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COMPANY 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%.

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Our Market Opportunities

The semiconductor memory product market, already significant in size, is poised for sustained long-term growth. The proliferation of AI application in smartphones, PCs, data centers, AI servers, smart vehicles and robotics has driven significant data growth. The semiconductor memory product market has experienced explosive growth since the third quarter of 2025. According to CIC, the global semiconductor memory products market is expected to grow from US\$275.4 billion in 2025 to US\$875.6 billion in 2030, representing a CAGR of 26.0%. High-performance memory, mostly applied in rapidly growing downstream scenarios such as AI servers, is expected to experience even greater growth. The penetration of AI functionalities in edge devices such as smartphones, PCs, tablets and smart wearables is expected to continue to increase, driving higher performance and capacity requirements for memory solutions deployed at the device level. To capitalize on the significant market growth and potential, we have consistently invested in high-performance memory technology and launched market-leading products for individual and enterprise customers worldwide.

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.

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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

As a technology-driven semiconductor company, our sustained and focused innovation has helped us achieve and maintain our market position in the competitive landscape of the semiconductor memory product industry. Our years of dedicated efforts have yielded significant in-house capabilities across critical areas of memory product value chain:

Controller Chip Design: We have developed a suite of self-designed controller chips for our product portfolio. As of the Latest Practicable Date, we have independently designed eight controller chips, and six out of eight has been successfully commercialized with the remaining two in the process of commercialization, covering USB, SD card, eMMC, UFS products and SSD. With highly integrated designs, exceptional performance, flexible customization capabilities, and a robust ecosystem support, we are able to meet diverse customer needs with stable supplies. As of April 30, 2026, an aggregate amount of over 250 million units of our self-designed controller chips had been produced.

In March 2026, we launched our self-developed SPU controller chip, positioned to power the intelligent storage for the AI era. Our SPU controller chip integrates both a memory control engine and an intelligent processing engine. The memory control engine handles data transfer, while the intelligent processing engine performs functions such as data compression, hot-cold data identification and workload adaptation. Working together, these two engines enable smart data processing and scheduling, allowing users to balance capacity, performance and cost without additional hardware. For example, a 64 TB SSD using an SPU controller can store 128 TB of effective data at the host level, meeting the increased data storage needs of AI applications without extra hardware investment.

As of the Latest Practicable Date, we have also mass produced UFS 4.1 memory products supported by our self-designed controller chips, making us the first memory enterprise in Chinese Mainland to have achieved such milestone. UFS 4.1 is a high-performance flash storage standard that delivers significantly higher data transfer speeds and improved energy efficiency compared to prior generations, and this achievement demonstrates our technological leadership and enhances our competitiveness in serving high-performance applications such as high-end smartphones.

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

We have successfully taped out nine SLC NAND Flash memory chips, and are expanding into other small-capacity memory chip technologies. As of April 30, 2026, an aggregate amount of over 200 million units of our self-designed SLC NAND Flash memory chips had been produced. We believe that memory chip design capabilities lay a solid foundation for our expansion into a broader range of memory product lines and our entry into higher-barrier markets in the future.

Firmware Development: We possess industry-leading firmware capabilities, which enable us to better meet customer performance requirements and provide strong after-sales support. Firmware, embedded within the controller chip, are crucial software programs that provide instructions and algorithms to manage core operations such as protocol processing, data management and hardware control. Our products typically utilize our self-developed firmware, and our unified firmware platform across product lines allows for rapid adaptation. HLC technology and iSA, our intelligent storage agent specifically designed for AI inference on edge devices, are our recent firmware-level innovations developed for the AI era. The physical limits and high costs of memory such as DRAM has increasingly become a key bottleneck for deploying large AI models

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on edge devices such as AI PCs and smartphones. Our HLC technology allows SSD or UFS storage devices to take over part of the data caching functions traditionally handled by DRAM, thereby effectively reducing the DRAM capacity required in edge AI devices and helping ease the cost pressure of DRAM. Our intelligent storage agent, iSA, is specifically designed for AI inference on edge devices and to work in tandem with our SPU. When combined with iSA, our SPU is expected to increase the size of AI models that can be deployed on edge devices and improve memory utilization efficiency.

Packaging and Testing Capabilities: We have cultivated technical expertise in the packaging and testing of memory products. Our Suzhou facility possess 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 advanced packaging technologies provide strong support for the supply of our high-end products. For example, our micro-SSD (“mSSD”) products adopt highly sophisticated SiP technology, which closely meets the stringent requirements of AI PCs for extreme performance and compact form factors. In addition, our ultra-thin ePOP5x and ePOP4x and ultra-small eMMC products adopt grinding and cutting processes that result in smaller product dimensions than many comparable products in the market, which helps further enhance the competitiveness of our products in the edge AI field.

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.

We have moved beyond traditional, margin-based trading activities and have developed a business model that leverages our pivotal industry role, vertically integrated capabilities and market relationships. Unlike traditional IDMs that handle the entire semiconductor value chain in-house, we, as an independent player, adopt a business model under which we do not conduct wafer fabrication and selectively perform packaging, testing, SMT and assembly in-house while outsourcing the remainder to third-party partners. Compared with IDMs, which typically prioritize large-volume, standardized product orders, our flexible model allows us to offer a broader range of products and provide customers with a higher level of application-specific customization and technical support. The chart below illustrates our core competencies and key aspects of our business operation:



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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.

Financial Highlights

We have maintained robust growth during the Track Record Period. Our total revenue increased from RMB10,125.1 million in 2023 to RMB17,463.7 million in 2024, and further increased to RMB22,766.2 million in 2025. Since late 2023, with the upturn in the semiconductor memory product market, our profitability has shown a rapid increase from a gross margin of 4.7% for 2023 to 15.8% for 2024, and continued to increase to 18.0% for 2025. In 2023, 2024 and 2025, our adjusted profit/(loss) (non-IFRS measure) was RMB(675.2) million, RMB450.7 million and RMB1,397.8 million, respectively; and our adjusted EBITDA was RMB(713.8) million, RMB1,247.3 million and RMB2,301.7 million, respectively. For a reconciliation of these non-IFRS measures to their most directly comparable IFRS financial measures, see “Financial Information — Non-IFRS Measures.”

OUR COMPETITIVE STRENGTHS

Leading Independent Memory Product Enterprise, Addressing a Massive Market in the AI Era

We are a leading branded independent semiconductor memory product enterprise. According to CIC, we are the second largest independent memory product enterprise worldwide and the largest independent memory product enterprise in China, demonstrating significant global scale and product strength. We are also one of the few Chinese companies with independent brands in both the B2B and B2C markets, holding leading positions internationally.

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The semiconductor memory product market is poised for substantial growth, driven by the increasing demand for memory chips fueled by AI and the trend toward greater domestic production in China. According to CIC, the global memory market reached US\$275.4 billion in 2025 and is projected to reach US\$875.6 billion in 2030, which represents a CAGR of 26.0%. While China accounts for approximately 30% of this market, its domestic production currently lags significantly with a localization rate below 30%, according to CIC. As a leading independent semiconductor memory product enterprise, we have a strong presence in both the B2B and B2C markets. We have launched our first self-designed UFS4.1 controller chip, WM7400, and SPU controller chip, WM8500, both particularly well-suited for edge AI devices. We promptly launched small form factor products, such as mSSD, ultra-thin ePOP5x and ePOP4x, and ultra-small eMMC products, to meet the stringent requirements of edge AI devices for extreme performance and compact form factors, positioning us to capitalize on rapid market growth.

As the leading provider of memory products in China, we have received significant industry recognition. In recent years, we have been named to Fortune China’s Top 50 Technology Companies and was recognized as one of the Top 500 Enterprises of China’s Manufacturing Industry 2025. These awards reflect over two decades of dedication to the semiconductor memory product industry and underscore our technological strength, product innovation, market leadership and brand building.

Pioneering Product and Technology Focusing on High-Growth Edge AI Application Scenarios

Building on our vertically integrated capabilities, we have rapidly translated our R&D achievements into commercially deployed edge AI storage solutions across multiple high-growth application scenarios.

We have officially introduced our proprietary HLC technology, which helps alleviate the memory bottlenecks associated with deploying large AI models on edge devices. We have also launched our new generation SPU controller chip, WM8500, together with our intelligent storage agent, iSA. This combination is designed to significantly expand the model size that can be deployed on edge AI devices and improve memory utilization efficiency, thereby enhancing the deployment efficiency of large AI models at the edge.

Leveraging our packaging and testing capabilities, we have launched a series of next-generation products tailored to edge AI needs. Our high-density products adopt advanced SiP and compact packaging technologies to deliver higher integration within the same performance and capacity specifications. We have launched mSSD products based on advanced SiP technology, significantly reducing module size, simplifying production processes compared to traditional PCB-based SSDs, reducing energy consumption and carbon emissions, and offering clear overall cost advantages. These products can be flexibly deployed in AI PCs, notebooks, handheld game consoles and VR devices, aligning with the stringent requirements of edge AI devices for extreme performance and compact form factors. We have introduced ultra-thin ePOP5x and ePOP4x and ultra-small eMMC products designed for compact, power-constrained devices. Our ePOP4x product has been adopted in globally leading smart wearable devices. In the automotive sector, we supply directly to a major North American intelligent electric vehicle manufacturer and participate in the supply chains of a broad range of global automotive OEMs, supporting intelligent cockpit, advanced driver assistance and other in-vehicle AI applications. These commercialization successes demonstrate our ability to provide differentiated memory solutions that address customers’ needs for smaller size, lower power consumption and stable performance in edge AI applications, and reinforce our leading position in the edge AI storage market.

Strong Research and Engineering Expertise with Long-term Commitment

We believe that R&D and technological innovation are paramount for success in the semiconductor industry. Through over 25 years of development, we have achieved significant advancements in core technologies, demonstrating notable progress in key aspects of memory product development including chip design, firmware development and packaging and testing.

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In chip design, as of April 30, 2026, an aggregate amount of over 250 million units of our self-designed controller chips had been produced, all fabricated by world-leading foundries, as of the Latest Practicable Date. Our capabilities in self-developing controller chips, the most critical component of memory products aside from memory chips, complemented by our proprietary firmware algorithms, enables us to efficiently meet the product performance requirements of major clients and swiftly resolve issues in after-sales service, which in turn help us establish entry barriers for our business and enhance client retention. Furthermore, we have successfully developed the capability to design small-capacity memory chips, filling the gap left by major memory IDMs as they move away from mature process nodes in small-capacity memory markets such as SLC NAND Flash. Memory products incorporating our self-designed SLC NAND chips have secured design-in approvals from target customers primarily in the automotive and industrial sectors and are now in mass production. As of April 30, 2026, an aggregate amount of over 200 million units of our self-designed SLC NAND chips has been produced. Our success in self-developed chip design demonstrates our upstream capabilities in memory wafer and controller chip design, providing us with a significant structural competitive advantage over other memory product enterprises.

We recognized early on, over 20 years ago, the critical role of firmware in customer success, and have since invested consistently in R&D to build deep expertise. We now develop firmware in-house for our entire product line, utilizing a unified platform across all product lines. Our advanced algorithms and architecture enable rapid adaptation to new memory chips, protocols and controller chips. This results in highly reliable products and efficient troubleshooting, while also allowing us to better meet customers’ highly customized needs.

We have established a network of packaging and testing facilities both in and outside China. Our Zhongshan Storage Industrial Park focuses on R&D and production of enterprise-grade and automotive-grade memory products. Our Suzhou facility and Brazil plants possess high-end SiP technology including stacked-die packaging. We are capable of producing 16-layer stacked-die memory products and maintain packaging and SMT and assembly yield rates of greater than 99.9% during the Track Record Period.

These technological achievements are the result of consistent investment in R&D. For the year ended December 31, 2023, 2024 and 2025, our R&D investment amounted to RMB593.7 million, RMB910.3 million and RMB1,047.8 million, respectively. We actively engage with industry associations; for example, we serve as a board member of the SD Association and an executive member of the CompactFlash Association, participating in standards development and promotion.

Deep and Strategic Relationship across the Memory Value Chain

The semiconductor memory value chain is complex and involves multiple stages and stakeholders. Our long-term success is attributable to strong, established relationships with key players throughout this value chain.

We maintain long-term, stable partnerships with major suppliers of memory wafers and controller chips. We have established long-term, strategic, direct supply agreements with major wafer suppliers. We have deepened our strategic relationship with Micron by acquiring its Lexar consumer brand, aligning our mutual goals for market expansion and innovation. Our strong industry relationships have earned us “Best Partner” awards from Samsung Electronics and SK Hynix, securing us preferential supply access. For controller chips, we maintain long-standing supply relationships with leading international manufacturers, while our self-designed controller chips are fabricated by top global foundries to help ensure performance and consistency. We utilize IP and software solutions from leading global vendors to ensure compatibility, performance and development efficiency.

Our go-to-market strategy employs a dual approach — direct sales and distribution — to maximize sales efficiency. For major OEM and enterprise customers, we deploy dedicated project teams that engage in early-stage design discussions, provide on-site and remote technical support and coordinate joint validation, helping to ensure optimal product-market fit and reduced lead times

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for mass production. In addition, we utilize a curated network of high-quality distributors to reach a broader customer base. Beyond distribution, our distributors serve as essential service providers, offering field application engineer support to enhance our ability to serve clients worldwide.

A Comprehensive Product Matrix Composed of Multiple Brands

Our product portfolio, encompassing multiple brands — FORESEE, Lexar and Zilia — is unique among independent memory product enterprises. We offer a comprehensive range of NAND Flash and DRAM-based products serving both enterprise and consumer markets, with significant synergies between our various product lines.

FORESEE is our flagship brand in the enterprise market and is one of the few brands in China to offer both eSSDs and RDIMMs with sustained supply capabilities. Our RDIMMs are available in 32GB, 64GB and 96GB capacities; in particular, we were one of the first companies in China to mass-produce the 96GB version. Combined with our eSSDs, these products have been validated and deployed by numerous clients in the internet, telecommunications and finance sectors. We have established a dedicated business unit for automotive-grade products. As an early entrant in the automotive-grade storage sector, we have launched the first automotive-grade UFS product in Chinese Mainland, and have developed a comprehensive automotive-grade storage product portfolio, including UFS, eMMC and SPI NAND Flash, with our AEC-Q100 and IATF 16949 qualified automotive-grade products used by over 20 automotive OEMs. We have also developed next-generation memory products, including LP CAMM 2, CAMM 2 and CXL 2.0 memory expansion modules, which are well-positioned to benefit from the growing adoption of AI.

Lexar is our premium international consumer brand. It is available through major online platforms, such as Amazon, JD.com and TMALL, and retailers, such as Costco, Walmart, Office Depot, Staples, B&H and MediaMarkt, holding a leading market position in several countries. Lexar’s reputation for quality is particularly noteworthy in photography, videography and high-end mobile applications, having been recognized through awards from industry authorities such as the iF Design Award, the CES Innovation Award, and the Red Dot Design Award. Lexar also focuses on product innovation, offering customized products such as 2TB micro SD cards, and places importance on marketing. For example, it collaborates with top-tier sports IPs, the Argentina national football team, the reigning World Cup champion, as one of its official global main sponsor with the sponsorship period covering the FIFA World Cup 2026 season, to further enhance Lexar’s brand awareness and reputation in international markets.

In addition to FORESEE and Lexar, we launched the Zilia brand in 2023 following our acquisition of SMART Brazil. Zilia is focused on serving the international supply chain. Our expanding brand portfolio reflects our brand-driven growth strategy.

Visionary and Experienced Management Team and Engineering Culture

Our senior management team comprises experienced and visionary leaders with deep expertise in semiconductor R&D and sales, business analysis, and financial management. This team’s stability and shared entrepreneurial spirit have been instrumental in guiding the company’s growth.

Our founder, Mr. Cai, brings over 25 years of experience in the memory product industry. He recognized the market’s potential early on, guiding our Company through the initial stages with a steady hand. As the company scaled, he remained dedicated to technological leadership, fostering a culture of innovation and driving numerous successful transformations. This long-term vision and commitment to technological innovation have created a strong competitive advantage, enabling us to thrive in a highly competitive market and establish a leading position both domestically and internationally.

We consider our engineering culture a cornerstone of our success. As a technology-driven company, we prioritize self-developed core technologies in areas such as chip design, firmware development, and packaging and testing, and actively encourage innovation. We strategically acquire complementary technologies to strengthen our position across the entire value chain.

