product prices, driven by overall market demand outpacing available supply as a result of surging AI-related demand and product upgrades, and (ii) optimized product mix attributable to the increased revenue contribution from mobile storage products as we continued to enhance the competitiveness of Lexar-branded mobile storage products and deepen relationships with major business customers in 2025, which have the highest gross margin across our product lines.

Summary of Consolidated Statements of Financial Position

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

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

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

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

Summary of Consolidated Statements of Cash Flows

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

	For the year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Net cash flows used in operating activities	(2,798,400)	(1,189,742)	(1,201,202)
Net cash flows used in investing activities	(1,661,459)	(1,101,991)	(967,920)
Net cash flows from financing activities	3,717,868	2,140,742	2,624,796
Net (decrease)/increase in cash and cash equivalents	(741,991)	(150,991)	455,674
Cash and cash equivalents at the beginning of the year	1,908,239	1,200,523	1,014,411
Effect of foreign exchange rate changes, net	34,275	(35,121)	(1,274)
Cash and cash equivalents at the end of the year	1,200,523	1,014,411	1,468,811

During the Track Record Period, we consistently recorded net cash outflows from operations with fluctuations, primarily due to the combination of our net profits or losses for the relevant year and changes in working capital driven by the fluctuations of memory product industry and product development. Our net cash used in operating activities was primarily attributable to the increases in procurement of raw materials and inventories as we scaled our operations for our net cash used in operating activities also. Additionally, significant factors included adjustments for non-cash and non-operating items such as write-down of inventories to net realizable value, depreciation, share-based payment expenses and finance costs.

Key Financial Ratios

The following table sets forth certain of our key financial ratios for the periods indicated.

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

Notes:

(1) Gross profit margin equals gross profit divided by revenue for the period.

(2) Current ratio equals current assets divided by current liabilities as of the end of the period.

(3) Gearing ratio is calculated using total liabilities divided by total assets as of the end of the year and multiplied by 100%.

(4) Debt to equity ratio is calculated using total liabilities divided by total equity as of the end of the year and multiplied by 100%.

(5) Interest coverage ratio is calculated by dividing earnings before interest and taxes by the interest expenses for the same period

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

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to [**REDACTED**] in our Shares. Some of the major risks we face include: (i) changing market conditions, the introduction of new technologies and changes in customer preferences; (ii) cyclical industry nature and historical downturns with fluctuations of average selling prices; (iii) our operating history may not be a reliable predictor of our prospects and future results of operations; (iv) increasing competition; (v) our significant investment in R&D may not yield the results we expect; (vi) we depend on a limited number of suppliers for our major raw materials; (vii) we may be unable to match production with customer demand; (viii) our growth and the growth and development of the markets served by our customers; (ix) a fluctuation in prices of raw materials, shortage or delay in our supply chain; and (x) we may fail to acquire new customers or retain existing customers.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Cai is able to exercise approximately 41.78% voting rights in our Company through (i) 162,071,900 Shares held directly by him; and (ii) 14,700,000 Shares held by Ms. Cai pursuant to the Concert Party Agreement. For further details, please refer to the section headed "History and Corporate Structure — Concert Party Arrangement" in this document.

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the 2026 Restricted Share Incentive Scheme and/or the Proposed A Shares Issuance), Mr. Cai will be directly and indirectly entitled to exercise approximately [**REDACTED**]% voting rights in our Company. Therefore, each of Mr. Cai and Ms. Cai will be regarded as our group of Controlling Shareholders under the Listing Rules upon [**REDACTED**].

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

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since August 2022, our A Shares have been listed on the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the due diligence work conducted by our PRC Legal Advisor, our PRC Legal Advisor is of the view that, since our listing on the Shenzhen Stock Exchange and up to the Latest Practicable Date, we had complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Joint Sponsors and the view of the PRC Legal Advisor, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of our Company on the Shenzhen Stock Exchange.