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Recognizing the inherent volatility of the memory product industry, we emphasize a long-term strategy to our business, focusing on product refinement and sustained R&D investment to navigate through market cycles and achieve consistent, long-term growth. Our growth strategy is multi-pronged, focusing on technological advancement, product innovation, production expansion, brand building and, where appropriate, strategic acquisitions.

OUR GROWTH STRATEGIES

Continue to Invest in Critical Technology and Capture Opportunities in Edge AI

Ongoing investment in R&D is fundamental to our product innovation and sustained competitive advantage. We are increasing R&D spending in key areas, with a focus on memory and controller chip design and high-end memory product development. Building on our self-developed controller chips, HLC technology, iSA and high-end packaging and testing capabilities, we plan to expand our product offerings to address downstream edge AI applications, including AI PCs, AI smartphones and smart wearable devices. We aim to increase our market share in edge AI memory market and to support the growth of our business as edge AI adoption accelerates. We intend to continue refining and iterating our edge AI storage technologies and products, extending them to additional platforms and use cases, and further enhancing our competitiveness and position in global edge AI and high-end memory markets.

Promote Product Innovations to Increase Market Competitiveness

We are enhancing our existing product portfolio to improve quality and competitiveness. For NAND Flash products, we are accelerating the development and validation of high-specification eSSDs, such as PCIe Gen5, for enterprise applications, with a view to increasing commercial deployment in cloud computing and in sectors such as internet, telecommunications and finance, with a particular focus on downstream applications that require high reliability and long-term stability. Leveraging our capabilities in self-developed chips, self-developed firmware and in-house packaging and testing, we seek to build differentiated technical advantages in these applications. We are also continuously upgrading our automotive-grade products to serve domestic and international automakers. For DRAM products, we are increasing investment to expedite the mass production of high-end consumer and enterprise-grade DDR5 products to meet the demands for high capacity, bandwidth and low power consumption in gaming, server and industrial automation applications.

Further Develop Our In-house Production Capability and Build a Resilient Global Supply Chain

We are strategically expanding our packaging and testing capabilities through targeted investments in our facilities in Suzhou, Zhongshan and Brazil. These expansions will increase our in-house production capacity for memory products, enhancing our ability to meet the growing global demand for high-quality memory solutions. Furthermore, this expansion strengthens the resilience of our domestic and international supply chains, mitigating potential risks associated with market volatility. By providing access to our facilities in both China and Brazil, we aim to strengthen the overall reliability of our supply chain for both ourselves and our strategic partners in order to achieve a consistent and high-quality supply of memory products to the global market.

Enhance Global Brand Awareness

Our brand-building strategy is focused on enhancing global recognition and fostering customer loyalty for our self-owned brands: Lexar, FORESEE and Zilia. For Lexar, our strategy centers on solidifying its position as a leading premium consumer brand in the global memory market. This involves reinforcing its market leadership in existing key regions where it already enjoys a strong reputation, while also strategically exploring expansion into new, high-growth markets with significant consumer spending potential.

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Our strategy for FORESEE centers on building its market influence among enterprise customers. This involves securing key accounts with leading companies in target industries, developing high-profile, industry-benchmark projects that showcase the capabilities and reliability of our FORESEE products and further enhancing FORESEE's reputation as a trusted and reliable supplier of high-performance memory products for demanding industrial and enterprise applications.

Our strategy for Zilia focuses on deeply cultivating the Latin American market. We aim to leverage Zilia's existing brand presence, local market expertise and production capabilities to enhance our responsiveness to regional demand and solidify our position as a leading memory product enterprise in the Latin America region. In addition, we believe Zilia's local strengths will complement our global capabilities, creating a synergistic relationship where Zilia's regional focus and FORESEE's broader global reach complement each other.

Selectively Explore Acquisition and Investment Opportunities

We will pursue selective acquisition and investment opportunities, both domestically and internationally, to strategically enhance our existing capabilities. Our focus is not only on increasing scale through acquisitions but rather on identifying and integrating businesses that complement our strengths in areas such as chip design and firmware development. We will evaluate these acquisitions based on their potential to strengthen our technology expertise, expand our product portfolio or enhance our global reach, ultimately contributing to long-term growth and improved competitiveness. We will carefully assess acquisition opportunities for strategic fit and financial viability before we proceed.

OUR BUSINESS MODEL

We operate as an independent memory enterprise. Through strategic development, we have established operational capabilities and a comprehensive presence along the memory product value chain, including memory and controller chip design, firmware development, system-level packaging, testing, SMT and final product assembly. Unlike traditional IDMs, we do not operate wafer fabrication facilities. Instead, we adopt an open and flexible model under which we procure memory wafers and controller chips from IDMs and controller chip suppliers, respectively, and, for our self-designed chips, we procure wafer fabrication services from wafer foundries. After procuring memory wafers (mainly NAND Flash and DRAM) and controller chips, we 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.

Key operational processes of our business under a typical business model include the following:

Product Design and Development. We conduct product design and development in house. Our business and engineering teams work together to translate market insights and customer needs into specific product requirements. Once a product concept is defined, our engineering team prepares detailed design specifications and a development plan. We then carry out hardware and software design, followed by verification, validation and testing, to ensure the product meets performance, reliability and quality requirements.

Memory Wafers. Memory wafers (such as NAND Flash and DRAM wafers) are the core raw materials for memory products, as they contain the memory cells that store data. For the substantial majority of our products, we procure memory wafers from IDMs. For a small portion of our self-designed small-capacity memory chips, we provide IC layouts to wafer foundries, which then perform the wafer fabrication for us.

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Controller Chips. Controller chips act as the “brain” of a memory product, managing how data is read, written and stored, and coordinating the interaction between the memory cells and the device that uses the memory. Controller chips are therefore another key raw material for our products. During the Track Record Period, for a majority of our products, we procure mainstream controller chips from controller chip suppliers, and for our self-designed controller chips targeting high-end, customized markets, we provide IC layouts to wafer foundries, which fabricate wafers for us.

Firmware Development. Firmware (a type of software) and controller chips work together to enable the functionality of our memory products. Our in-house firmware engineers develop the embedded software in our memory products. This development process typically involves coding, simulation, debugging and validation, with continuous feedback and optimization based on test results and customer requirements.

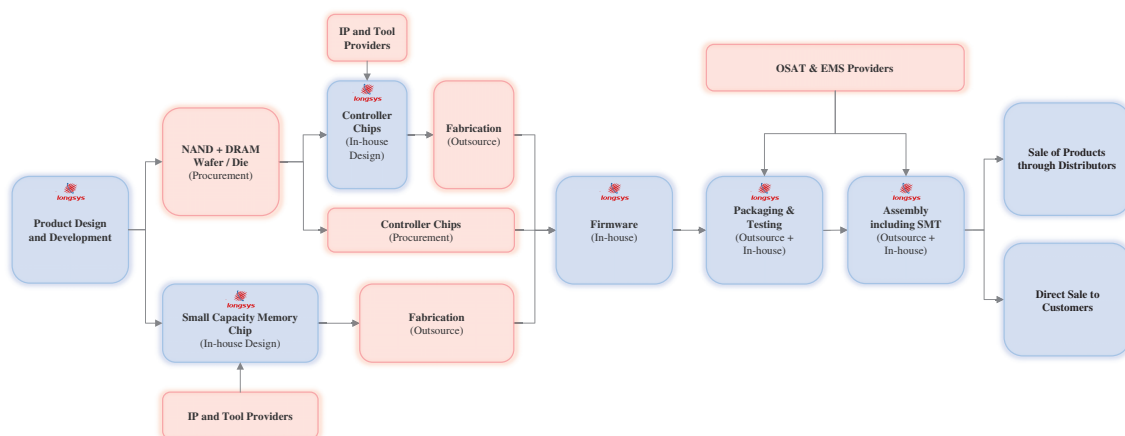
Packaging. Packaging converts processed wafers into packaged chips or modules that can be integrated into end products. This includes cutting wafers into individual dies, encapsulating them, connecting them to substrates and, in the case of SiP, integrating multiple chips (such as memory and controllers) into a single compact package. We perform a significant portion of packaging in house, particularly for SiP and other complex packaging needs, while also engaging third-party OSAT service providers for certain product lines to enhance flexibility and capacity.

Testing. Testing is conducted throughout the production process to ensure the quality and reliability of our memory products. This includes wafer-level testing, package-level testing and final product testing to verify electrical performance, data retention, endurance and other reliability indicators. We carry out key testing steps in house to maintain quality control, and also make use of third-party OSAT providers for certain testing services to support scale and efficiency.

SMT and Final Assembly. These processes involve mounting packaged chips or modules and other components onto PCB, integrating them into finished products, and performing final functional checks. We conduct SMT and final assembly at our facilities in China and Brazil for selected products, and also work with qualified manufacturing partners for certain product lines to support volume production and timely delivery.

Sales to Downstream Customers. We sell finished memory products to downstream customers through a combination of direct sales and distribution channels. Our customers include OEMs, industrial and enterprise customers, and channel partners, enabling us to serve a broad range of application scenarios and geographic markets.

The following diagram illustrates our typical business model:



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In particular, we have created the PTM model and the TCM model, both designed to deliver value adds and create a win-win scenario for our customers, supply chain partners and us.

PTM Model

We have developed the PTM model as a specialized operational framework to target the underserved markets of high-end customized memory products. Under the PTM model, we deliver highly customized memory solutions to our customers through a one-stop offering that integrates chip design, product R&D, firmware development, packaging, testing and product manufacturing. Our PTM model primarily serves blue-chip clients. By offering a high level of memory solution customization and technical support, the PTM model serves as a “differentiation” strategy that enables us to address the unique customization needs that are often left unmet by IDMs, as they generally focus on high-volume memory products manufactured to industry-standard specifications.

Our PTM model is built upon our comprehensive vertically integrated capabilities, which encompass nearly the entire memory products value chain, from product design, controller chip design and firmware development to packaging, testing, SMT and assembly. The end-to-end customization offered under our PTM model is enabled through our ability to control and complete each of these steps in-house at our facilities. In addition to our end-to-end capabilities, the PTM model is enabled through our deep industry knowledge and superior R&D capabilities.

Our PTM model provides numerous benefits to both our clients and us. By meeting clients’ technically demanding customization needs, we help them realize innovative product ideas, which in turn enhances their products’ competitiveness. On the other hand, through delivering these high-value, differentiated services, the PTM model enables us to enhance our pricing power and maintain our margins.

TCM Model

We have also developed and are actively promoting a TCM model, which plays a strategic role in deepening our relationships with upstream wafer suppliers and core customers and in strengthening our position in the memory value chain. The TCM model ensures a more stable and efficient supply of memory products, addressing existing industry pain points by smoothing out the cyclical fluctuations in memory wafer pricing and supply. In particular, memory wafers are the primary cost component in manufacturing memory products and the price of memory wafers can significantly impact the profitability of memory product enterprises like us. In addition, memory wafers’ supply can be unstable, and upstream wafer suppliers often lag in gaining insight into downstream market demand, which can hinder their ability to provide timely supplies of wafers to meet such demand. Against this backdrop, our TCM model aims to establish a new, anchored supply-demand relationship, transforming traditional “one-way, single-process” operations into a “two-way, collaborative” system.

Under our TCM model, we leverage our market position and long-term business relationships with major players in the memory value chain to act as a reliable intermediary who connects upstream wafer suppliers directly with key downstream customers. The tripartite negotiation streamlines the communication and supply-demand information exchange between wafer suppliers and key downstream customers and facilitates pre-negotiated supply-demand arrangements. Furthermore, as a distinctive competitive advantage, we possess the ability to comprehend and interpret our customers’ product requirements, connect our customers and wafer suppliers regarding relevant technologies, and help our customers achieving their product objectives with a shortened product development cycles.

The TCM model provides benefits to the three parties involved:

- Wafer suppliers can obtain earlier and clearer insight into downstream market demand, plan capacity based on more certain sales contracts, and promptly provide memory wafers needed by the market.

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- Key customers benefit from visibility and predictability on key raw materials supply and cost, as well as a shortened product development and delivery cycle.
- We are able to mitigate risks associated with wafer price fluctuations and stabilize our margin, better serve large customers who place substantial orders and increase our sales.

OUR PRODUCT OFFERINGS

Our product offerings can be categorized into four product lines: embedded storage, SSDs, mobile storage and DIMM.

Embedded Storage

Embedded storage is our main product line. Our portfolio of embedded storage products mainly includes three types: (i) UFS and eMMC; (ii) Ultra-Small-Form-Factor eMMC and ePoP; and (iii) LPDDR.

UFS and eMMC

UFS and eMMC are high-capacity NAND Flash embedded storage solutions widely used in smartphones, smart wearables and tablets, and are among the core product categories in the semiconductor storage sector.

UFS is a high-performance embedded storage solution widely used in smartphones, smart devices and automotive applications. Our UFS products are typically equipped with self-developed firmware, featuring write amplification control, low-power management, intelligent temperature management and host performance optimization functions. These features make our UFS products well suited for smartphones, tablets and emerging technologies such as AR/VR and edge AI devices. Our automotive UFS products are primarily used in smart cockpits and ADAS, and are engineered to operate reliably under wide temperature ranges and harsh environments.

We continue to invest in UFS products based on our self-developed controllers. We have commercialized UFS 2.2, UFS 3.1 and UFS 4.1 products based on our self-designed controller chips. Our UFS 4.1 products support hybrid media architectures that balance TLC and QLC flash characteristics, and have been validated with multiple leading wafer suppliers and major smartphone OEMs. These efforts help us maintain a competitive position during the industry transition from eMMC to UFS, driven by increasing demand for higher data rates and larger capacities.

eMMC remains a foundational product in our embedded storage lineup, widely utilized in smartphones, tablets, automotive and industrial control equipment. As a mature and reliable storage solution, eMMC continues to play an important role in applications requiring stable performance and cost efficiency. In addition to consumer products, we have been mass-producing industrial and automotive eMMC products, and maintain a leading position in the PRC eMMC market, according to CIC.

We have developed an eMMC controller chip, WM6000, which supports the eMMC 5.1 protocol, and in 2024 we became one of the few companies globally to achieve mass production of QLC eMMC products, according to CIC. These products deliver read/write performance comparable to mainstream TLC eMMC while offering larger capacities and improved cost efficiency, enabling effective replacement of traditional TLC eMMC solutions. Our self-developed automotive-grade eMMC products, equipped with self-designed controllers, support capacities of up to 128GB, meet AEC-Q100 Grade 2/3 standards and operate across wide temperature ranges, making them suitable for intelligent automotive applications.

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Ultra-Small-Form-Factor eMMC and ePoP

Ultra-small-form-factor eMMC and ePoP are compact solutions for space-constrained devices such as AI/AR smart glasses, smartwatches, fitness bands and earbuds. ePoP technology involves integrating eMMC and LPDDR and stacking them directly on top of the CPU surface, thereby reducing PCB area. These integrated packaging technologies save space on the device's circuit board, making them ideal storage solutions for small wearable devices and other miniaturized electronics.

We possess in-house design, packaging and testing capabilities for ePoP and ultra-small-form-factor eMMC and maintain stringent quality control to meet mass-production standards. We have launched ultra-thin ePoP4x and ultra-small-form-factor eMMC products that adopt innovative thinning and dicing processes and are packaged and tested in-house at our Suzhou Production Base. These ultra-small eMMC and ePoP products are designed to meet the dual requirements of miniaturization and high performance for AI wearable devices and have been adopted by leading international and domestic brands in applications such as smart glasses and smartwatches, supporting our efforts to capture incremental AI demand in the wearable segment.

At CES 2026 and MWC 2026, we introduced ePoP5x, targeting AI wearables and thin-and-light portable devices as part of our strategy in edge AI storage. ePoP5x, also packaged and tested in-house at our Suzhou Production Base, maintains the same 8 mm × 9.5 mm standard footprint as the previous-generation ePoP4x while further reducing package thickness to as low as approximately 0.52 mm. ePoP5x delivers DRAM data-transfer rates of up to 8,533 Mbps, enabling efficient support for edge AI applications, multitasking and high-speed data interaction in AI/AR smart glasses and smartwatches. As of the Latest Practicable Date, we have commercialized our ePoP5x products, commencing deliveries of small-batch orders to customers.

LPDDR

LPDDR is a low-power DRAM solution that meets the stringent power-efficiency requirements of modern consumer, industrial and automotive devices. Our LPDDR products are widely used in smartphones, tablets, set-top boxes, automotive navigation systems and other intelligent terminals. Our LPDDR products are supported by comprehensive testing and quality-assurance processes, including chip simulation, signal-integrity testing, failure analysis, high- and low-temperature testing, aging tests and drop-reliability tests, helping ensure consistent performance and reliability across different operating conditions. Our automotive-grade LPDDR4 products have passed AEC-Q100 qualification and support a wide operating temperature range from -40°C to +105°C, and have begun volume shipments to automotive customers. These developments enhance our ability to support next-generation AI smartphones, AI PCs and automotive electronics. As of the Latest Practicable Date, we have mass-produced LPDDR5 and LPDDR5X products, and LPDDR6 products are under development.

SSDs

Our SSDs are high-capacity NAND Flash storage products that cater to a wide range of applications, including servers, laptops, desktops, all-in-one PCs, video cameras and network terminals. Offering both SATA and PCIe interfaces, our SSDs address the needs of both consumer and enterprise markets with a focus on performance, reliability and versatility.

In the enterprise segment, we have launched multiple PCIe and SATA eSSD products covering mainstream capacities and endurance grades. These products support advanced features, including power-management options, online firmware upgrades, multiple namespaces, variable sector sizes and enterprise-grade data-protection capabilities, and have successfully passed compatibility tests with servers based on major domestic CPU platforms.

For high-end applications of our OEM customers, we developed compact mSSD products using SiP packaging technology, enabling chip-level SSD packaging with improved shock resistance and reliability. These mSSD products are designed to reduce mainstream form factors and incorporate optimized thermal-management solutions, making them particularly suitable for AI PCs and other high-performance yet space-constrained devices, while we also offer an expansion case

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so that, during the transition period, they can still be used in traditional form-factor configurations. Compared to traditional PCB-based SSDs, mSSD offer clear overall cost advantages. In addition, the manufacturing of mSSD products avoids traditional high energy-consuming process such as surface-mounting, significantly reducing energy consumption and carbon emissions and effectively controlling the carbon footprint per unit of product.

In addition, we have launched several SSDs under the Lexar brand, targeting high-end consumer markets such as photography, video production and gaming. Lexar has introduced high-end M.2 PCIe 5.0 SSD products, such as the NM1090 PRO and ARES PRO series, with sequential read speeds of up to approximately 14,000 MB/s, roughly twice the speed of many PCIe 4.0 SSD products.

Mobile Storage

Our mobile storage products include USB flash drives, memory cards and portable SSDs ("PSSDs"), designed for portability and performance across a wide range of applications such as security cameras, automotive systems, high-definition photography, gaming and smart devices. Our mobile storage products are sold directly or through distributors to end customers and also to international ODM and OEM customers.

In the USB product line, our products spanning entry-level USB 2.0 devices, mainstream USB 3.2 Gen 1 products and high-performance USB 3.2 Gen 1 and higher-speed solutions for users requiring rapid data transfer. In addition to conventional USB-A and USB-C interfaces, we provide Dual-Drive solutions equipped with both USB-A and USB-C connectors to enhance cross-device compatibility, as well as specialized products designed for automotive environments with stringent reliability requirements.

In memory cards, we offer multiple series of SD and microSD cards targeting both consumer and industrial applications. Under the Lexar brand, we provide premium memory cards for professional and consumer use, including high-speed products suitable for 4K and higher-resolution video recording and gaming.

In the PSSD category, we offer a broad portfolio under the Lexar brand, including professional-grade products for photographers and videographers, ruggedized products for outdoor use and PSSDs optimized for gaming applications. Some of our PSSD products incorporate security features such as hardware encryption and NFC-based access control, combining everyday storage functionality with enhanced data-privacy protection. Lexar has also launched the ES5 magnetic PSSD, which can be magnetically attached to the back of a smartphone to enable convenient one-handed operation.

DIMM

Our DIMM products cover DDR4 and DDR5 specifications and include consumer, industrial and enterprise-grade memory modules with capacities ranging from 4GB to 256GB. They are widely used in personal computers, education and financial information systems, self-service terminals in banks and hospitals, network terminals, large conference systems, security and surveillance systems, transportation and communications equipment, small workstations, industrial automation and gaming PCs.

For enterprise applications, we offer DDR4 RDIMM and DDR5 RDIMM products designed to meet the reliability, scalability and performance requirements of servers and data centers. Our RDIMM products have achieved large-scale shipments to customers in sectors such as internet, telecommunications, finance and cloud services, helping enhance their data-management and storage capabilities. To address the rapid adoption of AI and the resulting increase in memory bandwidth and capacity requirements, we are developing advanced memory-module solutions such as SOCAMM, MRDIMM, LPCAMM2, CAMM2 and CXL 2.0-based expansion modules. For consumer applications, we provide high-performance DIMM products, including the Lexar ARES RGB DDR5 desktop memory series, targeted at gaming and high-performance computing users. For

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industrial applications, our DRAM modules are engineered to operate reliably under wide temperature ranges and challenging environments, addressing the requirements of industrial control, surveillance, networking and other use cases where stability and durability are critical.

Operational Highlights

The following table below sets forth a breakdown of our revenue by product category, 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	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
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 by Longforce Suzhou, (ii) technical service fee generated from collaborative R&D projects with certain customers and (iii) rent generated from subleases of our spare office properties.

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

	For the year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	<i>(million GB)</i>	<i>(RMB per GB)</i>	<i>(million GB)</i>	<i>(RMB per GB)</i>	<i>(million GB)</i>	<i>(RMB per GB)</i>
Embedded Storage . . .	11,399.3	0.39	11,529.6	0.73	15,064.3	0.66
SSDs	10,694.7	0.26	10,374.7	0.40	15,087.5	0.37
Mobile Storage	5,689.7	0.41	6,354.5	0.50	10,105.7	0.48
DIMM	45.2	11.34	94.6	16.14	107.8	20.56

See the section headed “Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Product” in this document for more information relating to our revenue, sales volume in GB and average selling price per GB of each product line during the Track Record Period.

OUR BRANDS

FORESEE

We established FORESEE in 2011 as a memory brand focused on the B2B market. As a technology-driven, customer-centric and innovation-focused brand, FORESEE is committed to deepening the advancement of memory technology and broadening the range of memory products. In 2018, FORESEE made a global debut of the 1TB UFS product and 1TB PCIe SSD, followed by the launch of the first self-developed NAND Flash chip in 2022, and the introduction of the first

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self-developed PCIe Gen4 SSD in 2023. After more than a decade of dedication to the memory product industry, FORESEE has established a comprehensive product portfolio, including embedded storage, SSDs, mobile storage and DIMM, which are widely used in diversified applications. Our FORESEE products feature proprietary firmware, supporting large-scale production and customization. Renowned for delivering high-quality, high-performance, customized and innovative storage solutions, our FORESEE products are supplied to leading enterprises across various industries. According to CIC, FORESEE ranked second globally among independent brands in terms of revenue generated from B2B storage products in 2025.

The excellence of FORESEE products is recognized by customers and industry institutions alike. For example, in 2024, FORESEE ORCA 4836 NVMe SSD was awarded 2024 “China IC Design Achievement Award – Memory of the Year” by AspenCore and FORESEE LP CAMM 2 was awarded “Innovation Application Award (強芯中國2024創新應用獎)” by China Integrated Circuit Design Innovation Alliance.

Lexar

Founded in 1996 in California, Lexar is a high-end international consumer memory brand renowned for its long-standing reputation in photography, audio-visual and outdoor sports filming equipment, supported by a loyal customer base. Following our acquisition of the brand in 2017, we accelerated its global expansion and endeavored to establish a full-spectrum product offering under this brand. Leveraging the efficiency of China’s supply chain, we have rapidly expanded our channel network and driven fast growth of the Lexar business. To date, we sell Lexar-branded products to customers in over 60 countries across six continents and have established a comprehensive global channel network. Lexar has successfully entered numerous prominent offline retail channels around the world, including Costco, Fnac, Best Buy, MediaMarkt, Yodobashi and JB Hi-Fi, and ranks among the leading brands in its category on major overseas e-commerce platforms such as Amazon, Shopee and Lazada.

With over two decades of dedication to the consumer memory sector, Lexar has built a comprehensive product portfolio, including mobile storage, SSDs and DIMM. Lexar products undergo extensive and rigorous testing to ensure performance, quality, compatibility and reliability. By closely adapting to industry trends and market insights, Lexar products provide premium memory products for professional photography, data transfer and mobile storage. According to CIC, Lexar ranks second globally among independent consumer memory brands in terms of revenue in 2025, and ranks second in the global memory card market and ranks second in the global USB flash drive market in terms of market share in 2025. Lexar has cultivated a highly loyal user base. Leveraging its strong brand influence, Lexar has expanded beyond the traditional scope of consumer brands, and Lexar in-vehicle USB flash drives have been built into core models of several leading new energy vehicle manufacturers.

In recent years, Lexar has continued to innovate in both products and design and has been repeatedly recognized by leading international media and institutions. For example, Lexar was among the first in the industry to launch a metal SD memory card, breaking the long-standing reliance on plastic casings for memory cards, which received the TIPA World Award in 2025. Lexar’s CFexpress Type B Diamond card received the TIPA World Award, one of the world’s top imaging awards, in both 2023 and 2024.

Zilia

In 2023, we launched the Zilia brand after our acquisition of a majority interest in SMART Brazil, a leading semiconductor memory company with extensive experience in producing memory products in Brazil, and renamed the acquired company Zilia Eletrônicos. In March 2026, we acquired the remaining interest in Zilia Eletrônicos and it is now a wholly-owned subsidiary of the Company.

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Following the acquisition and rebranding of SMART Brazil, we leveraged Zilia to further strengthen our overseas market development. With its 27 years of expertise in the Brazilian memory market, Zilia has facilitated our entry into the Latin American market, which is characterized by distinct geographic development features and local market dynamics. Through localized R&D, manufacturing and customer services in Brazil, we are well positioned to serve customers and promote Zilia products in Latin America. Furthermore, Zilia has an overseas supply chain system. Building on Zilia’s business resources and Brazil’s advantageous location, as well as our in-house R&D and technologies, comprehensive memory product portfolio and manufacturing capabilities, we aim to strengthen our overseas operations, better serve overseas customers and increase our market share in overseas markets.

Currently, Zilia primarily serves local demand in Brazil, with the vast majority of its revenue for the years of 2024 and 2025 generated from Brazil. Zilia targets enterprise customers. Its products are mainly sold to subsidiaries of multinational consumer electronics brands operating in Brazil. Its product portfolio includes embedded storage, SSDs and DIMM. As a pioneer in semiconductor R&D, packaging and testing in Brazil, Zilia’s products adhere to high standards of quality and reliability, earning the trust of global technology companies. According to CIC, Zilia was the largest independent memory brand in Latin America in terms of revenue in 2025.

The following table below sets forth a breakdown of our revenue by brand of products, 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	%
<i>(RMB in thousands, except percentages)</i>						
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 and OEM business, rendering of services and other sources.

See the section headed “Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Sales Channel” in this document for more information.

OUR VERTICALLY INTEGRATED CAPABILITIES

We have developed core competencies such as controller chip and memory chip design, firmware development, and packaging and testing capacities. These vertically integrated capabilities enable us to deliver a portfolio of high-quality, high-performance products across consumer, enterprise and industrial markets.

Controller Chip Design

We have strategically developed our capabilities in controller chip design to enhance our overall competitiveness and strengthen our technological advantage. Our self-developed controller chips are primarily used in higher-end and differentiated products or to ensure better compatibility with our products. We strategically opt not to independently develop and design controller chips that are relatively mature or competitively priced in the market. Aimed at enhancing our competitiveness, so far, we have independently designed eight controller chips, and six out of eight have been successfully commercialized with the remaining two in the process of commercialization, covering USB, SD card, eMMC, UFS products and SSD. As of April 30, 2026, an aggregate amount of over 250 million units of our self-designed controller chips had been produced.

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Products utilizing our self-designed controller chips entered mass production in the second half of 2024. In 2025, the revenue of memory products incorporating our self-designed controller chips amounted to RMB2,609.9 million, accounting for 11.5% of our total revenue for the year. We believe our proprietary controller chip design provides essential technological differentiation that enhances the competitiveness of our core product portfolio and establishes critical capabilities for future vertical integration opportunities.

In March 2026, we launched our self-developed SPU controller chip, positioned as intelligent storage hardware for the AI era. Unlike conventional SSD controllers, whose core role is to manage basic data read/write and transfer tasks, our SPU integrates both a memory control engine and an intelligent processing engine. The memory control engine handles data transfer, while the intelligent processing engine performs functions such as data compression, hot-cold data identification and workload adaptation. Working together, these two engines enable smart data processing and scheduling, allowing users to balance capacity, performance and cost without additional hardware. For example, a single SPU controller chip can store 128 TB of effective data at the host level, meeting the increased data storage needs of AI applications without extra hardware investment.

Memory Chip Design

Building on our chip design expertise, we have strategically developed strong capabilities in memory chip design, focusing on SLC NAND Flash and other small-capacity memory chips. These small-capacity storage products continue to experience significant market demand due to their cost-effectiveness and endurance, and are commonly used in niche applications requiring small-capacity, high-reliability storage, such as network communication devices, security camera systems, medical and aerospace devices. According to CIC, the total market size for SLC NAND Flash products reached US\$2.3 billion in 2025.

As of the Latest Practicable Date, we have successfully taped out nine SLC NAND Flash memory chips. We offer diverse SLC NAND Flash product portfolio with both serial and parallel interface, 1.8v or 3.3v operation voltage, and density from 192 Mb to 8 Gb. Our self-developed memory chips undergo end-to-end quality management during production, achieving traceability at the chip level and exceptional product reliability, with a DPPM below 100. As of April 30, 2026, an aggregate amount of over 200 million units of our self-designed SLC NAND Flash memory chips had been produced. We are also expanding into other small-capacity storage chip technologies. We believe that memory chip design capabilities will enable us to offer even more versatile and innovative storage products, laying a solid foundation for our entry into higher-barrier markets and broadening our presence in the small-capacity storage market.

Firmware Development

We hold a leading position in firmware development, supported by two decades of expertise and innovation. Firmware algorithms encompass error correction codes for data integrity, wear leveling and garbage collection for memory longevity, bad block management, data compression, encryption for security, power management for energy efficiency, performance optimization and data integrity checks. We have obtained proprietary intellectual property rights spanning major firmware domains, including interface protocols, Flash wafer management, power consumption control, performance optimization, data protection and reliability assurance. We are the first among PRC memory product enterprises to successfully achieve mass production of high performance UFS 2.2 embedded storage with proprietary firmware, according to CIC.

We have developed a unified firmware platform across all product lines, allowing for seamless integration and rapid adaptation to new memory wafers, protocols, controller chips and emerging technologies. We maintain a team of over 500 skilled firmware engineers and are able to provide tailored firmware solutions for our customers, with the ability to adapt to non-standard specifications and deliver highly customized firmware solutions that are both robust and highly adaptable.

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HLC technology and iSA are our recent firmware-level innovations developed for the AI era. The physical limits and high costs of memory such as DRAM has increasingly become a key bottleneck for deploying large AI models on edge devices such as AI PCs and smartphones. Our HLC technology leverages innovation across the controller chip, firmware and system-level architecture to offload warm and cold data (data that is no longer accessed frequently but still needs to be kept and may be read occasionally) from DRAM to cache areas on SSD or UFS storage devices, thereby freeing up DRAM space while maintaining smooth data access and user experience. This delivers optimized storage efficiency for devices such as AI PCs and mobile AI workstations and support on-device AI workloads, effectively reduces the DRAM capacity required in edge AI devices and helps ease the cost pressure of DRAM. As of the Latest Practicable Date, we have completed tuning of HLC technology on UNISOC and AMD’s platforms, demonstrating strong cross-platform compatibility and applicability across multiple AI usage scenarios. Test results of our HLC-enabled embedded storage on UNISOC platform indicate that, for edge devices equipped with 4 GB of DDR memory and HLC-enabled UFS, the response time is close to that of devices configured with 6 GB to 8 GB of DDR.

iSA is our intelligent storage agent specifically designed for AI inference on edge devices and to work in tandem with our SPU. It continuously tracks how often different “experts” (specialized blocks within the model) are activated and whether they are “hot” or “cold”. iSA proactively offloads the weights of cold experts — those that are rarely used and typically account for more than half of total model parameters — from DRAM to SPU-enabled high-speed AI cache, while keeping only currently active hot experts in DRAM. When the inference engine needs to call a cold expert, iSA works together with the SPU to reload the corresponding parameters from the SPU cache back into DRAM with high bandwidth and low latency. When combined with iSA, our SPU can substantially increase the size of AI models that can be deployed on devices and improve memory utilization efficiency. Based on joint tuning with AMD, test results showed that devices incorporating our iSA achieved approximately a 3.2-times increase in the model size that can be supported on AI PCs and around a two-times improvement in memory utilization efficiency compared with traditional memory solutions. We believe this provides an important storage technology foundation for the broader adoption of AI PCs among mass-market users.