[**REDACTED**]

DIVIDENDS

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

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

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

[REDACTED] EXPENSES

Our [**REDACTED**] expenses mainly include (i) [**REDACTED**] expenses, such as [**REDACTED**] fees and commissions, and (ii) non-[**REDACTED**] expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the [**REDACTED**], the estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately of [**REDACTED**]% of our [**REDACTED**]. Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**] expenses of HK$[**REDACTED**], professional fees for our legal advisors and reporting accountants of HK$[**REDACTED**] and other fees and expenses of HK$[**REDACTED**]. In 2023, 2024 and 2025, [**REDACTED**] expenses charged to profit or loss were [**REDACTED**] and [**REDACTED**], respectively, and [**REDACTED**] expenses amounted to [**REDACTED**] and [**REDACTED**] in the corresponding years will be deducted from equity upon [**REDACTED**].

[**REDACTED**]

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are issued pursuant to the [**REDACTED**]; (ii) the [**REDACTED**] is not exercised, and (iii) [**REDACTED**] Shares are issued and outstanding following the completion of the [**REDACTED**].

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

Notes:

(1) As of the Latest Practicable Date, the Company had 423,061,007 A Shares listed on the ChiNext market of Shenzhen Stock Exchange. Assuming that [**REDACTED**] H Shares in issue after the completion of the [**REDACTED**] and the [**REDACTED**] is not exercised, the estimated total [**REDACTED**] of the Company is based on (i) the [**REDACTED**] per H Share stated herein and (ii) the market value per A Share based on its average closing price for the latest five trading days preceding the Latest Practicable Date (being RMB562.93) and applying an exchange rate of RMB0.8721 to HK$1 prevailing on the Latest Practicable Date.

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the Company per Share is arrived at after adjustments referred to in "Appendix II – Unaudited [**REDACTED**] Financial Information" in this document and on the basis that [**REDACTED**] Shares are in issue assuming the [**REDACTED**] have been completed on December 31, 2025, without taking into account of any shares which may be allotted and issued upon the exercise of the [**REDACTED**], and without consideration of the proposed A share issuance. No other adjustment has been made to the unaudited [**REDACTED**] adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2025. In particular, the unaudited [**REDACTED**] adjusted net tangible assets of the Group has not taken into account cash dividends of RMB419.1 million to owners of the Company's A Shares on the relevant record date proposed by the board of directors on April 24, 2026 . The unaudited [**REDACTED**] net tangible assets would have been [**REDACTED**] per Share if the dividend had been accounted for as at December 31, 2025.

For the calculation of the unaudited [**REDACTED**] adjusted net tangible asset per Share attributed to our Shareholders, see the section headed "Unaudited [**REDACTED**] Financial Information" in Appendix II to this document.

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the stated range of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**].

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

(a) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for enhancing our independent R&D and innovation capabilities in key areas, including memory and controller chip design and advanced memory product development;

(b) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand our overall production capacity, thereby enhancing our in-house production capabilities;

(c) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to strengthen our sales and marketing so that we can enhance global recognition and foster customer loyalty for our self-owned brands: Lexar, FORESEE and Zilia;

(d) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated for strategic investments and/or acquisition to further strengthen our overall competitive position;

(e) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to partially repay existing loans; and

(f) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and other general corporate purposes.

The above allocation of the net [**REDACTED**] will be adjusted on a pro-rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the [**REDACTED**]. To the event that our net [**REDACTED**] are either more or less than expected, we will increase or decrease the allocation of the net [**REDACTED**] to the above purposes on a pro rata basis. For further details, please refer to the section headed "Future Plans and Use of [**REDACTED**]" in this document.

BUSINESS ACTIVITIES SUBJECT TO INTERNATIONAL SANCTIONS

Primary Sanctions

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

Secondary Sanctions

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

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

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Business Updates

In the first quarter of 2026, the global semiconductor memory product industry continued to benefit from the rapid adoption of AI applications. The integration of large models into AI phones, AI PCs and AI-enabled vehicles continued to increase local data storage and processing requirements, driving growing demand for higher-capacity and higher-performance embedded memory products. Accelerated AI data center construction and large-scale AI model deployment also drove strong demand for enterprise-grade memory products. Please see "Industry Overview – Global Semiconductor Memory Wafer Price Trend Analysis" for further details.

Our business continues to grow following the Track Record Period. We achieved substantial growth during the first quarter in 2026 compared to the same period in 2025. On the supply side, we have renewed the long-term agreements and memoranda of understanding with multiple wafer suppliers. Our business model, revenue structure and cost structure generally remained unchanged subsequent to the Track Record Period.

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