Packaging and Testing

We have cultivated technical expertise in the packaging and testing of memory products. We possess high-end SiP technology and MCP technology including stacked-die packaging. We are capable of producing 16-layer stacked-die memory products. We have also mass-produced automotive-grade embedded storage products certified under AEC-Q100 Grade 2 and IATF 16949. During the Track Record Period, our packaging yield rates for DDR products, NAND Flash products with “1+8” stacked-die packaging, products utilizing QFN “1+4” stacked-die packaging and SMT and assembly all exceeded 99.9%.

Our packaging capabilities support the commercialization and cost profile of our products. For example, our mSSD products use self-developed SiP technology that integrates controllers, memory chips, passive components and other ICs into a single package, increasing integration compared with traditional PCBA-based SSDs. Our ultra-thin ePOP5x and ePOP4x and ultra-small eMMC products, which are packaged and tested at our Suzhou Production Base, adopt grinding and cutting processes that result in smaller product dimensions than many comparable products in the market. Our Lexar 2TB micro SD card uses 12-die stacking technology together with ultra-thin grinding and cutting processes to achieve high integration while maintaining the micro SD form factor.

On the testing side, we have developed proprietary testing technologies to address different memory products and application requirements. Our custom-designed automated testing machines use dedicated processors and are configured for high-speed, low-power and large-scale testing of memory products. As of the Latest Practicable Date, we had independently developed over 30 core testing algorithms and software modules, including test scanning algorithms and multi-platform testing software.

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We have developed the DRAM STAR testing system, which allows flexible configuration of testing parameters and processes and supports various motherboard platforms, helping to reduce hardware-related constraints during testing. We have also designed a testing socket capable of high-temperature testing, which can raise the temperature from 0°C to 125°C within the socket itself. This socket is currently used on our testing platforms for DDR, LPDDR, eMCP, uMCP and ePoP products. In addition, we have developed a testing platform that can test eMMC and LPDDR chips simultaneously within ePoP or eMCP SiP-packaged products on a single test board, thereby shortening overall testing time. For eSSD products with higher quality requirements, we use a set of mass production testing equipment that can perform extreme-temperature and rapid temperature-cycling tests to help ensure product quality while managing production costs.

RESEARCH AND DEVELOPMENT

We place a strong emphasis on R&D to maintain our competitive edge and drive innovation across our product lines. Our R&D activities are primarily conducted at our centers in Shanghai, Chengdu, Shenzhen and Zhongshan, China and Campinas, Brazil. As of December 31, 2025, we had 1,240 R&D personnel worldwide, accounting for 30.7% of our total workforce. The core members of our R&D team have an average of over 10 years of industry experience, and our new recruits are primarily from top-tier universities. For the years ended December 31, 2023, 2024 and 2025, we incurred RMB593.7 million, RMB910.3 million and RMB1,047.8 million of expenses on R&D, accounting for 5.9%, 5.2% and 4.6% of our total revenue, respectively, for the same periods.

Our Recent R&D Focus

We focus our R&D efforts on memory product design and development, and chip design. As we transformed from trading semiconductor memory products to developing our own memory products and brands, our focus has shifted from traditional consumer products to high-end offerings, including products for edge AI devices, enterprise-level products for data center servers and industrial products for industrial PCs and high-end mobile devices. Our chip design focuses on controller and memory chips. As of the Latest Practicable Date, we had successfully developed eight controller chips and nine SLC NAND Flash memory chips, and our SPU controller chip is undergoing tape-out process.

The table below summarizes our key ongoing R&D projects.

Project	Product details
High-end memory products for AI applications	We are developing memory products to address AI-related storage needs in both server-side and edge-side applications, including next-generation enterprise SSDs and enterprise RDIMM for server applications, as well as high-end consumer PCIe SSDs and DIMM for edge AI applications.
High-performance controller chips	We are developing a series of high-performance storage controller chips under a fabless business model, focusing on PCIe SSD, UFS, eMMC and SD card applications. This is expected to enhance the competitiveness of our memory products and strengthen our capabilities as a memory solutions provider.
Small-capacity Flash memory chip design.	We are engaged in the design of several small-capacity memory chips. We continue to develop higher-performance and lower-cost new versions of SLC NAND memory chip. Through self-developed memory chips, we aim to capture business opportunities in emerging applications, expand into industrial and automotive storage markets and increase our market share.

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Project	Product details
Automotive-grade LPDDR5X development	We are developing automotive-grade LPDDR5X products that meet the technical parameter requirements of major automotive OEMs. This project is expected to help us overcome barriers in the automotive storage market and enhance our product portfolio in automotive electronics.
LPDDR5X for high-end mobile storage .	We are developing LPDDR5X products for applications in high-end mobile devices. This project is expected to increase our market share in the high-end mobile storage market, enrich our high-bandwidth storage product portfolio and improve our penetration into high-end consumer electronics market.
ePOP5X product development	We are developing new-generation ePOP5X products based on innovative packaging technology. This project is expected to fill the gap in our capabilities for ePOP5X packaged storage products, enrich our product form factor portfolio and meet integrated storage needs of thin and light edge side devices.
Large-capacity UFS embedded storage . .	We are developing large-capacity UFS embedded storage products based on TLC/QLC NAND Flash, targeting smartphones and other consumer electronics. This project is expected to maintain our competitiveness in the embedded storage market and provide more cost-effective large-capacity UFS solutions, supporting a steady increase in our embedded storage market share.
Automotive-grade embedded/mobile storage	We are developing UFS and USB drive products for automotive-grade applications based on new communication standards. Our UFS products are at the development stage, and our USB drive products have entered mass production. We plan to launch automotive-grade products based on our self-developed UFS controllers.

INTELLECTUAL PROPERTY

Intellectual property rights are critical in safeguarding our business. We protect our intellectual property rights through a combination of patents, trademarks, copyrights, trade secrets, know-how, unfair competition laws and contractual rights.

As of December 31, 2025, we held (i) 610 granted patents, comprising 508 in the PRC and 102 overseas, (ii) 169 software copyrights, comprising 168 in the PRC and one overseas, (iii) 65 design copyrights in the PRC, (iv) 1,082 trademarks, comprising 560 in the PRC and 522 overseas, (v) 130 domain names, and (vi) 13 registered integrated circuit layout design in the PRC. We also had 673 patent applications pending, comprising 636 in the PRC and 37 overseas. See the section headed “Appendix VI — Statutory and General Information — 2. Further Information about Our Business — B. Our Material Intellectual Property Rights” in this document for more information of intellectual property rights that are material to our business. The following table summarizes the details of our self-developed core technologies protected in the way of patents as of the Latest Practicable Date:

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Type of core technologies	Details and functions	No. of relevant patents
Firmware	Primarily includes technologies for improving read and write efficiency, capacity optimization, repair and error correction, wear leveling and lifespan enhancement, data protection and stability optimization, and other related technologies	110
Testing	Primarily includes DRAM testing, embedded storage such as NAND Flash testing, and other testing technologies	49
Packaging	Includes embedded storage packaging technologies, user datagram protocol encapsulation and mini session description protocol packaging technologies	26
Manufacturing . .	Includes production technologies related to products with HDMI interface, USB drive, and production equipment	5
Assembly	Includes different types of assembly technologies	7
Product	For various types of memory products with innovative technologies	50
Chip design	Includes memory chip designs and their related technologies	16
Circuit design . . .	Includes hardware circuit designs	15
Others	Primarily includes various types of IoT technologies, cloud storage technologies, encryption technologies	45

In addition to our own proprietary intellectual property rights, our development and production of certain standard products require certain industry-standard technologies, such as SD, eMMC, UFS and NVMe SSD protocols. These industry-standard technologies are subject to standard-essential patents, which are licensed to us under fair, reasonable and non-discriminatory terms from standards organizations and patent holders. Furthermore, for the design and development of our self-designed chips, we obtain licenses for certain common IP cores (pre-designed IP block) and software design tools, such as the electronic design automation (EDA) software, from both international and domestic third-party vendors. During the Track Record Period and up to the Latest Practicable Date, there were no material disagreements with these IP and software licensors, nor were there any instances of non-renewal of licenses. We do not believe there is any material risk of being unable to secure or maintain these licenses.

In addition to the registered intellectual property rights, some of our intellectual property consists of know-how and trade secrets. While many of our products adhere to JEDEC and other industry standards, we may enhance them with proprietary innovations protected by patents or trade secrets. We protect these aspects of our business through a comprehensive framework of legal protections, contractual safeguards and rigorous internal controls. We enter into confidentiality agreements and non-disclosure agreements with employees, suppliers and business partners to protect proprietary technologies, processes and business information. Our standard employment agreements with employees who have access to trade secrets or confidential information about our business for work-performing purposes, contains an assignment clause, under which we own all the rights to all inventions, utility models, technology, know-how and trade secrets derived during the course of such employee’s work. In addition, we have taken the following key measures to protect our intellectual property rights: (i) we have implemented structured intellectual property management policies covering patents, trademarks, copyrights and trade secrets, (ii) we deploy a special team to guide, manage, supervise and monitor our daily work regarding intellectual properties, (iii) we timely register and file application for ownership of our intellectual properties and actively track the registration and authorization status of intellectual properties and take action in a timely manner if needed, (iv) we maintain IT controls to monitor the use of sensitive data, and (v) we conduct regular sessions on intellectual property protection training for employees.

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During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement disputes or claims which had any material adverse impact on our Group. Please see the section headed “Risk Factors — Risk Factors Related to Our Business and Our Industry — Failure to protect our intellectual property or our proprietary technology could substantially harm our business. If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be harmed significantly.” in this document.

SALES, DISTRIBUTION AND MARKETING

Sales Jurisdictions

Over the years, we have built a geographically diverse and extensive customer base. The following table sets forth the breakdown of our revenue, in an absolute amount and as a percentage of total revenue, by geographic location of customers, during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Chinese Mainland . .	2,318,702	22.9	5,038,831	28.9	7,547,874	33.2
Hong Kong, China . .	4,597,626	45.4	5,485,728	31.4	5,623,543	24.7
Brazil	68,813	0.7	2,386,835	13.7	2,927,018	12.9
Others ⁽¹⁾	3,139,971	31.0	4,552,256	26.0	6,667,735	29.2
Total	10,125,112	100.0	17,463,650	100.0	22,766,170	100.0

Note:

(1) “Others” mainly comprise other Asian countries or regions, North America, Europe and Middle East.

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

Sales Channels

We sell finished memory products to downstream customers through a combination of direct sales and distribution channels. We believe this mix could provide us with the flexibility to meet the needs of various local markets while building strong relationships with key customers.

The following table sets forth the revenue breakdown by sales channels, in absolute amounts and as percentages of our total revenue, and their respective gross margin, during the Track Record Period:

	For the year ended December 31,								
	2023			2024			2025		
	Revenue	% of total revenue	Gross margin	Revenue	% of total revenue	Gross margin	Revenue	% of total revenue	Gross margin
	<i>(RMB in thousands, except percentages)</i>								
Direct sales ⁽¹⁾ . .	5,554,928	54.9	10.1	10,055,718	57.6	16.4	14,558,302	63.9	19.6
Distributor sales .	4,570,184	45.1	(2.0)	7,407,932	42.4	15.0	8,207,868	36.1	15.0
Total	10,125,112	100.0	4.7	17,463,650	100.0	15.8	22,766,170	100.0	18.0

Note:

(1) As part of our direct sales, we generated revenues of RMB68.1 million, RMB64.2 million and RMB76.6 million in 2023, 2024 and 2025, respectively, from consignment retailers, which accounted for 0.7%, 0.4% and 0.3% of our total revenues during these periods.

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See the section headed “Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue Breakdown by Sales Channel” in this document for more information.

Direct Sales

Our direct sales customers are primarily large enterprises and other strategic clients. These customers often require large-scale, stable supply and tailored solutions, and their products typically involve longer validation cycles. Once our products are integrated into their supply chains, we generally secure longer-term and more stable order flows. We assign dedicated sales and marketing personnel to our direct sales customers, who are familiar with our memory products and provide pre-sale communication and recommendations based on the specific needs of each customer.

We sell products to our customer in accordance with the terms outlined in our master sales agreements with them. Below is a summary of key terms with our direct sales customers:

- *Order Placement:* The product name, quantity, specification, purchase price and delivery date are specified in purchase orders based on the demand of our customers. We do not impose a minimum purchase amount on our customers.
- *Shipment and Delivery:* We assume the costs and risks associated with the shipment of ordered products if delivery to the customer’s designated location is required. Conversely, the customer assumes these costs and risks if they arrange for product pickup at our designated location.
- *Product Return and Warranty Period:* We generally do not allow product return after shipments have been accepted, except in cases of product quality issues within the warranty period, which is in line with customary industry practice. Most of our products have a warranty period of one to three years, and certain enterprise SSDs carry a warranty of up to five years.
- *Credit Terms:* We grant credit terms to our customers according to their credit profile and historical performance. We typically grant credit terms of no more than 120 days to eligible customers.
- *Customer Compliance Requirement:* We require our customer to comply with U.S. export laws and regulations, ensuring that products are not used or transferred for prohibited purposes or to sanctioned entities or countries.
- *Duration:* The agreements are typically effective for one year from the date of signing and automatically renew unless either party provides a 30-day notice of non-renewal prior to termination.

As part of direct sales of some Lexar products in North America, we utilize a consignment-based model to supply products directly to internationally recognized retailers such as GB Micro Electronics and Best Buy. Under this model, which is commonly used in the North American retail sector, we place inventory at the retailer’s location and recognize revenue only when the retailer sells the products to end customers. We retain ownership of the inventory until the products are sold to the end customer. This approach allows us to place our products on the shelves of prominent retailers and ensure that our products are readily available to consumers in highly visible retail environments. In 2023, 2024 and 2025, our sales generated from consignment sales were RMB68.1 million, RMB64.2 million and RMB76.6 million, respectively, accounting for 0.7%, 0.4% and 0.3% of our total revenues for these periods.

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Under a consignment program, retailers indicate their demand for consigned products by issuing consignment requests to us, specifying the product type, quantity and requested shipment date. Once accepted by us in writing, these requests generally cannot be canceled. All risks of loss and damage associated with the consigned products are transferred to the retailers upon our delivery of the products to the designated location, and we typically require retailers to maintain property insurance for physical loss or damage to the consigned products. We generally require retailers to report to us regularly, indicating the sell-through activity for the consigned products during the reported period. We will invoice the retailers for products which have achieved the “pull date”, which is usually the earliest of (i) the date that the retailer sells such products, (ii) the date that the products are lost, stolen or damaged due to any cause, except for our negligence, or (iii) the date that we determine the products to be missing per an audit of inventory. We typically offer retailers a credit term of approximately 30 days.

Distributor Sales

Given the diversity and large volume of our product offerings and end customers, and the significant variations in market conditions and customer preferences across countries, we strategically collaborate with distributors who possess extensive sales channels to expand our market reach and effectively serve the needs of customers in various regions. Our domestic distributors primarily comprise large-scale, publicly listed companies with established sales networks, while our overseas distributors mainly include distributors of Lexar-branded products. For overseas distributors, we generally select distributors by reference to their geographic coverage, end-market focus and product coverage, and allocate different countries or regions among them to avoid overlap. Our distributors primarily consist of global and regional electronics component distributors with established distribution networks and industry coverage, supply chain management capabilities and knowledge of local markets or sector-specific requirements. They typically procure memory products from us and resell them to end-customers, who integrate these products as components into their electronic products. Distributors are responsible for providing after-sales services to their customers, while we can offer technical support if needed. According to CIC, the use of a distribution model is in line with industry norms. During the Track Record Period, none of our major distributors are exclusive distributors.

To support sales performance, we provide sales incentives to distributors for Lexar products in forms such as promotional discounts, cooperative marketing discounts, volume rebates and marketing development funds. A select group of Lexar distributors may also receive incentives such as freight allowance, price protection, payment discounts, damage allowances, return material authorizations, customer service support and other miscellaneous services. For 2023, 2024 and 2025, the aggregate amount of sales incentives that we provided to Lexar distributors was RMB12.9 million, RMB14.9 million and RMB12.8 million, respectively, accounting for 0.5%, 0.4% and 0.3% of the total revenue from the sales of Lexar products for the respective year.

Movement of Our Distributors

The following table sets forth the total number of our distributors as at the dates indicated and the movements during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
As at the beginning of the period.	108	147	149
– Addition of new distributors	45	25	31
– Inactive ⁽¹⁾ /terminated distributors. . . .	6	23	8
As at the end of the period	147	149	172

Note:

(1) Inactive distributors are distributors from whom no revenue was derived during the Track Record Period.

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In 2023, 2024 and 2025, we engaged 45, 25 and 31 new distributors, respectively. During the same periods, we terminated or discontinued business with 6, 23 and 8 distributors, respectively. The relatively high number of terminated distributors in 2024 was primarily due to our strategic adjustment and optimization of our distributor network to phase out less active distributors for better distributor management. A relatively large number of newly added distributors during the Track Record Period was mainly driven by our strategic global expansion and promotion of our Lexar branded products.

Relationship with Distributors

Our relationship with our distributors is a buyer and seller relationship. They are our customers and they do not act on our behalf when dealing with downstream customers. They maintain their own inventory and we have no management control over their order placement, inventory management, or resale activities. They place orders with us if, when and for amounts they deem appropriate. We recognize revenue from distributor sales once products are delivered to the distributor and we receive the distributor’s acknowledgment that the relevant conditions are satisfied. Some of our distributors may use sub-distributors. We do not enter into agreements or directly establish relationships with the sub-distributors. Consequently, we have no control over the sub-distributors.

To the best of our knowledge, all of our distributors during the Track Record Period are Independent Third Parties. Our non-executive Director, Mr. Cai Jing, is currently also a director of one of our distributors. For the year of 2023, 2024 and 2025, revenue from this distributor accounted for 0.7%, 1.0% and 1.4% of our total revenue.

We believe that our products are at low risk of cannibalization within our distribution network as our distributors, particularly overseas distributors, are typically engaged in, or possess greater familiarity with, specific end-product markets or brands, which reduces overlap and direct competition among them. We tailor our distribution strategies to leverage each distributor’s strengths across different end-products, applications or customers, which mitigate cannibalization risks.

We believe that we were not subject to any material channel stuffing risk, given that: (i) we maintain a buy-out relationship with our distributors and are not responsible for unsold inventory held by them, which reduces their commercial incentive to overstock our products; (ii) we generally do not permit returns of products sold to distributors, except for quality issues occurring during the warranty period, thereby eliminating incentives for distributors to overstock; (iii) returns from distributors have been immaterial during the Track Record Period; and (iv) many of our distributors are large-scale, publicly listed companies that have their own internal controls and performance requirements regarding sales and inventory management, which further discourages them from accumulating excessive stock of our products, and they typically place orders based on pre-agreed forecasts with their downstream clients, thereby minimizing speculative purchases.

Contractual Arrangements with Distributors

We sell our products to our distributors in accordance with the terms outlined in our distribution agreements. Below is a summary of key terms with distributors:

- *Designated Region:* Distributors are typically authorized to sell authorized products to end customers within designated regions.
- *Service Capabilities:* We generally require our distributors to allocate a certain number of sales personnel within their sales regions and to regularly train and assess their service and support capabilities.

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- *Order Forecast:* We generally require our distributors to submit a three-month order forecast to us at the end of each month, and report annual sales targets to us. The monthly order forecast and annual sales targets are non-binding. We generally do not require minimum purchase amounts or minimum sales targets from our distributors.
- *Pricing:* Depending on the type of customer and development channel, the pricing of products to end customers can be determined by either us or the distributors.
- *Order Placement:* The product name, quantity, specification, purchase price and delivery date are typically specified in purchase orders based on the demand of our distributors.
- *Shipment and Delivery:* We assume the costs and risks associated with the shipment of ordered products if delivery to the distributors’ designated location is required. Conversely, the distributors assume these costs and risks if they arrange for product pickup at our designated location.
- *Product Return and Warranty Period:* We generally do not allow product return after shipments have been accepted, except in cases of product quality issues within the warranty period, which is in line with customary industry practice. Most of our products have a warranty period of one to three years, with enterprise SSDs offering up to five years.
- *Credit Term:* We typically grant credit terms of no more than 120 days.
- *Compliance Requirement:* Distributors are typically required to comply with U.S. export laws and regulations, ensuring that products are not used or transferred for prohibited purposes or to sanctioned entities or countries.
- *Confidentiality Obligations:* Both parties are obligated to maintain the confidentiality of non-public information under the agreements.
- *Governing Law and Dispute Resolution:* The agreements for overseas sales are generally governed by Hong Kong laws, with disputes resolved through arbitration in Hong Kong. For domestic sales, agreements are governed by PRC laws, with disputes resolved through arbitration at the Shenzhen International Arbitration Court.
- *Duration:* The agreements are typically effective for one year from the date of signing and automatically renew unless terminated earlier.

Pricing of Our Products

We price our products based on real-time market quotations. We typically do not enter into long-term agreements with fixed pricing with our customers. In determining our product pricing, we consider a range of factors, including raw material costs, estimated production capacity, administrative, sales and distribution expenses, current market prices of similar products, overall market conditions and the duration of our customer relationships. In particular, the pricing of our products is closely tied to the cost of memory wafers, which are our primary raw materials. Fluctuations in the market prices of memory wafers can directly impact the pricing of our products. Generally, the sales prices of our memory products align with trends in memory wafer procurement costs. However, there is a time lag between wafer procurement and product sales. When wafer prices fluctuate, we have already incurred the inventory costs, but product sales prices may change, affecting our margin. The price of memory wafers exhibits cyclical volatility, which leads to volatility in our margins.

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To mitigate these risks, we have strengthened our business relationship with key customers who regularly place large orders, offering predictability of demand and product pricing, so that we can better manage the inventory level of raw materials and production schedule. We have also been expanding our high-end product offering, such as enterprise-level products like eSSDs and high-end consumer mobile storage products under the Lexar brand, which typically enjoys higher and more stable pricing as the premier markets are less sensitive to market prices. We expect these measures to help strengthen our pricing power, mitigate the impact of wafer price fluctuations and stabilize our product margins.

Sales and Marketing Teams

As of the Latest Practicable Date, we had 19 subsidiaries with sales activities established worldwide, in countries and regions including (a) Chinese Mainland, (b) Hong Kong, (c) Taiwan, China, (d) Japan, (e) the United States and (f) Brazil. As of December 31, 2025, we had a sales and marketing team of 560 personnel, focusing on business development, customer service and industry coverage. We maintain sales teams responsible for different domestic and overseas markets in line with our sales strategy for different jurisdictions. Our sales and marketing staff communicate with existing and potential customers on our product offerings and development roadmap, including product design, functionality and technology features. They also conduct market research, monitor competitor technology developments and pricing, and analyze market conditions and customer needs to inform our marketing approach.

We promote our brand awareness and product recognition through multiple marketing channels including trade fairs, industry forums, our websites and social media platforms. For the years ended December 31, 2023, 2024 and 2025, our selling and distribution expenses amounted to RMB482.0 million, RMB772.1 million and RMB885.6 million, respectively, accounting for 4.8%, 4.4% and 3.9% of our total revenue, respectively, for the same years.

OUR CUSTOMERS

We have established long-standing business relationships with leading enterprises across a wide range of industries, including technology, telecommunications, consumer electronics and retail. Through direct customer engagement and a strong network of distribution partners, we offer our memory products to renowned OEMs, ODMs, electronics manufacturers, automotive companies and retailers worldwide. We have received multiple awards from our customers, such as “Outstanding Supplier” award from Lenovo, which recognize our dedication to quality, innovation and customer service, and underscore our role as a trusted supplier to some of the world’s most established companies across a variety of industries.

For each 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, while the largest customer contributed 11.0%, 14.0% and 7.6% of our total revenue, respectively, for the same periods. During the Track Record Period, we typically granted a credit term of no more than 120 days to our customers.

The following tables set forth the details of our five largest customers for each year during the Track Record Period based on their revenue contribution:

For the Year Ended December 31, 2023

Ranking	Customer	Revenue (RMB'000)	Percentage of total revenue (%)	Products purchased from us	Year of commencing business relationship with us	Credit terms and payment method	Customer type
1.	Customer A and its subsidiaries ⁽¹⁾	1,110,406	11.0	Embedded storage, SSDs, mobile storage, DIMM	2017	0-15 days; wire transfer	Distributor

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Ranking	Customer	Revenue (RMB'000)	Percentage of total revenue (%)	Products purchased from us	Year of commencing business relationship with us	Credit terms and payment method	Customer type
2 . . .	Customer B and its subsidiaries ⁽²⁾	872,788	8.6	Embedded storage, SSDs, mobile storage, DIMM	2015	0-15 days; wire transfer	Distributor
3 . . .	Customer C and its related parties ⁽³⁾	714,960	7.1	Embedded storage, mobile storage	2021	90 days; wire transfer	Direct sales customer
4 . . .	Customer D and its subsidiaries ⁽⁴⁾	465,298	4.6	SSDs, mobile storage, DIMM	2018	60-120 days; wire transfer	Direct sales customer
5 . . .	Customer E and its subsidiaries ⁽⁵⁾	337,413	3.3	SSDs, mobile storage, DIMM	2018	30 days; wire transfer	Distributor

For the Year Ended December 31, 2024

Ranking	Customer	Revenue (RMB'000)	Percentage of total revenue (%)	Products purchased from us	Year of commencing business relationship with us	Credit terms and payment method	Customer type
1	Customer A and its subsidiaries ⁽¹⁾	2,444,236	14.0	Embedded storage, SSDs, mobile storage, DIMM	2017	0-15 days; wire transfer	Distributor
2	Customer F and its subsidiaries ⁽⁶⁾	1,159,225	6.6	Embedded storage, SSDs, mobile storage	2014	30-60 days; wire transfer	Direct sales customer
3	Customer C and its related parties ⁽³⁾	1,145,646	6.6	Embedded storage	2021	90 days; wire transfer	Direct sales customer
4	Customer D and its subsidiaries ⁽⁴⁾	862,156	4.9	SSDs, mobile storage, DIMM	2018	60-120 days; wire transfer	Direct sales customer
5	Customer B and its subsidiaries ⁽²⁾	806,694	4.6	Embedded storage, SSDs, mobile storage, DIMM	2015	0-15 days; wire transfer	Distributor

For the Year Ended December 31, 2025

Ranking	Customer	Revenue (RMB'000)	Percentage of total revenue (%)	Products purchased from us	Year of commencing business relationship with us	Credit terms and payment method	Customer type
1	Customer A and its subsidiaries ⁽¹⁾	1,726,361	7.6	Embedded storage, SSDs, mobile storage, DIMM	2017	0-15 days; wire transfer	Distributor
2	Customer C and its related parties ⁽³⁾	1,486,236	6.5	Embedded storage, SSDs, DIMM	2021	90 days; wire transfer	Direct sales customer
3	Customer D and its subsidiaries ⁽⁴⁾	1,309,451	5.8	SSDs, mobile storage, DIMM	2018	60-120 days; wire transfer	Direct sales customer
4	Customer G and its subsidiaries ⁽⁷⁾	1,082,884	4.8	Embedded storage, DIMM	2023	30-45 days; wire transfer	Direct sales customer
5	Customer F and its subsidiaries ⁽⁶⁾	988,596	4.3	Embedded storage, SSDs, mobile storage	2014	30-60 days; wire transfer	Direct sales customer

Notes:

- (1) Customer A is a distributor of electronics components and headquartered in Shenzhen, China. It is an unlisted company.
- (2) Customer B is a distributor of semiconductor electronic components headquartered in Taiwan, China and listed on the Taiwan Stock Exchange.
- (3) Customer C is a mobile telecommunication company located in Wuhan, China, being a subsidiary of a mobile telecommunication company headquartered in the US. It is primarily engaged in the production of mobile phone products.
- (4) Customer D is an e-commerce and technology company, headquartered in the US and listed on the Nasdaq Stock Market.

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- (5) Customer E is a subsidiary of a company listed on the Hong Kong Stock Exchange, who mainly engages in the development of information technology product distribution channels and the integration of technology solutions.
- (6) Customer F is an electronics and technology company headquartered in Korea and listed on the Korea Stock Exchange.
- (7) Customer G is an electronic manufacturing services provider, headquartered in Singapore and listed on the Nasdaq Stock Market.

To the best knowledge of our Directors, for each year during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers were Independent Third Parties. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with, nor did we receive any material complaints from such customers. For each year during the Track Record Period and up to the Latest Practicable Date, to the best of our Directors’ knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of the Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers.

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 cyclicalities 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 MOUs with multiple foundries, and the exploration of business models such as TCM and PTM.

PRODUCTION

We have developed a production framework that strategically integrates global and domestic resources through a combination of in-house and outsourced production. Our approach is tailored based on product design features, technical complexity, packaging and testing requirements, and the degree of customization needed. For products with novel design elements, requiring expertized production techniques, or a high degree of customization, or when confidentiality is paramount —

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such as for proprietary technologies or secure testing of sensitive algorithms, we typically utilize our in-house facilities to ensure both quality and security. For standard and relatively mature memory products, we generally rely on specialized facilities or external partners with relevant experience to support efficient and stable production. This approach allows us to allocate capacity based on product characteristics and customer needs.

In-house Production

We have made significant investments in building our own manufacturing capabilities to support our product portfolio and increase flexibility and control over production.

Zhongshan Storage Industrial Park

The Zhongshan Storage Industrial Park is a comprehensive memory facility located in Zhongshan, Guangdong Province, China. It seamlessly integrates R&D, cultural exhibition and employee living spaces, along with a dedicated data center product line. It focuses on R&D and production of enterprise-grade and automotive-grade memory products. Incorporating our proprietary testing technologies such as memory chip testing algorithms, these facilities enable us to handle complex and customized projects.

Phase I of the park was completed in 2019, encompassing approximately 60,000 square meters and accommodating over 500 employees, including more than 400 engineers. This phase includes an innovative laboratory and an embedded storage testing center. The innovative laboratory serves as a vital quality assurance and technical service platform, combining R&D design, failure analysis, engineering verification and joint development functions. Phase II of the industrial park was completed and put into operation at the end of 2024, encompassing a gross floor area (“GFA”) of approximately 110,000 square meters. It includes key facilities such as a R&D building, an embedded storage testing center, a data center product line, and an intelligent logistics warehouse. Our testing centers are equipped with automated production lines for processes from chip probe testing, system-level testing, to final product testing. Our automated testing system is capable of conducting functional tests on over ten types of memory products, all managed and tracked through a digital platform.

Suzhou Packaging and Testing Production Base

Longforce Suzhou was formerly a major production base for Powertech Technology Inc., a global leader in IC packaging and testing services, particularly in semiconductor memory. In 2023, we acquired a 70% stake in Powertech Suzhou (which was subsequently renamed as Longforce Suzhou). The Suzhou Packaging and Testing Production Base symbolizes our market-leading packaging and testing capabilities, specializing in memory chip packaging design, signal simulation and process development. According to CIC, it is one of the earliest PRC enterprises to possess stacked-die packaging technology, employing flip-chip and wire bonding technologies.

The Suzhou Packaging and Testing Production Base covers a total area of 42,600 square meters, including approximately 20,000 square meters of standard clean rooms. It is outfitted with state-of-the-art packaging and testing equipment, supported by an advanced error-proofing system and flexible, high-efficiency production capabilities. Its rigorous quality control processes have garnered recognition and trust from world-class clients.

Latin America Production and Operations Center

We have two facilities in Brazil: (i) the Atibaia plant, encompassing approximately 13,000 square meters and capable of IC packaging and testing; and (ii) the Manaus plant, encompassing approximately 4,400 square meters and mainly handling SMT and final products functional testing and assembly. In addition, we have a R&D center in Campinas, equipped with a packaging and prototype laboratory and a 400 square meters clean room dedicated to R&D activities, focusing on packaging engineering as well as products design and development.

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Zhuhai Mestor Production Center

In 2024, our Zhuhai Mestor Production Center, established by our wholly-owned subsidiary Mestor Electronics (Zhuhai) Co., Ltd., commenced production. It covers an area of over 10,000 square meters. The Zhuhai Mestor Production Center is equipped with packaging, testing and SMT and assembly production lines, as well as a product reliability testing center. The center primarily focuses on the production of memory products utilizing relatively mature technologies.

The following table sets forth the total designed capacity, actual capacity and utilization rate of our production facilities during the Track Record Period:

For the Year Ended December 31,									
	2023			2024			2025		
	Designed capacity	Actual capacity	Utilization rate	Designed capacity	Actual capacity	Utilization rate	Designed capacity	Actual capacity	Utilization rate
			(%)			(%)			(%)
<i>(thousand units, except for percentage)</i>									
Zhongshan Storage Industrial Park									
Testing	52,000	46,300	89.0	61,200	52,100	83.9	70,000	65,800	94.0
SMT and assembly . . .	2,914	2,209	75.8	6,504	5,054	77.7	10,380	8,715	84.0
Suzhou Packaging and Testing Production Base⁽¹⁾									
Packaging	90,000	35,843	39.8	222,300	131,163	59.0	232,933	145,812	62.6
Testing	102,000	26,495	26.0	364,500	113,434	31.1	264,750	133,078	50.3
Atibaia plant⁽²⁾									
Packaging and testing . .	11,580	7,166	61.9	134,400	99,817	74.3	155,000	137,948	89.0
Manaus plant⁽²⁾									
SMT and assembly . . .	336	188	56.0	5,189	2,938	56.6	7,042	2,733	38.8
Zhuhai Mestor Production Center⁽³⁾									
Packaging and testing . .	–	–	–	45,000	14,399	32.0	64,800	54,052	83.4
SMT and assembly . . .	–	–	–	6,300	1,425	22.6	6,540	5,706	87.3

Notes:

- * The designed capacity for each period is calculated based on the hourly capacity and the maximum operating hours of relevant product lines for such period, which vary across factories due to the differences in factory operations and management. For the Zhongshan and Zhuhai factories, the maximum operating hours are calculated by multiplying 20 operating hours per working day by 26 working days each month. For the Suzhou factory, the maximum operating hours are calculated by multiplying 24 hours per day by the number of calendar days in each month. For the Atibaia and Manaus plants, the maximum operating hours are calculated by multiplying 21 or 24 hours per working day, depending on the equipment, by approximately 24 working days each month. The actual capacity refers to the actual output for the relevant period. The utilization rate during the year or period is calculated by dividing designed capacity by the actual capacity for the same year or period.
- (1) As we integrated the business operation and financial results of Longforce Suzhou since October 1, 2023, the data that we used to calculate the designed capacity, actual capacity and utilization rate of our Suzhou Packaging and Testing Production Base for 2023 only covers the three-month period from October 1 to December 31.
- (2) As we integrated the business operation and financial results of Zilia Eletrônicos since December 1, 2023, the data for calculating the designed capacity, actual capacity and utilization rate of our Atibaia plant and Manaus plant for 2023 only include the one-month period from December 1 to December 31.
- (3) As our Zhuhai factory was put into trial production since April 2024, the data that we used to calculate the designed capacity, actual capacity and utilization rate of our Zhuhai factory for 2024 only covers the nine-month period from April 1 to December 31, 2024.

The relatively low utilization rate of our Suzhou and Brazil factories is primarily influenced by the ramp-up and integration of their production capacities with our Group’s business following the acquisitions. After the acquisitions and prior to commencing production of our customer orders at these facilities, our customers typically require separate factory audit processes due to the change in production facilities. This process can take several months, resulting in a relatively low utilization rate of these facilities. Additionally, the introduction phase of production line for memory products typically takes longer time, as it typically involves rigorous testing and validation processes to ensure product performance and reliability. As the factories gradually complete customer integration and production setup procedures, the utilization rate generally increased

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period by period during the Track Record Period. The low utilization rate of our Zhuhai factory in 2024 is primarily because the factory was in the ramp-up stage, with equipment being gradually installed. Its utilization rate increased significantly in 2025. The decrease in the utilization rate of the SMT and assembly production line in our Manaus plant in 2025 was primarily due to changes in the Group’s product offering structure, with a shift away from traditional PCB-based products such as SSDs towards products such as UFS and mSSD which do not involve the traditional SMT and assembly process, resulting in relatively lower demand for the SMT and assembly production lines.

Outsourced Production

In addition to our in-house capabilities, we have established long-term partnerships with OSAT companies and electronic manufacturing service (“EMS”) providers. Our OSAT partners, such as Orient Semiconductor Electronics, Huatian Technology and Tongfu Microelectronics, assist us with packaging and testing for memory products. Our EMS providers manage downstream processes, such as SMT and final product functional testing and assembly.

The following table sets forth the amounts of our production expenses and outsourced services expenses for each year during the Track Record Period:

For the year ended December 31,						
2023			2024		2025	
Amount	%		Amount	%	Amount	%
<i>(RMB in thousands, except percentages)</i>						
Production expenses ⁽¹⁾	198,725	14.0	595,137	30.5	838,625	37.9
Outsourced services expenses ⁽²⁾	1,222,768	86.0	1,357,787	69.5	1,375,884	62.1
Total	1,421,493	100.0	1,952,924	100.0	2,214,509	100.0

Notes:

- (1) The production expenses include salaries for production personnel, equipment depreciation, licensing fees related to product manufacturing, and transportation and customs fees directly associated with sales orders, without taking into account relevant raw materials costs.
- (2) The outsourced services comprise costs for outsourced processing services such as packaging, testing, surface mounting and assembly, without taking into account relevant raw materials costs.

As we have developed our own production capacity, the proportion of our in-house production has steadily increased during the Track Record Period.

PROCUREMENT AND RAW MATERIALS

The core raw materials for our memory products are memory wafers, controller chips and auxiliary materials such as PCBs. During the Track Record Period, memory wafers and controller chips represent a substantial majority of our procurement of raw materials.

Memory Wafers

Memory wafers are the main raw materials of our memory products, and their availability, quality and pricing directly affect our business. We have established a strategic resource center responsible for wafer procurement and management. This team conducts market research and works with our R&D and operations teams to select, evaluate, certify and procure memory wafers. Our procurement strategy combines on-demand purchasing with stockpiling. Based on historical data and demand forecasts, we maintain safety stock levels to support a stable supply chain and continuous production. We also monitor market trends, wafer price movements, inventory levels, customer orders and capital allocation when determining stockpiling levels.

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Controller Chips and Auxiliary Materials

Controller chips and auxiliary materials are important for our storage products, and their procurement is managed by our supply chain delivery center. We operate a supplier qualification and ongoing assessment system, under which suppliers are evaluated on factors such as technical capability, quality, delivery performance, service level and cost. Based on demand forecasts, supplier pricing and capacity planning, we prepare rolling procurement plans to guide quotation requests, purchase orders and coordination of chip customization and material deliveries. We maintain regular communication with qualified suppliers to support orderly procurement and allow for adjustments in response to changes in market demand.

Procurement Process

Our procurement process includes several key steps. First, we conduct demand planning and develop supply strategies using rolling forecasts to assess product demand and determine supply volumes. We then prepare procurement plans and issue purchase orders to suppliers. Suppliers fulfill these orders, arrange shipments and deliver materials to locations designated by us. Upon arrival, we inspect the memory wafers and controller chips and store them in warehouses for subsequent production.

OUR SUPPLIERS

Our suppliers can be grouped into four main categories. Memory wafer suppliers are our most critical upstream partners, the procurement of which accounts for the largest portion of our total procurement. We have established business relationships with a majority of the globally leading memory IDMs, such as Samsung, SK Hynix, Micron, SanDisk and other major memory suppliers, covering both international and domestic sources. Controller chip suppliers are also important upstream partners. We typically procure controller chips from independent controller chip vendors, and our purchases are distributed across multiple top-tier suppliers in different regions to help diversify supply risk. For our self-designed controller chips and memory chips, we procure wafer 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.

We have developed and maintained relationships with some of the most reputable and trusted suppliers in the global memory product industry. These partners supply core components and services that support consistent product quality and enable us to respond to changing customer needs. We procure from both overseas and domestic suppliers. We believe our well-established global and domestic network of component and service suppliers could provide a resilient supply chain, ensuring timely availability and delivery of raw materials and helping us maintain competitive cost level.

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, while our purchase from the largest supplier accounted for 13.9%, 11.4% and 14.5% of our total purchases, respectively, for the same periods. For each year during the Track Record Period, our suppliers generally (i) granted us a credit term of 30 to 90 days, and (ii) requested us to make partial prepayment if the purchase amount for a single order exceeds an agreed-upon criteria.

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The following tables set forth the details of our five largest suppliers for each year during the Track Record Period based on our purchases from them:

For the Year Ended December 31, 2023

Ranking	Supplier	Purchase amount (RMB'000)	Percentage of total purchase (%)	Products/services purchased	Year of commencing business relationship with us	Credit terms and payment method
1 . . .	Supplier A and its subsidiaries ⁽¹⁾	1,589,888	13.9	memory wafer; embedded storage products; semi-finished products	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
2 . . .	Supplier B ⁽²⁾	1,521,956	13.3	memory wafer	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
3 . . .	Supplier C and its subsidiaries ⁽³⁾	1,272,291	11.1	memory wafer	2022	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
4 . . .	Supplier D and its subsidiaries ⁽⁴⁾	721,477	6.3	memory wafer	2018	30 days; wire transfer
5 . . .	Supplier E and its subsidiaries ⁽⁵⁾	455,734	4.0	controller chip	2006	90 days; wire transfer

For the Year Ended December 31, 2024

Ranking	Supplier	Purchase amount (RMB'000)	Percentage of total purchase (%)	Products/services purchased	Year of commencing business relationship with us	Credit terms and payment method
1 . . .	Supplier A and its subsidiaries ⁽¹⁾	1,876,477	11.4	memory wafer; embedded storage products; semi-finished products	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
2 . . .	Supplier F and its subsidiaries ⁽⁶⁾	1,830,229	11.1	memory wafer	2008	30-60 days; wire transfer
3 . . .	Supplier C and its subsidiaries ⁽³⁾	1,799,183	11.0	memory wafer	2022	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
4 . . .	Supplier G ⁽⁷⁾	1,740,535	10.6	memory wafer; SSDs	2023	60 days; prepayment is required for amounts exceeding certain threshold; wire transfer
5 . . .	Supplier B ⁽²⁾	968,294	5.9	memory wafer	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer

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For the Year Ended December 31, 2025

Ranking	Supplier	Purchase amount (RMB'000)	Percentage of total purchase (%)	Products/ services purchased	Year of commencing business relationship with us	Credit terms and payment method
1 . . .	Supplier C and its subsidiaries ⁽³⁾	3,223,671	14.5	Memory wafer	2022	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
2 . . .	Supplier A and its subsidiaries ⁽¹⁾	2,976,723	13.4	Memory wafer; embedded storage products; semi-finished products	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
3 . . .	Supplier H and its subsidiaries ⁽⁸⁾	1,902,930	8.6	Memory wafer	2022	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
4 . . .	Supplier B ⁽²⁾	1,840,006	8.3	Memory wafer	2012	30 days; prepayment is required for amounts exceeding certain threshold; wire transfer
5 . . .	Supplier F and its subsidiaries ⁽⁶⁾	1,609,656	7.2	Memory wafer	2008	30-60 days; wire transfer

Notes:

- (1) Supplier A is a wafer manufacturer and engaged in the manufacturing and sales of semiconductor storage and imaging products. It is headquartered in the U.S. The semi-finished products that the Company procured from Supplier A refers to the packaged high-performance NAND/DRAM chips which are ready for module assembly.
- (2) Supplier B is a subsidiary of a company that engaged in the manufacturing and sales of semiconductor devices and headquartered in Tokyo, Japan. It was established in Hong Kong.
- (3) Supplier C is a wafer manufacturer and engaged in the manufacturing and sales of semiconductor devices. It is headquartered in Korea and listed on the Korea Stock Exchange.
- (4) Supplier D is a wafer manufacturer primarily engaged in the design, manufacturing and sales of integrated circuits and memory products. It is headquartered in China.
- (5) Supplier E is a company primarily engaged in developing and sales of NAND flash controller chips. It was established in California, the U.S. and listed on the Nasdaq Stock Market.
- (6) Supplier F is a wafer manufacturer and primarily engaged in the design, manufacturing, and sales of advanced storage solutions. It is headquartered in Korea and listed on the Korea Stock Exchange.
- (7) Supplier G is a Chinese enterprise primarily engaged in the trading of electronic components and integrated circuits.
- (8) Supplier H is a wafer manufacturer and primarily engage in the manufacturing and sales of semiconductor devices. It is headquartered in the US and listed on the Nasdaq Stock Market.

To the best knowledge of our Directors, for each year during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers were Independent Third Parties. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of contracts on the part of our suppliers or delay in delivery of our orders from our suppliers, nor did we have any material disputes with our suppliers. During the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers.

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Contractual Agreements with Suppliers

We typically enter into long-term memorandum of understanding or framework agreements with suppliers of key raw materials, including memory wafers and controller chips. The key terms and conditions of these long-term agreements are summarized as follows:

- *Order Placement:* Procurement orders, which include the product name, quantity, unit price, total purchase amount, delivery date and location, and payment terms and conditions will be placed separately. Except for certain specialized projects where we require additional support from suppliers, they typically do not impose a minimum purchase requirement on us.
- *Order Forecast:* We provide non-binding order forecasts to suppliers for their reference.
- *Delivery:* Suppliers are typically responsible for delivering ordered products to our designated location.
- *Credit Terms and Payment Method:* The credit terms and payment method shall be in accordance with the purchase order. We are typically offered a credit term of 30 to 90 days.
- *Product Return:* We conduct product inspections ourselves. If the products provided by suppliers fail to pass our inspection, they can be returned, and suppliers are responsible for associated costs. During the Track Record Period and up to the Latest Practicable Date, there had been no material claims between suppliers and us regarding product returns and refunds.
- *Duration:* The agreements are typically effective for three years from the date of signing and subject to automatic renewal unless terminated earlier.
- *Warranty and Product Liabilities:* Our agreements with suppliers typically include warranty clauses to address any potential defects or non-conformities of the supplies or incorporate standard product warranty, and limited product liabilities clauses.

OVERLAPPING CUSTOMER AND SUPPLIERS

During the Track Record Period, to the best knowledge and belief of our Directors, two major suppliers were also our customers and one major customer was also our supplier.

Supplier F and Customer F are the same entity. We purchased memory wafers from Supplier F to use as a key raw material for our memory products, and sold embedded storage, SSDs and mobile storage products to this entity. In 2023, 2024 and 2025, revenue from this entity accounted for 2.0%, 6.6% and 4.3% of our total revenue, respectively, and purchases from it accounted for 3.1%, 11.1% and 7.2% of our total purchases, respectively. The increase in the percentage of sales to Customer F in 2024 was primarily driven by revenue growth from the acquisition of Zilia in the Brazilian market. Supplier F's Brazilian subsidiary is a major customer of Zilia, to whom Zilia mainly sells them with SSDs and embedded storage products used in the customer's PCs and mobile devices. Additionally, we sold to Customer F a small quantity of mobile storage products, mainly flash drives. The increase in the percentage of purchases from Supplier B in 2024 was mainly due to the consolidation of Zilia's purchases and the expansion of the Company's business following the recovery of the global market in 2024.

Customer A is also our supplier during the Track Record Period. We mainly purchased memory wafers from Customer A to use as a key raw material for our memory products. We sold embedded storage, SSDs, mobile storage and DIMM to Customer A. In 2023, 2024 and 2025, our purchase from Customer A accounted for 2.0%, 0.1% and 1.6% of our total purchases, respectively.

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Revenue from Customer A accounted for 11.0%, 14.0% and 7.6% of our total revenue, for the same periods, respectively. The increase in the percentage of sales to Customer A in 2024 was primarily driven by strong market demand for our embedded storage products, as many of our key end-customers in this segment continued to procure through Customer A’s channels during this period of substantial growth in our embedded storage business.

Customer C is also our supplier in 2025. We sell embedded storage products to Customer C, and procure memory chips from one of its subsidiary. In 2023, 2024 and 2025, revenue from Customer C accounted for 7.1%, 6.6% and 6.5% of our total revenue, respectively. Our purchase from Customer C’s subsidiary amounted to RMB51.3 million for 2025, accounting for 0.2% of our total purchases for the same year. The memory chips that we procured from this subsidiary were mainly used for the manufacturing of memory products sold to Customer C.

The terms and conditions of the sales agreements with Customer A, Customer C and Customer F were generally in line with the terms and conditions with other comparable customers. The prices for sales made to them were negotiated on an arm’s length basis.

Since these overlapping customers and suppliers are large conglomerates with various business units operating in different sectors, we may engage in transactions with their different units for different business activities. According to CIC, it is not uncommon in the industry to have overlapping customers and suppliers, for example, purchasing memory wafers or controller chips from supplier and selling memory products to them.

TRANSFER PRICING ARRANGEMENTS

Our Company, our controlled affiliated entities and our subsidiaries conduct intra-group transactions in accordance with our transfer pricing policy. We follow the fundamental principle that intra-company transactions must be conducted on an arm’s length basis.

During the Track Record Period, there were certain intra-Group transactions among our Company and subsidiaries in (i) Chinese Mainland, (ii) Hong Kong, China, (iii) Taiwan, China, (iv) the United States and (v) Brazil. The main cross-border intra-Group transactions (the “**Covered Transactions**”) mainly included: (i) purchase and sale of raw materials, work-in-progress and finished products, (ii) technical support and sales support services, and (iii) R&D services.

We have engaged Ernst & Young (China) Advisory Limited (the “**Transfer Pricing Consultant**”), an international professional accounting firm in the PRC, to review our transfer pricing arrangements from an arm’s length compliance perspective for the Covered Transactions. The Transfer Pricing Consultant reviewed the Covered Transactions to determine whether their price or profit level during the Track Record Period fall within the price and profit benchmark of arm’s length transactions and evaluate the potential transfer pricing implications. The analysis is based on the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2022 (“**OECD Transfer Pricing Guidelines**”) issued by the Organisation for Economic Co-operation and Development (“**OECD**”), which are consistent with the transfer pricing regulations in (i) Chinese Mainland, (ii) Hong Kong, China, (iii) Taiwan, China, (iv) the United States and (v) Brazil.

The Transfer Pricing Consultant selected assessment methodology based on the nature and characteristics of the Covered Transactions, including Transactional Net Margin method (“**TNMM**”)/Comparable Profits Method (“**CPM**”), Resale Price Method (“**RPM**”) and the Comparable Uncontrolled Price Method (the “**CUP method**”). TNMM/CPM and RPM compares the profit margin of Covered Transactions with the same of comparable transactions between independent parties. The CUP method compares the price charged under Covered Transactions with the same of comparable transactions between independent parties.

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Based on the Transfer Pricing Consultant's review and economic analysis, Transfer Pricing Consultant is of the view that, during the Track Record Period, all the transfer pricing arrangements for the Covered Transactions are in line with arm's length principle according to the OECD Transfer Pricing Guidelines. Although the benchmarking studies conducted in accordance with OECD Transfer Pricing Guidelines would be consistent with the transfer pricing regulations in the tax jurisdictions involved in the Covered Transactions, it does not have binding effect on any local taxation authorities in the event of transfer pricing controversy.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not aware of any outstanding enquiries, audit, investigation or challenge by any tax authorities in relation to the Covered Transactions. We have been and will continue to closely monitor our transfer pricing arrangements including reviewing the reasonableness of the pricing policy of intra-group transactions from time to time. However, similar to other matters relating to tax, we cannot assure that our transfer pricing arrangements will not be subject to review and possible challenge by any tax authorities in future, though the Directors believe that we have reasonable grounds to defend ourselves against such possible challenge. See "Risk Factors — Risk Factors Related to Our Business and Our Industry — We are exposed to risks associated with our global presence and will continue to be subject to such risks when we expand our business overseas" for further details.

QUALITY MANAGEMENT

Quality control and assurance are important to our operations. We operate a quality management system formulated with reference to international standards such as ISO 9001, covering product design, R&D, procurement and production, and designed to ensure compliance with applicable regulatory requirements and our internal quality standards. Our approach includes integrated product development processes and capability maturity model integration. We have obtained the IATF 16949:2016 quality management system certificate and the ISO 9001:2015 quality system recertification. IATF 16949 is a widely used standard for quality management of automotive-grade products, and many automotive manufacturers require their suppliers to hold this certification. Each phase of our production has defined entry and exit criteria, with reviews, evaluations and audits to support product design and development quality. During the design phase, we seek to identify and address potential quality issues at an early stage through NAND die analysis and testing to assess the performance and suitability of wafers for their intended applications. In the production phase, we monitor and test products on an ongoing basis and use internal reviews, audits, root cause analysis and statistical process control to help ensure products meet the required standards before being released to the market. We also promote quality awareness among employees through newsletters, training and seminars to support continuous process improvement.

We offer a warranty period ranging from one year to five years, depending on the product type. The warranty period typically starts from the date of shipment of the products. Our warranty term is usually limited to defects or failure of products or services that do not meet the quality standards as specified and agreed with our customers. In case of product failure within the warranty period, we will arrange for repair or replacement of products and/or services within 30 days of notice without extra charge. After the warranty period expires, we may provide maintenance and repair services at a reasonable cost. During the Track Record Period and up to the Latest Practicable Date, we did not receive (i) any fines, product recall orders or other penalties from the relevant competent authorities regarding material product quality issues, or (ii) any material complaints from consumers. As of the Latest Practicable Date, our Directors and management were not aware of any pending product recalls or investigations or actions taken by relevant authorities or consumer groups which may lead to a product recall. We did not receive any material product returns from our customers during the Track Record Period and up to the Latest Practicable Date, and to the best knowledge of our Directors, there were no potential material product returns as of the Latest Practicable Date.

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WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We operate warehouses in Suzhou, Zhongshan, Zhuhai and Hong Kong in China, and in Atibaia and Manaus in Brazil, for storing raw materials, consigned materials, work-in-progress and finished products. We also engage third-party service providers to provide additional warehousing and logistics services. Finished products that have passed quality inspections are delivered by logistics service providers from our own production facilities or from outsourced production service providers to our customers or designated warehouses and then to locations specified by our customers. We select warehousing and logistics service providers based on factors such as reputation, operating scale, past performance and price, and typically enter into long-term or short-term agreements with automatic renewal arrangements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in warehousing or delivery, or incur material losses due to late delivery or mishandling by warehousing and logistics service providers.

Our inventory mainly comprises wafers, controller chips, other auxiliary raw materials and finished products. As of December 31, 2023, 2024 and 2025, the balance of our inventories was RMB5,893.2 million, RMB7,833.2 million and RMB11,677.7 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 182.2 days, 170.4 days and 190.7 days, respectively. We have implemented measures to manage and optimize our inventory levels, including steps to reduce inventory backlog and improve inventory management processes. We have established internal procedures for submission and approval to manage logistics and standardize purchase orders. We use enterprise resource planning (ERP) software to track inventory levels, monitor inflows and outflows and manage raw material and finished product levels.

We conduct comprehensive inventory counts every six months and perform periodic spot checks to monitor warehouse operations. We also conduct annual on-site inventory audits and inspections, and prepare inventory inspection reports to support the timely handling of obsolete and slow-moving inventories. A working group led by our finance team conducts inventory audits and inspections, with findings and discrepancies reported to senior management. Our Directors affirm that our inventory control systems and policies have been effective, with no significant supply shortages or inventory overstock issues experienced during the Track Record Period and up to the Latest Practicable Date.

INFORMATION TECHNOLOGY AND DATA PRIVACY

We utilize a number of information technology systems to manage all aspects of our operations, including but not limited to procurement, production, inventory management, warehouse management, R&D, financial reporting and human resources. The capabilities and the stability of our IT infrastructure are vital to our business operations. The IT department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of the critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure or general breakdown of our IT systems which had resulted in a material adverse impact on our overall business operations.

We do not have access to or control over the data stored in our products once they are sold to customers. In the course of conducting our business, we collect and process data primarily related to the transactions with our enterprise customers. Adhering to the principle of data minimization, we collect only the essential personal information from our customers, distributors, suppliers and other third-party service providers solely to facilitate the sales and delivery of our products, as well as to provide after-sales services.

We have established a comprehensive data security and information management system to ensure the integrity of our systems and the privacy of our data. We have implemented several security measures, including firewalls, intrusion prevention systems, regular penetration tests, vulnerability scans, and disaster recovery plans. We also encrypt data and utilize email security protection systems. We have also adopted rigorous encrypted algorithm to store sensitive data and

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strictly execute a data accessing and transmitting policy to ensure the confidentiality of our data. We have developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing, and established a set of internal protocols on data security, which set forth detailed, stringent requirements in relation to the use, disclosure and protection of confidential information. We have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimize the risk of data loss. We also conduct data restoration tests to examine the status of the backup system on a regular basis. Our PRC Legal Advisor is of the view that we have been in compliance with the relevant PRC laws and regulations relating to cybersecurity and data protection in all material aspects during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEES

As of December 31, 2025, we had 4,040 full-time employees. The following table sets forth the number of our employees by function as of December 31, 2025:

Function	Number of employees	% of total
Production	1,394	34.5
R&D	1,240	30.7
Sales	560	13.9
Management and administrative	846	20.9
Total	4,040	100.0

As of December 31, 2025, 82.4% of our employees were based in the PRC, while our other employees were primarily based in Brazil, Hong Kong, the U.S. and Korea. As of the same date, 59.9% of our employees hold a bachelor’s degree or above.

Our ability to attract, retain and motivate employees is critical to our success. We offer employees competitive salaries and performance-based cash bonuses. We believe that our reputation, work environment, training system, remuneration package and employee share incentive plan are advantageous that help us attract and retain qualified personnel and maintain a stable core management team. We primarily recruit our employees through referrals, online channels including our website and social networking platforms and on-campus job fairs.

As required by the PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. We also purchase commercial health insurance for some of our Directors and key personnel, purchase accidental insurance for some of our production staff and purchased comprehensive travel insurance for our staff during overseas business travel. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted and plan to continue to grant restricted share awards to our employees in the future to incentivize their contributions to our growth and development. We enter into standard employment, confidentiality and non-compete agreements with our employees. The non-compete restricted period typically expires one to two years after the termination of the employment relationship, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period. Our employees are not currently represented by any labor union. We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

Our corporate headquarters are located in Shenzhen, Guangdong Province, China. As of the Latest Practicable Date, we leased (i) 19 properties in Chinese Mainland with an aggregate GFA of approximately 31,314.36 sq.m. and (ii) ten properties offshore in (a) Hong Kong, China, (b) Taiwan,

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China, (c) Japan, (d) Korea, (e) Brazil, (f) UAE, (g) the United States and (h) Netherland, with an aggregate GFA of approximately 23,000 sq.m., all from Independent Third Parties. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from one to five years. The properties we owned or leased are primarily used for production, warehouse or office purposes.

As of the Latest Practicable Date, we obtained land use rights certificates for six parcels of land with an aggregate site area of approximately 338,000 sq.m. in Chinese Mainland. These parcels of land are generally used for office, R&D and production purposes. Our PRC Legal Advisor has confirmed that the use of these parcels of land does not contravene the use specified in the land use rights certificates.

Pursuant to PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, 14 of our lease agreements were not registered with the relevant authorities. According to our PRC Legal Advisor, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement.

As of the Latest Practicable Date, we had no owned property interest that forms part of our non-property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01(2)(b) of the Listing Rules. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties arising from the non-registration of our lease agreements, and had not experienced any dispute arising out of, or in relation to, our leased properties.

INSURANCE

We maintain property insurance for our factories, inventories, equipment, vehicles and other assets. We also maintain insurance for directors’ and officers’ liabilities, product liabilities, civil liabilities, and other general liabilities, and have obtained credit insurance and transportation and third-party logistics insurance for product shipments. These insurance policies cover the risk of damage arising from natural disasters and certain accidents. Most of our insurance policies are subject to standard deductions, exclusions and limitations. We are also required by PRC social insurance laws and regulations to make contributions for social insurance funds for our employees. During the Track Record Period, we provided social insurance, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees in Chinese Mainland as required by PRC laws and regulations, and statutorily required insurance coverage for overseas employees.

We believe that our insurance coverage is in line with industry practice in the PRC, including with respect to the terms and coverage of the insurance policies. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. For more information, please refer to “Risk Factors — Risk Factors Related to Our Business and Our Industry — We may not have sufficient insurance coverage to cover our business risks.” in this document.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Environmental, Social and Governance (“ESG”) considerations are an essential part of our business strategy. We are committed to building a lasting brand, and we believe our long-term success rests on our ability to make positive impacts on the environment and society. We endeavor to utilize our technology and products to offer public welfare resources to everyone. We have established various ESG initiatives to comprehensively improve our corporate governance and benefit society.

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ESG Governance

We acknowledge our responsibility on environmental protection and social responsibilities and are committed to complying with the ESG reporting requirements upon [REDACTED]. We have established a tiered, comprehensive ESG management framework. Our Board is responsible for steering our overall ESG strategy, setting annual ESG goals, and reviewing budgets and policies. We have established a Strategy and ESG Committee, led by the Mr. Cai, to supervise overall ESG matters, review ESG objectives, and report to the Board of Directors on our ESG progress. Our Strategy and ESG Committee is further supported by our ESG management committee which comprises of our management and develops our ESG strategic plans and long-term goals, supervises and implements our ESG projects, identifies ESG-related risks to assist the management’s decision-making process, and reviews and discloses our ESG reports. In addition, under our ESG management committee, we have an ESG executive team which is responsible for preparing ESG reports, organizing regular ESG meetings and ESG-related trainings.

Materiality Assessment

In order to identify the scope of our ESG practices and disclosure priorities, we have conducted an ESG materiality analysis. We believe that the conduct of materiality assessments is critical to our long-term development, as they allow us to properly analyze and consider important ESG issues. Therefore, we place great emphasis on our interactions with our stakeholders and are committed to developing a regular communication mechanism with them in the future, and we will continue to conduct materiality assessments to better understand their needs and expectations. We will continuously conduct such analysis to collect, analyze and summarize stakeholders’ concerns in order to identify, assess and manage significant ESG issues.

We have developed a materiality assessment mechanism that includes the following components: (i) We keep updating our own ESG issues management based on the ESG guidelines of the Hong Kong Stock Exchange and other relevant authorities. Our ESG management committee identifies material ESG issues with reference to those guidelines and standards. (ii) We engage third-party consulting firms to invite stakeholders to participate in our surveys to identify specific ESG issues and determine the materiality of those ESG issues. (iii) Utilizing the questionnaire results, we identify material ESG issues by evaluating their impact on stakeholders and our sustainable development. These ESG issues are then integrated into our strategies and development plans. (iv) We discuss with third-party consulting firms and key stakeholders on material ESG topics. We also conduct interviews with relevant departments within our Company based on specific ESG topics. Based on discussion and interviews with stakeholders and our internal departments, we determine material ESG issues and make disclosures accordingly. We believe this process helps ensure a thorough and systematic approach to assess ESG materiality in our business.

ESG Risk Management

We have adopted the following measures to identify, assess, manage and mitigate ESG risks.

Environmental Protection

Risks Related to the Environment and Climate

We recognize the potential financial and reputational risks related to the environment, including those stemming from adherence to prevailing environmental regulations and stringent standards. For example, China’s carbon neutrality objective established in 2020, which aims to have CO₂ emissions peak before 2030 and achieve carbon neutrality before 2060, may lead to increased costs related to energy procurement, as we may be required to incur transition costs in procuring green energy that can be more expensive than energy generated from conventional sources, or bear the costs of purchasing or upgrading our equipment.

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We also recognize a certain level of threat that climate-related issues pose to us. Actual and potential climate-related risks identified by us can be classified into two major categories: physical risk and transitional risk. We define physical risks as risks that potentially cause physical impact to us. We believe that climate-related issues may bring about the physical risk of increasingly severe extreme weather events, such as more frequent storms, typhoons and flooding. As a result, we may be impacted by higher operation and maintenance cost, as well as more insurance premium payable for protection, and the health and safety of employees may also be endangered. In addition, transitional risks may emerge due to climate change and climate-related issues as consumers shift their preferences while regulators require more extensive ESG-related disclosures. Such transitional risks may result in additional operating expenses. With regard to increasing responsibilities on ESG-related disclosure, we may be impacted by increased cost to execute more stringent monitoring measures on pollutant emissions and resource consumption.

In response to such potential risks, we plan to take measures as follows: (i) to establish a rigorous environmental management system to continuously reduce operational carbon footprint through process optimization and energy efficiency improvements; (ii) to drive a green transformation across our supply chain by reducing carbon emissions in raw material procurement, production, and logistics processes; and (iii) to increase our investment in R&D to develop low-carbon products, renewable materials and circular economy technologies.

Save for the above, up to the Latest Practicable Date, we were not aware of other actual environment or climate-related risks or damages that could adversely affect our business, strategy and financial performance.

Measures on Managing Environmental Risks

We strictly adhere to laws and regulations regarding the environmental protection, as well as the environmental management standards. We have developed a series of internal guidelines and procedures for key pollutants and emissions and implemented measures for identifying, evaluating, monitoring and mitigating environmental factors to enhance our environmental protection effort at an institutional level. We encourage our employees and business partners to participate in environmental initiatives and attend trainings and educational sessions. We actively respond to the carbon peaking and carbon neutrality goals by continuously optimizing our energy usage structure and reducing our carbon emissions. We have adopted various energy-saving measures and we're focusing on incorporating green and low-carbon practices from the onset of our operations.

In addition, we have implemented a series of measures in our daily operations to mitigate environmental risks:

- *Gas Pollutants Discharge.* We strictly treat, monitor and discharge all gas pollutants discharge. For example, for VOC emissions generated during the production process in our factories, a two-stage (two-layer filtration) activated carbon treatment device has been set up in accordance with the specifications of the environmental impact assessment. A 24-hour online monitoring instrument is installed at the factories, with data being transmitted in real-time to the on-site control center.
- *Wastewater Discharge:* We strictly manage and treat all wastewater generated during our production processes. For instance, wastewater from the memory chip cutting process is processed through a recovery system that employs mechanical and bag filtration, ensuring it meets reuse standards and is not discharged externally. Similarly, wastewater from the electrodeionization process is fully reused after mechanical filtration in order to minimize environmental impact.

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- *Noise Pollution Control:* We actively manage noise emissions from our operations. For our air compressor station, we select low-noise equipment and implement soundproofing and vibration reduction measures, ensuring noise levels outside the plant remain within acceptable limits (daytime 65dB(A), nighttime 55dB(A)). Noise emissions from cooling towers, air conditioning, and refrigeration systems are controlled through similar measures.
- *General Solid Waste Management:* We have established comprehensive regulations for handling by-products and defective or deficient products and other office waste, with designated storage locations which are clearly labeled and managed. We ensure comprehensive utilization of these products without external discharge. We conduct regular inspections of solid waste disposal management, and strengthen the implementation of record-keeping to ensure compliance.
- *Hazardous Solid Waste Management:* We have implemented strict protocols for managing hazardous solid waste, including substances such as potassium hydroxide, sulfuric acid, hydrochloric acid, and hydrogen peroxide from product testing, and waste oil from equipment maintenance. This waste is stored in dedicated facilities, and we have established management regulations and training programs. Disposal is conducted by qualified third parties in compliance with national hazardous waste management regulations. We also conduct regular inspections to ensure proper management and documentation.
- *Electricity Consumption.* We actively promote energy-saving measures. We issued an Energy Management Manual, and have obtained the ISO Energy Management System certification. We set targets for saving electricity each year and incorporate relevant energy-saving measures into our annual budget. Additionally, measures such as turning off the air conditioning in the cafeteria and offices during non-working hours are implemented. In 2024, we also implemented a number of energy-saving projects including installing inverters on old air conditioners and retrofitting warehouse lighting with LED lights.
- *Water Consumption.* To reduce water consumption, we encourage employees to use water prudently. We also post water-saving signs in restrooms and pantries, and installing automated faucet valve adjustments. For industrial water use, approximately 60%-70% is recycled back into the industrial water pool after use. The unrecycled water undergoes sedimentation and wastewater treatment and is discharged after meeting environmental standards. Our factories are equipped with 24-hour online monitoring instruments, with data transmitted in real-time to the on-site control centers.

Metrics and Targets

We monitor the following indicators to assess and manage our environmental and climate-related risks arising from our business and production activities:

	For the year ended December 31,		
	2023	2024	2025
Electricity Consumption (kWh)⁽¹⁾	24,955	105,308	131,604.6
Greenhouse Gas Emissions⁽²⁾			
Scope 1 (tons CO2 equivalent)	N/A	967.1	1,979.0
Scope 2 (tons CO2 equivalent)	N/A	43,639.4	52,224.0
Water Consumption			
Total Water Consumption			
(thousand tons)	432.3	600.1	603.2

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	For the year ended December 31,		
	2023	2024	2025
<i>Sewage Discharge</i>			
Total Sewage Discharge (thousand tons)	790.1	308.6	455.0
<i>Solid Wastes</i>			
Toxic Wastes (tons).	65.0	82.3	56.9
None-toxic Wastes (tons).	394.1	431.5	633.8
Total Solid Wastes (tons).	459.0	513.6	690.7

Notes:

- (1) Include data only for our factories from the time they were acquired by us or commenced operations.
- (2) Include data only for our factories.

During the Track Record Period and up to the Latest Practicable Date, we complied with all relevant environmental-related laws, regulations, and standards applicable in all material respects. We were not penalized by competent authorities with respect to pollutant discharge during the Track Record Period and up to the Latest Practicable Date.

We consider the impact to the environment when evaluating future production plans and we will continue to explore and implement innovative energy and water resource management strategies to promote sustainable development and environmental protection. We plan to reduce our energy and water consumption in our future production by setting and implementing targets for energy and water savings. For example, we plan to decrease our water consumption per capita by 20% over the next five years. And we plan to continue to improve the efficiency of our energy use. We will optimize our design and apply innovative technologies and systems to improve energy efficiency. We purchase and use environmentally friendly equipment and facilities and will also leverage our video monitoring system to avoid unintended power usage during off-hours. In addition, we also raise energy consumption awareness of our employees during our trainings.

Corporate Governance

Anti-bribery and Anti-corruption

We have in place an anti-bribery and anti-corruption policy to safeguard against any fraud, bribe or corruption. The policy explains potential bribery and corruption conduct and our anti-bribery and anti-corruption measures. We make our internal reporting channel open and available for our staff to report any bribery and corruption acts. We also provide regular anti-corruption and anti-bribery compliance trainings for employees in order to cultivate a good compliance culture.

Supply Chain Management

We engage third-party service providers for certain packaging, testing, SMT and assembly processes for efficient scaling. If we are unable to select, monitor or manage those service providers, we may be exposed to risks of their non-compliance with applicable laws and regulations and unethical practices. We have established a supplier approval process, through which suppliers are required to provide relevant qualifications or certifications, such as their business licenses and operation licenses, among others, and demonstrate compliance with environmental and social policies prior to approval. If the suppliers are not compliant with the applicable laws and regulations regarding safety and quality or commit misconducts, we may terminate our contracts with them.

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Production Policy

We are dedicated to reducing waste, pollution and energy consumption in our production process. All our subsidiaries have set up effective waste treatment for water, gas and solid waste. Through regular monitoring and third-party evaluations, we help ensure that the discharge of wastewater, waste gas and solid waste during the production and operation process meets the requirements under national and local laws and regulations. We have obtained the ISO9001, ISO14001 and ISO45001 certifications, demonstrating our ability to meet international standard for health and safety at work. In addition, we have established internal regulations and measures to manage production processes, aiming at preventing and reducing workplace accidents, protecting employee safety and health, safeguarding our workplace assets and improving production efficiency and quality. Our administration department regularly organizes a safety inspection, while each department conducts regular checks of their office area’s safety. Any issues identified will be promptly addressed or reported to the higher-level department. We regularly organize safety education trainings and have designated safety management personnel who are responsible for ensuring production safety by adhering to relevant laws, regulations and company policies related to safety, environmental protection and occupational health.

Social Responsibilities

We prioritize creating a fair and supportive work environment for our employees. We understand that our success is closely correlated to the well-being of our employees, customers, and the communities where we operate. To that end, we have launched the following social initiatives:

- ***Recruitment and Equal Employment in the Workforce.*** We believe that our quality personnel are our key to success and future development. We have been recruiting talents from various channels, such as universities, media advertising, talent market, third-party recruitment agencies, headhunters, and internal referrals, and provide training and promotion opportunities to our staff members of our own accord.

We adhere to the “people-oriented” principles when conducting recruitment. We also maintain policies on compensation, dismissal and equal opportunities. Accordingly, we recruit based on merit and promote equal opportunities for development.

- ***Labor and Employee Rights.*** We respect and protect employees’ rights and interests, and we strive to create a work environment of openness, fairness, impartiality and equality. We forbid any form of discrimination. We respect and provide equal treatment to employees of different genders, religious beliefs and cultural backgrounds. We have adopted a zero-tolerance policy against any form of child labor and forced labor. We have established an internal employee complaint handling mechanism to ensure that employees can directly submit their complaints via our intranet. The human resources department is specifically responsible for collecting and addressing these complaints and regularly shares the results and feedback of the complaint handling process with all employees to enhance transparency.

We closely monitor and strive to adhere to laws and regulations in each country where we operate, and we implement internal management and control procedures to safeguard rights and interests of every employee stipulated by relevant laws and regulations.

- ***Remuneration and Benefits.*** We offer our employees competitive compensation packages. We determine employee remuneration based on factors such as performance, qualifications, expertise and years of relevant experience. In accordance with applicable laws and regulations, we currently participate in social insurance contribution plans organized by the relevant local governments, including but not limited to a pension insurance plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan and housing provident fund.

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- ***Career Development.*** We have established a solid talent cultivation mechanism and have created an online-offline hybrid training platform. We continuously improve our training framework and offer a broad range of courses and programs covering professional training, general development and management skills. We design training programs tailored for different positions at various career stages. We also have a comprehensive employee career development system that enables us to evaluate employees and provide opportunities for promotion. We encourage employees to further their education by supporting them in obtaining relevant professional certifications. We offer partial reimbursement for costs associated with enrolling in educational programs.
- ***Occupational Health and Safety.*** We have established a series of safety guidelines, rules and procedures for different aspects of our operations to promote our employees’ health, safety and compliance with applicable laws and regulations. We have obtained the ISO14001 and ISO45001 certifications, signifying our ability to meet international standards for health and safety at work. We regularly organize health knowledge lecture and provide annual health check-ups for employees. We also organize various recreational and sports activities for our employees.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance in relation to health, work safety, social or environmental regulations which had materially and adversely affected our financial condition or business operations and have not had any accidents or claims for personal or property damage made by our employees.

LICENSES, CERTIFICATES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor and Brazilian Legal Advisors, we had obtained all requisite licenses, certificates and permits from the relevant authorities that are material to our operations in China and Brazil, respectively. We are required to renew such licenses, permits, approvals and certificates from time to time. As advised by our PRC Legal Advisor and Brazilian Legal Advisors, we do not expect any material legal obstacles in such renewal once the relevant documents are submitted as required by the relevant government authorities. In addition, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, certificates and permits necessary to conduct our business in all other relevant jurisdictions. We do not expect any material legal obstacles in renewing these licenses, certificates and permits, as necessary, from time to time.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. For more information, please refer to “Risk Factors — Risk Factors Related to Our Business and Our Industry — Legal proceedings and claims could have a material adverse effect on our business, results of operations, or financial condition” in this document. During the Track Record Period and up to the Latest Practicable Date, there had been no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

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Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

Business Activities Subject to International Sanctions

U.S. Export Controls

During the Track Record Period, we did not sell any products that are subject to the EAR to any entities on the Entity List and the Military End-User List (“**BIS Entities**”) or to any entities on the SDN List. As advised by our International Sanctions Legal Advisors, our sales did not represent a violation of applicable U.S. Export Controls. In relation to our purchase from the U.S., during the Track Record Period, we have procured US-origin items at an amount of RMB11.4 million, RMB123.8 million and RMB255.7 million in 2023, 2024 and 2025, respectively, representing 0.1%, 0.75% and 1.15% of our total procurement for the same year.

Primary Sanctions

There are two types of primary U.S. sanctions programs in place, i.e. “country-based (territorial broad-based) sanctions programs” and “list-based sanctions programs”. Country-based sanctions programs target Comprehensively Sanctioned Countries by prohibiting U.S. persons from dealing in any manner with these Sanctioned Countries. “Primary” U.S. sanctions apply to “U.S. persons” or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons). Typically, there are two situations constituting a Primary Sanction Violation, (i) transactions involving U.S. nexus (such as use of U.S. dollar, bank system, products subject to the EAR, or involving U.S. persons) with Comprehensive Sanctioned Countries, and (ii) transactions involving U.S. nexus with SDNs. For details, please see “Regulatory Overview — Regulatory Overview — Law and Regulations in the United States — Laws and Regulations in relation to International Trade — U.S. Sanctions and Export Control Laws”.

As advised by our International Sanctions Legal Advisor, during the Track Record Period, 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

U.S. also has “secondary” U.S. sanctions apply extraterritorially to the activities of non-U.S. persons, including transactions with SDNs or certain sectors in sanctioned countries, even when the transaction has no U.S. nexus. Providing material support for such activities and sectors, or engaging in “significant” transactions with SDNs can be viewed as engaging in Secondary Sanctionable Activities as defined in Chapter 4.4 of the Guide.

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

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Impact on U.S. Tariffs

In relation to our Chinese-origin products exported to the U.S, such products are subject to either 7.5%, 25% or 50% Section 301 Tariff (in addition to any of the applicable most favored nation rate and reciprocal tariff rate/section 122 tariffs).

As advised by our International Sanctions Legal Advisor, given the our exports to the United States are relatively low compared to our total revenues (less than 10% of our overall revenue for each year of 2023, 2024 and 2025) and we do not plan to expand our U.S. exports, U.S. tariffs are unlikely to have a material adverse impact on our business operations.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our shareholders' investment and our assets. The objectives of our risk management system are to: (i) identify potential events that may impact us, ensuring relevant risks are controlled within acceptable and appropriate levels relative to our objectives; (ii) facilitate accurate and reliable communication of information to both internal and external stakeholders of our Company; (iii) ensure compliance with our business operations; (iv) enhance the efficiency and effectiveness of our business activities, thereby reducing uncertainties in achieving operational goals; and (v) establish crisis management plans for significant risks to protect our Company from substantial losses due to catastrophic risks or human errors. To mitigate foreign currency exchange risk, we use derivative financial instruments, such as forward currency contracts to hedge the foreign currency risk. We have established regular monitoring and reporting systems to track foreign currency exposure and market trends, allowing for timely adjustments to strategies and positions.

Our Audit Committee is responsible for reviewing the regulations and primary objectives related to risk management, submitting an annual comprehensive risk management report to the Board, reviewing risk management strategies and solutions for significant risks, and addressing other matters related to comprehensive risk management as authorized by the Board. Our internal audit department is tasked with implementing our risk management policies and systems. Other departments and business units are coordinated and supervised by the internal audit department in their risk management efforts.

The typical operating procedures of our risk management work include the following: (i) collecting information related to risk management, including historical data and future forecasts. Specifically, in terms of strategic risk, we extensively gather cases where domestic and international companies have suffered losses due to uncontrolled strategic risks; in financial risk, we collect cases of financial crises caused by uncontrolled financial risks; in market risk, we gather cases where companies have suffered losses due to neglecting market risks and lacking response measures; in operational risk, we collect information relevant to our Company and industry; and in legal risk, we gather cases where companies have suffered losses due to neglecting legal and regulatory risks and lacking response measures; (ii) assessing the significance and likelihood (or frequency and probability) of risks; (iii) senior management assists the Board in determining a unified risk appetite and tolerance based on business characteristics, and establishes risk warning lines and corresponding countermeasures; (iv) senior management formulates risk management solutions for significant risks based on risk management strategies; and (v) senior management supervises the implementation of risk management, making timely improvements based on changes and any deficiencies. Our approach also involves the continuous enhancement of internal control mechanisms and regular reviews of our risk management policies and internal control measures to maintain their effectiveness and adequacy, ensuring that our operations align with industry standards and regulatory requirements.

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AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received numerous recognitions for our technologies as well as our products and services. Some of the recent significant awards and recognition we received are set forth below.

Award year	Award/Recognition	Awarding institution/authority
2025	Top 500 Enterprises of China’s Manufacturing Industry 2025 (中國製造業企業500強)	China Enterprise Confederation and China Enterprise Directors Association
2025	Top 100 Electronic Information Competitiveness Manufacturers in Guangdong Province in 2025 (2025年廣東省電子信息製造業綜合實力百強企業)	Electronic Information Industry Federation of Guangdong Province
2025	Best Comprehensive Innovation Breakthrough Award (最佳綜合創新突破獎)	China Flash Market Summit
2024	Fortune China Top 50 Tech Companies (中國科技50強)	Fortune
2024	First Prize of the 2023 Guangdong Provincial Science and Technology Progress Award (2023年度廣東省科學技術獎科技進步獎一等獎)	The Department of Science and Technology of Guangdong Province
2024	Ranked 47th in the 2024 Guangdong Province Top 500 Manufacturing Enterprises (2024年廣東省製造業企業500強)	The Guangdong Manufacturing Association, Guangdong Academy of Development and Reform, Jinan University Institute of Industrial Economics
2024	Science and Technology Award for Technological Invention (科學技術獎技術發明獎)	Shenzhen Automotive Electronics Industry Association
2023	Top 500 Enterprises in Guangdong Province (廣東省企業500強)	The Guangdong Enterprise Confederation and the Guangdong Entrepreneurs Association
2023	China Chip Outstanding Technology Innovation Product (“中國芯”優秀技術創新產品)	The China Academy of Information and Communications Technology